Press release

Sustainable finance measures important step towards clarity and transparency on sustainable investments

Today the European Commission published three legislative proposals for the implementation of its Action Plan on Sustainable Finance. These include:

- **A proposal to establish a classification system for environmentally sustainable economic activities**. This 'taxonomy' should be used for national and EU labels and providers offering products as environmentally sustainable investments should disclose how and to what extend they use the taxonomy. Today's proposal sets out the broad criteria, which will then be further developed through delegated acts.
- **A proposal on investors' disclosures on sustainable investments and sustainability risks**. As part of the High-Level Expert Group's recommendation on 'investor duty', this proposal seeks to introduce harmonised disclosures across different types of institutional investors and asset managers. It would also allow the Commission to propose delegated acts under the IOPR2 Directive to ensure that ESG risk are taken into account under the 'prudent person rule' and that ESG factors are included in investment decisions and risk management processes.
- **A proposal for a regulation amending the benchmark regulation**. The proposed amendment will create a new category of benchmarks comprising low-carbon and positive carbon impact benchmarks, with the aim to provide investors with better information on the carbon footprint of their investments.

Today's proposals are an important milestone in delivering the Action Plan on Sustainable growth, which contains many recommendations that will improve the scope of sustainable investments and expand the amount of information available to institutional investors on environmental, social and governance aspects of investments.

Matti Leppälä, Secretary General/CEO of PensionsEurope said:

Today's measures are an important step towards creating clarity on which investments can be considered environmentally sustainable. Pension funds will be able to better understand and measure how green assets and funds are, which helps to improve their communication with members and beneficiaries.

At the same time, the European Commission wants to grant itself the power to specify in detail the existing ESG provisions in the IORP2 Directive through a so-called delegated act. Pension funds have not yet been subject to such a level of prescriptiveness. We have always believed national supervisors are best equipped to oversee how pension funds manage ESG risks, in order to take account of local governance structures and sustainability preferences.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has **23 member associations** in 18 EU Member States and 3 other European countries[1].

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people.** Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **30 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns;

Our members offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often “not-for-profit” and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

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[1] EU Member States: Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden, UK. Non-EU Member States: Iceland, Norway, Switzerland.