

Advice to the European Commission on greenwashing risks and the supervision of sustainable finance policies

FINAL REPORT

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EXECUTIVE SUMMARY AND PROPOSALS

In May 2022, the European Commission (EC) asked EIOPA to provide advice on greenwashing risks and the supervision of sustainable finance policies. This Final Report serves as EIOPA's final input to the EC's Call for Advice (CfA) on Greenwashing and complements EIOPA's Progress Report on greenwashing published in June 2023¹.

'Sustainability claims' made by insurance and pension providers should be accurate, substantiated, accessible and up to date. Relying on the ESAs' understanding of 'greenwashing' and EIOPA's understanding of 'sustainability claims', EIOPA sets out a common approach to supervise sustainability claims and greenwashing in the insurance and pensions sectors. This common approach composed of four principles follows a public consultation that ended in March 2024². EIOPA applied this approach to a set of examples of sound and misleading sustainability claims across the stages of the insurance and pension lifecycles.

While providers reported generally complying with sustainability-related requirements, EIOPA sees room for improvement. To assess the status of implementation of the current sustainability-related requirements, EIOPA coordinated a survey to undertakings on sustainability. 16 National Competent Authorities (NCAs) participated in this exercise which covered 99 insurance and pension providers. In relation to SFDR, EIOPA sees room for improvement particularly regarding Article 10 SFDR requirements (i.e., product-level website disclosures). Despite POG being a well-established concept in the insurance regulatory landscape, the integration of sustainability-related objectives in the POG process is not adequate, especially for non-life products. In relation to the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD), assessments undertaken by Insurance Based Investment Products (IBIP) distributors appears at times to be insufficiently granular and precise.

The understanding of what is a non-life product with sustainability features varies across undertakings. Based on the survey to undertakings, EIOPA finds that 16 out of 46 manufacturers of non-life products classified – with internal classification processes – some of their non-life insurance products as having sustainability features or as being "green". A lack of standards in relation to non-life products with sustainability features can lead to a higher risk of greenwashing.

While there are data gaps, EIOPA finds that consumers' investments in IBIPs are significantly exposed to investments that have some sustainability features. By matching Solvency II data to collective investment undertaking (CIU) data related to SFDR, EIOPA found that 51.6% of consumers'

¹ EIOPA's Progress Report on Greenwashing - Advice to the European Commission - European Union - [Link](#)

² Consultation on the Opinion on sustainability claims and greenwashing in the insurance and pensions sectors - [Link](#)

investments in IBIPs disclosed under Article 8 of the SFDR (€771 bn), while 2.6% disclosed under Article 9 of the SFDR (€38 bn).

EIOPA noticed an increase in supervisory attention around sustainability-related requirements and greenwashing between 2023 and 2024. In the 2024 survey, more NCAs reported occurrences of greenwashing or potential greenwashing (from 8 to 11 NCAs). NCAs also reported more supervisory activities around greenwashing (from 15 to 21 NCAs), more resources dedicated to greenwashing supervision (from 22 FTEs to 30 FTEs), as well as more internal supervisory tools developed around greenwashing. However, several challenges in the supervision of greenwashing remain, notably: resource constraints, a lack of sustainability-related data, the complexity of the regulatory framework and a lack of common approach to supervise greenwashing.

To address existing challenges and combat greenwashing, EIOPA lays out a set of key proposals aimed at enhancing the supervision of greenwashing and at improving the sustainable finance regulatory framework. These key proposals are included throughout the report and are listed below.

- ▶ Proposal 1 – Using the ESAs common understanding of greenwashing as a reference point
- ▶ Proposal 2 – Building a common EU supervisory approach in relation to sustainability claims and greenwashing
- ▶ Proposal 3 – Tackling greenwashing through enhanced supervision and targeted supervisory activities
- ▶ Proposal 4 – Preventing greenwashing
- ▶ Proposal 5 – Enhancing supervisory resources and expertise to tackle greenwashing
- ▶ Proposal 6 – Closing the gap related to non-life insurance products with sustainability features
- ▶ Proposal 7 – Consumer-centric sustainability preferences
- ▶ Proposal 8 – A sustainability-related investment framework that works for insurance and pension consumers and providers
- ▶ Proposal 9 – Enhancing sustainable finance and mitigating greenwashing in the occupational pensions sector

1. INTRODUCTION AND BACKGROUND

1.1. MANDATE

1.1.1. Process

The request for input³ sent by the European Commission on 23 May 2022 requests EIOPA's advice on the areas of greenwashing and its supervision, by way of a progress report to be delivered by the end of May 2023 and a final report to be delivered by the end of May 2024. The progress report was delivered to the Commission on 31 May 2023⁴. With this report, EIOPA is fulfilling its mandate to deliver a final report.

While the request for input asks for separate progress and final reports from each of the ESAs individually, and that each of the ESAs accurately presents the specificities of the sectors in their remit, the request for input encourages a high level of coordination across the ESAs deliveries.

1.1.2. EIOPA's interpretation of the EC's request for input

EIOPA has interpreted the request for input sent by the EC as covering three main parts. The first part was covered by the progress report, while the second and third parts are covered by this final report.

- (i) The first part asks the ESAs to provide input on occurrences, cases and complaints relating to greenwashing, and asks the ESAs to assess the scale and frequency of greenwashing. The ESAs are also asked to assess risks and potential impacts stemming from the occurrence of greenwashing. Based on the occurrences, risks, impacts and complaints studied, the ESAs are asked to provide a common high-level understanding of greenwashing across the sectors, and, where relevant, a definition of greenwashing at sectoral level.
- (ii) The second part relates to the supervision of greenwashing by NCAs. The ESAs are asked to gather supervisory experience in dealing with greenwashing and to identify supervisory practices (techniques, tools, measures taken, data requirements) which are effective at identifying, monitoring and mitigating potential greenwashing risks and potential gaps/challenges, including an assessment of whether the current and forthcoming supervisory mandates, powers, obligations and toolkits are fit to adequately tackle greenwashing and its risks. Input is also sought in relation to the resources dedicated to sustainability-related

³ Request for input to the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) related to greenwashing risks and supervision of sustainable finance policies - [link](#)

⁴ EIOPA's Progress report on Greenwashing - [Link](#)

supervisory tasks. Further, the ESAs are requested to assess the current state of implementation of relevant EU sustainability-related requirements and assess how NCAs intend to/are already implementing their supervisory obligations, including enforcement.

- (iii) The third part invites the ESAs to propose improvements to the current regulatory framework, based on observed shortcomings such as inconsistencies, contradictory concepts or definitions and gaps – including in Level 1 legislation.

1.1.3. Scope covered by EIOPA

In its advice, EIOPA covers several relevant market segments under its remit and areas around which potential greenwashing can emerge.

The market segments covered in EIOPA's work are:

- ▶ In the area of retail investments: Insurance-based investment products (IBIPs); Occupational pension schemes; and Pan-European personal pension products⁵.
- ▶ In the area of non-life insurance: Non-life insurance products marketed as having sustainability features and corporate commitments related to underwriting practices.

1.2. BACKGROUND

European insurance consumers and pensions savers are increasingly interested in allocating their money in a sustainable manner. According to EIOPA's 2023 Eurobarometer survey, 32% of EU consumers⁶ have heard about sustainable insurance or pension products, 13% have already bought such products and 13% would consider buying them. Another 27% of EU consumers, while not having heard about sustainable insurance or pension products, would be interested in knowing more about them.

Insurance and pension providers⁷, hereinafter 'providers', are increasing their sustainable offerings – both investment and non-life insurance products – and are adapting their business models to be more sustainable. While this can contribute toward the transition to a more sustainable economy, challenges emerge when providers misleadingly portray themselves and their products/schemes as sustainable by making misleading sustainability claims – i.e., greenwashing.

In its 2022 Consumer Trends Report⁸, EIOPA emphasized the importance of substantiating sustainability claims made by providers. Additionally, some NCAs have reported instances of potential greenwashing in their markets.

⁵ While the current supply of PEPP is limited, EIOPA covered PEPP in its advice.

⁶ 'Consumers' is understood as a term that can englobe consumers, savers, pension scheme members and beneficiaries. This term is therefore used to refer broadly to people using or benefitting from pensions and insurance services.

⁷ 'Insurance and pension providers' captures insurance undertakings, PEPP providers, insurance distributors, and IORPs.

⁸ [EIOPA's 2022 Consumer Trends Report](#).

EIOPA further explored greenwashing in its progress report⁹ which served as interim deliverable to the European Commission's Call for Advice on greenwashing. The progress report provides a common understanding, shared by the three European Supervisory Authorities (ESAs) on what greenwashing is. EIOPA's progress report also shows how greenwashing can manifest at all stages of the insurance and pensions lifecycles¹⁰. Moreover, it highlights that greenwashing has a substantial impact on insurance consumers, pension savers and providers. It also provides some initial considerations on the supervision of greenwashing, and early challenges faced by supervisors. Finally, it lists issues identified in the regulatory framework.

Relying on the input provided in the progress report, this final report focuses on two aspects: **i) the supervision of greenwashing** and **ii) potential improvements to the regulatory framework around greenwashing**.

2. UNDERSTANDING SUSTAINABILITY CLAIMS AND GREENWASHING

2.1. SUSTAINABILITY CLAIMS

In EIOPA's progress report, EIOPA outlined that for greenwashing to occur, there should be a 'sustainability claim' that is misleading.

EIOPA understands a 'sustainability claim' to be any claim related to the sustainability profile of an entity or a product. Such claims state or imply that an entity or product benefits the environment or people¹¹, but can also include claims misrepresenting sustainability risk to portray a more environmentally or socially responsible profile.

'Sustainability claims' can be made by providers across all stages of the insurance and pensions lifecycles.

'Sustainability claims' encompass a broad range of statements, declarations, actions, or communications related to sustainability, including any regulatory disclosures (e.g., SFDR, Taxonomy Regulation) and sustainability requirements (e.g., considering sustainability-related objectives of the target market in the manufacturing of an insurance-based investment product (IBIP)). In addition, they include other forms of disclosures such as marketing information, website texts,

⁹ [Progress Report on Greenwashing](#).

¹⁰ The insurance and pensions lifecycles encompass all the product-level and entity-level stages relevant to insurance and pensions processes. More is available on greenwashing in EIOPA's progress report on greenwashing ([link](#)).

¹¹ This encompasses 'environmental claims', as defined in Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information (OJ L, 2024/825, 6.3.2024).

advertising brochures, social media posts, policies, images, strategies, labels, certificates, ratings, targets, non-regulatory labels, and product names.

There are several ways in which a ‘sustainability claim’ can be misleading and, thus, conducive to greenwashing. Therefore, the term ‘misleading’ is understood as an umbrella term that covers the following non-exhaustive list of issues: selective disclosure, empty claims, omission or lack of disclosure, vagueness or lack of clarity, inconsistency, lack of meaningful comparisons or thresholds, unsubstantiated, misleading imagery or sounds, irrelevance, outdated information, misleading sustainability-related terminology, falsehoods.

EIOPA’s understanding of ‘sustainability claims’ is in line with the ESAs understanding of greenwashing, which is presented below.

2.2. ESAS COMMON UNDERSTANDING OF GREENWASHING

Summary statement¹²: The ESAs understand greenwashing as a practice whereby sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants.

Proposal 1 – Using the ESAs common understanding of greenwashing as a reference point

- ▶ NCAs are encouraged to adopt the ESAs understanding of greenwashing as a common reference point for supervisory activity on sustainability and greenwashing.
- ▶ Insurance and pension providers are encouraged to adopt the ESAs understanding of greenwashing as a common reference point for internal monitoring and tackling of greenwashing (e.g., as part of their policies and procedures).

3. SUPERVISING SUSTAINABILITY CLAIMS IN THE INSURANCE AND PENSIONS LIFECYCLES

3.1. COMMON APPROACH TO SUPERVISE SUSTAINABILITY CLAIMS

3.1.1. Rationale of the Opinion on sustainability claims and greenwashing

¹² More information is available in the Annex.

NCAs have started to integrate the monitoring of sustainability claims and the risk of greenwashing in their supervisory activities. EIOPA noticed an increasing number of NCA reporting potential cases of greenwashing.

The number of potential greenwashing cases, and the impact of greenwashing on consumers' trust in the insurance and pension sectors, necessitates an effective and consistent supervision of providers' sustainability claims in order to tackle greenwashing. However, NCA have reported some challenges in their supervision of greenwashing (see section 6.3.2). First, the regulatory framework is complex, and NCA are currently in the process of developing the required expertise to assess compliance with its requirements. Second, there is no common approach at EU level to assess sustainability claims and greenwashing in the insurance and pensions sectors. Thirdly, legal requirements addressing greenwashing are often high-level, therefore more supervisory guidance to ensure convergence is needed. A survey to NCA carried out by EIOPA in January 2023 confirmed these challenges, as 15 NCA responded that they were waiting for further guidance on the supervision of greenwashing from EIOPA.

In this respect, it is important to develop a common approach to supervise sustainability claims and greenwashing in the insurance and pensions sector to ensure consistent outcomes across the EU. To this end, EIOPA published a draft Opinion on sustainability claims and greenwashing for public consultation in December 2023¹³. This draft Opinion sets out a framework designed to assist NCA in their monitoring of insurance and pension providers and that providers adhere to common principles when making sustainability claims about themselves or their products or schemes. Following the end of the public consultation in March 2024, EIOPA reviewed the draft Opinion, and is issuing with this Final Report, the Opinion on sustainability claims and greenwashing.

3.1.2. Summary of the content of the Opinion

The Opinion on sustainability claims and greenwashing applies to all product and entities under EIOPA's remit. Based on EIOPA's Progress Report and Final Report on greenwashing, the Opinion explains what sustainability claims are and outlines the ways in which they can be misleading and thus lead to greenwashing.

The Opinion sets out four principles for sustainability claims, which are derived from the legal obligations to provide fair, clear and not misleading information laid down in Article 17 (2) of IDD, Article 6 of the PRIIPs regulation and similarly in Articles 36 and 41 of the IORP II Directive. These 4 principles are as follows:

- ▶ Principle 1: Sustainability claims made by a provider should be **accurate, precise**, and should **fairly represent** the provider's profile, and/or the profile of its product(s).

¹³ Consultation on the Opinion on sustainability claims and greenwashing in the insurance and pensions sectors - [Link](#)

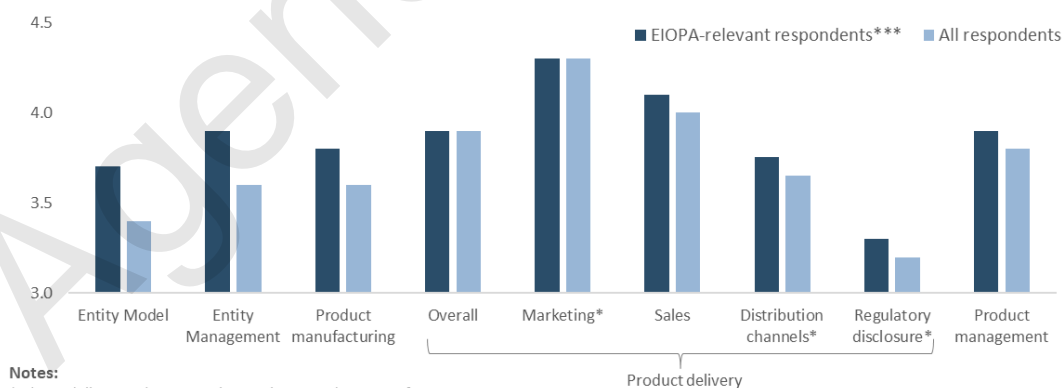
- ▶ Principle 2: Sustainability claims should be **substantiated** with clear reasoning, facts and processes.
- ▶ Principle 3: Sustainability claims and their substantiation should be **accessible** by the targeted stakeholders.
- ▶ Principle 4: Sustainability claims should be kept **up to date**, and any material change should be disclosed in a timely manner and with a clear rationale.

These 4 principles are further explained in the Opinion on sustainability claims, where EIOPA outlines supervisory expectations throughout the insurance and pensions lifecycles.

3.2. SUSTAINABILITY CLAIMS IN THE INSURANCE AND PENSION LIFECYCLES

EIOPA lists below examples of sustainability claims for the various stages of the insurance and pension lifecycles¹⁴. These examples stem from the different data collection exercises that EIOPA carried out (e.g., reporting by NCAs, ESAs Joint CfE, survey to undertakings). To provide a concrete dimension to the Opinion on sustainability claims, claims are highlighted as being either sound or misleading, with regard to the 4 principles set out in the Opinion and in line with legal provisions cited in the section above (i.e., Article 17(2) of IDD, Article 6 of PRIIPs, and Articles 36 and 41 of the IORP II Directive).

Figure 1 – Likelihood of greenwashing in the different stages of the insurance and pensions lifecycles as rated by respondents of the ESAs Joint Call for Evidence (CfE)**



Notes:
 * These delivery sub-stages also apply to product manufacturers.
 ** Scoring was from 0 to 5, the latter being the highest.
 *** These are stakeholders that replied to EIOPA's section of the CfE, and other relevant stakeholders in the insurance and pension sectors.

Source: ESAs Joint CfE, 2023

¹⁴ Please refer to pages 17 to 33 of EIOPA's progress report for more details on each lifecycle stage.

3.2.1. Entity-level

3.2.1.1. Sustainability claims in the business model

Insurance and pension providers, as major institutional investors, develop investment strategies detailing their goals, ambitions, and methods for achieving them. This includes promoting the sustainability of their investments through channels like annual and climate reports, press releases, advertisements, and social media. Insurance and pension providers (particularly IORP Boards) seeking to embed sustainability in their investments usually rely on third parties (e.g., asset managers), who are tasked with designing and implementing strategies that align with their sustainability goals. Through their investments, insurance and pension providers influence the activities of their investee companies, with some claiming to steer these companies towards environmentally or socially beneficial practices.

Given insurance undertakings' role as risk-managers, they are increasingly highlighting the sustainability credentials of their underwriting activities, e.g., not providing coverage for polluting activities like coal mining or fracking. Furthermore, both insurance and pension providers are making long-term commitments to transition their investment activities (and underwriting activities for insurance providers) towards Net Zero.

Examples of misleading sustainability claims¹⁵

- a) *An IORP publicly declares that it intends to incorporate sustainability considerations in its new investment strategy. The IORP board outsources the design of this strategy to an external party, which says that it has an extensive track-record in the design of investment strategies with sustainability considerations. However, the external party exaggerated its sustainability expertise, and therefore does not manage to integrate sustainability considerations to the level expected by the IORP Board. **This claim is not accurate (principle 1)** due to the external provider's misrepresentation of its sustainability expertise. Moreover, the IORP board did not notice the inadequate integration of sustainability considerations ultimately leading the IORP scheme to invest with a lower sustainability ambition.*
- b) *An insurance provider claims on its website "a vast choice of responsible and sustainable investment opportunities" and "the possibility to direct your investments towards the real economy and sustainable initiatives". It does not provide details about such sustainability-related investment options on its website. **These claims are not accurate (principle 1)**, as the provider makes vague and overly positive claims. Moreover, **these claims are unsubstantiated (principle 2)** as the provider did not provide information on its range of products with*

¹⁵ The explanations of why a claim is misleading are for illustrative purposes. They should not be understood as representing EIOPA's supervisory assessments.

sustainability attributes on its website, nor explain how consumer investments would aid sustainability efforts.

- c) *An insurance provider presents its entity-level SFDR information (e.g., Article 3, 4, 5 disclosures) on its website in a manner that is not accessible for consumers and the general public. The SFDR-related content requires navigating through a disproportionate number of webpages. **This claim is not accessible (principle 3)** and is not compliant with Article 2 of the SFDR DR.*
- d) *An insurance provider highlights on its website homepage its strong credentials in making investments in companies with low GHG emissions. This does not reflect that most of its investments are in companies with high GHG emissions, which are disclosed in other reports, whose access requires navigating through a disproportionate number of webpages. **This claim is not accurate (principle 1) and not accessible (principle 3)** as it highlights positive impacts while disclosing more material negative impacts in a less accessible manner. This can therefore mislead consumers when assessing the sustainability profile of the insurer.*

Examples of sound sustainability claims

- e) *An insurance provider discloses on its website that it joined an alliance committed to achieving Net Zero emissions by 2050 in its underwriting portfolio. Upon joining, the insurance provider transparently outlined its long-term sustainability goals and established a roadmap with science-based intermediate targets. Internally, this provider puts in place rigorous monitoring mechanisms to track progress. To ensure external accountability, this provider frequently publishes progress reports detailing achievements toward these intermediate goals and accurately communicates material changes to its approach and strategy. The provider also actively collaborates with alliance members to share best practices and to stay updated on sustainability trends.*
- f) *An insurance provider claims to promote sustainability and, on its website, provides information on the sustainability objectives it pursues in a clear and layered manner. This allows consumers to access the information without being overwhelmed. In providing this information it includes links to reports and/or to a data repository where consumers or any other interested stakeholders can easily check how this provider is progressing towards its sustainability objectives.*

3.2.1.2. Sustainability claims in the entity management

Sustainability aspects are increasingly becoming relevant in providers' ways of operating. Providers are highlighting the sustainability credentials of their Board, senior management, and employees. Remuneration policies for senior managers and staff are increasingly tied to sustainability goals, and sustainability considerations are becoming integral to firm-level culture. Many insurance and pension providers are also establishing sustainable finance committees to address sustainability across their organizations.

Regulatory reporting by insurance and pension providers around sustainability aspects has recently grown under the SFDR and the Taxonomy Regulation, and is due to further grow with the CSRD. Moreover, when fulfilling these reporting obligations, insurance and pensions providers rely to some extent on data provided by third parties. Additionally, providers often make use of third-party sustainability ratings and/or non-regulatory labels to portray themselves or their products as sustainable.

Examples of misleading sustainability claims¹⁶

- g) A provider makes a claim that it materially links the remuneration of its senior management to positive environmental impact in the form of climate targets. These are short-term targets that only measure financial risks stemming from the climate, i.e., climate risk – and therefore do not measure positive impact on the climate. Moreover, the provider does not disclose these targets publicly. **This claim is not accurate (principle 1)** because the provider did not set climate targets in its remuneration policy that are consistent with its claim, **and the claim is not accessible (principle 3)** given that the targets are not publicly available.*
- h) An insurance provider does not apply the same level of rigor in its sustainability reporting as it does in its financial reporting. This leads the insurance provider to make a material misstatement in the sustainability information it reports. **This claim is not accurate (principle 1)** due to the sustainability information reported being wrong.*
- i) An insurance provider claims to be a “sustainability leader” thanks to a rating given by a third-party rating provider. It does not explain what the rating measures. In this case, the rating solely measures the sustainability risk profile of the entity; it does not assess the impact of the provider’s activities on sustainability factors. **This claim is unsubstantiated (principle 3)** because the rating does not explain what it measures which may lead consumers to believe that they are investing in a provider that is positively impacting the environment or society, whereas this is not necessarily the case.*

Examples of sound sustainability claims

- j) An insurance provider sets out precise sustainability targets and guidelines in its investment policy. A central sustainable finance committee coordinates and ensures that the targets are met, and the guidelines are respected across the entity’s investment activities. The provider also regularly engages with partnering asset managers through ex-ante and periodic questionnaires. This practice helps prevent non-compliance with the entity’s investment policy, while improving the chances of early detection and correction of non-compliance.*
- k) An insurance provider claims that it integrates in its firm-level management strong sustainability considerations. This company sets out sustainability as one of its strategic priorities for the next*

¹⁶ The explanations of why a claim is misleading are for illustrative purposes. They should not be understood as representing EIOPA’s supervisory assessments.

5 years with a detailed action plan which is published on its website. It also sets up a cross-cutting sustainability team with adequate sustainability expertise, which is empowered to challenge the Board and different business units where appropriate. Moreover, it materially ties remuneration practices to sustainability targets, and organizes capacity building initiatives such as workshops for employees on sustainability-related aspects.

3.2.2. Product level

3.2.2.1. Sustainability claims in the product manufacturing and scheme design stage

Providers are integrating sustainability aspects in the life and non-life products they manufacture.

This in line with an increasing consumer interest in products with sustainability features, and with the relevant specific sustainability-related requirements (i.e., POG DR). This implies the consideration of sustainability aspects in all steps of product manufacturing, such as product design and target market analysis. Moreover, manufacturers may use data provided by third parties when manufacturing products.

Examples of misleading sustainability claims¹⁷

l) *An insurance provider has a Multi-Option Product (MOP) that is named “Climate protection”. Most of the investment options proposed by the insurance provider’s MOP are not aimed at protecting the climate. **This claim is not substantiated (principle 2)** because the sustainability-related name of the MOP is not consistent with its investment options.*

Examples of sound sustainability claims

m) As part of a pension scheme, a pension provider offers a climate change mitigation focused investment option. This option only invests in companies with a high share of EU Taxonomy-aligned activities that contribute to climate change mitigation.

n) In relation to the investment options of MOPs, an insurance provider systematically conducts scheduled reviews of external data, sourced from rating agencies and asset managers. This allows the provider to ensure that the investment options continue to align with the specified sustainability objectives of the target market, and communicate any material change to consumers.

3.2.2.2. Sustainability claims in the delivery stage

The delivery of products includes the promotional strategy, as well as the interaction between customers and providers at the point of sale. Some providers are promoting the sustainability

¹⁷ The explanations of why a claim is misleading are for illustrative purposes. They should not be understood as representing EIOPA’s supervisory assessments.

profile of their product by using sustainability-related words in their product name, and in the names of the investment options offered by these products. To the extent that a lot of advertising is visual, products are increasingly portrayed with sustainability-themed visual supports (e.g., green colour, picture of trees) in various marketing channels. Product distributors advise on sustainability features of products by assessing the suitability of products vis-à-vis consumers' sustainability preferences, by explaining to consumers the different sustainability features of such products, and by providing them the relevant disclosure, including sustainability disclosure. Distributor training courses on sustainable finance requirements are also taking place. In addition, sustainability claims are made in product-level pre-contractual and website mandatory disclosures focused on sustainability (e.g., SFDR), but also in those not explicitly focused on sustainability (e.g., PRIIPs KID, PEPP KID, IPID etc...).

Examples of misleading sustainability claims¹⁸

- o)** *A provider names its insurance product “Sustainable future” however this product discloses a 0% sustainable investments commitment in its pre-contractual disclosure under Article 9 of the SFDR. **This claim is not substantiated (principle 2)** because products that disclose under Article 9 should have a sustainable investment objective and only do sustainable investments. Moreover, the product is using a sustainability-related word in the product name to make consumers think the product is more sustainable than it is.*
- p)** *When seeking advice for an IBIP, a consumer expresses preference to invest in an IBIP making a high share of sustainable investments. The distributor does not consider the consumer’s preference and recommends an IBIP with a low share of sustainable investments. **This claim is not substantiated (principle 2)** and is not compliant with the IDD DR 2021/1257 as the distributors did not consider the sustainability preferences of the consumer when making its recommendation.*
- q)** *An insurance provider does not provide a clear and direct link to the SFDR disclosure for each investment option of their MOP. In addition, it presents an investment option, disclosing under Article 8 of the SFDR, as having the name “sustainable” that neither has any commitment to make sustainable investments nor taxonomy-aligned investments¹⁹. **These claims are not substantiated (principle 2), not accessible (principle 3)** and are not compliant with Article 10 of the SFDR and Article 2 of the SFDR DR.*
- r)** *The SFDR disclosure of an IBIP makes generic references to indicators evaluating the environmental and social characteristics and good governance principles of the investee companies without disclosing them. **This claim is not substantiated (principle 2)** because the provider did not disclose the indicators.*

¹⁸ The explanations of why a claim is misleading are for illustrative purposes. They should not be understood as representing EIOPA's supervisory assessments.

¹⁹ More examples are listed in section 0 of this report on the SFDR pre-contractual disclosure analysis.

- s) *An insurance provider says its IBIP is sustainable because more than 50% of the product's assets are invested in companies that "consider" certain ESG aspects in their strategy. The provider makes no reference to the IBIP's SFDR disclosure. **This claim is not substantiated (principle 2) and is not accessible (principle 3)** as it does not provide the evidence proving that more than 50% of the product's assets are invested in companies that consider ESG aspects*
- t) *A provider makes a social media advertisement with sustainability-related visuals for a life insurance product, stating that the "product contributes to the protection of the marine ecosystem", without additional explanations. **This claim is not substantiated (principle 2)** because this provider does not explain how the product contributes to the protection of the marine ecosystem.*

Examples of sound sustainability claims

- u) *An insurance provider offers an IBIP that is named "Paris-aligned investment". This product aims to achieve alignment with the Paris agreement goals. This aim is further detailed in the product's regulatory (e.g., SFDR disclosure) and non-regulatory disclosures.*
- v) *A pension provider offers a pension product named "Funding the transition and your retirement". This scheme has a goal to decrease the GHG emissions that result from the activities in which the product will invest. Moreover, the product's SFDR disclosure highlights how it intends to achieve this goal: i) by investing in assets (e.g., companies, projects, or sovereigns) that are expected to lower the GHG emissions of their activities and by ii) engaging with investee companies to influence their business decisions to lower GHG emissions.*

3.2.2.3. Sustainability claims in the product/scheme management stage

Insurance and pension providers monitor how products are working in practice (in line with POG requirements for insurers), if there are changes in products' sustainability features, and if they still match the sustainability preferences of consumers even after the sale. The claims management process may include sustainability features, as potentially outlined in the product's marketing documentation given to consumers in the delivery stage. Additionally, sustainability claims are made within product-level periodic mandatory disclosure focused on sustainability (e.g., SFDR) but also in those not explicitly focused on sustainability (e.g., PRIIPs KID, PEPP KID, IPID etc.).

Examples of misleading sustainability claims²⁰

- w) *A provider did not notify consumers who purchased an IBIP with investment options initially disclosing under Article 9 of the SFDR, but that after the purchase, disclosed under Article 8 of the SFDR. **This claim is no longer accurate because it was not updated (principle 4)**, as the*

²⁰ The explanations of why a claim is misleading are for illustrative purposes. They should not be understood as representing EIOPA's supervisory assessments.

provider did not inform consumers that their chosen investment options no longer match their sustainability preferences, nor did the provider offer remedial options.

- x) An insurance provider portrays a non-life insurance product as sustainable in an advertisement because it says that its claims management process is “very sustainable”, without explaining what makes this process very sustainable. **This claim is not substantiated (principle 2)** as it does not provide information on what makes the claims management process sustainable.

Examples of sound sustainability claims

- y) For a motor insurance product, an insurance provider reduces the deductible if consumers choose to repair their car using recycled parts. The motor insurance marketing material includes clear information on this repair process, its sustainability benefits, and the amount of the deductible reduction.
- z) An insurance manufacturer sets out thresholds on the minimum proportions of sustainability-related investment options for their MOPs. If the thresholds are breached for a given MOP, the manufacturer stops making sustainability claims about the MOP and adjusts the allocation within 45 days.

4. RISKS AND IMPACTS FROM GREENWASHING

4.1. GREEN EXPOSURE IN THE INSURANCE AND PENSION SECTORS

To assess the exposure of the insurance and pension sectors to investments that have sustainability features, EIOPA matched Solvency II data and IORPs data to Morningstar collective investment undertaking (CIU) data related to SFDR. The results of this matching are presented in Figure 2.

Figure 2 – Matching of Solvency II data and IORPs data to Morningstar SFDR data in %

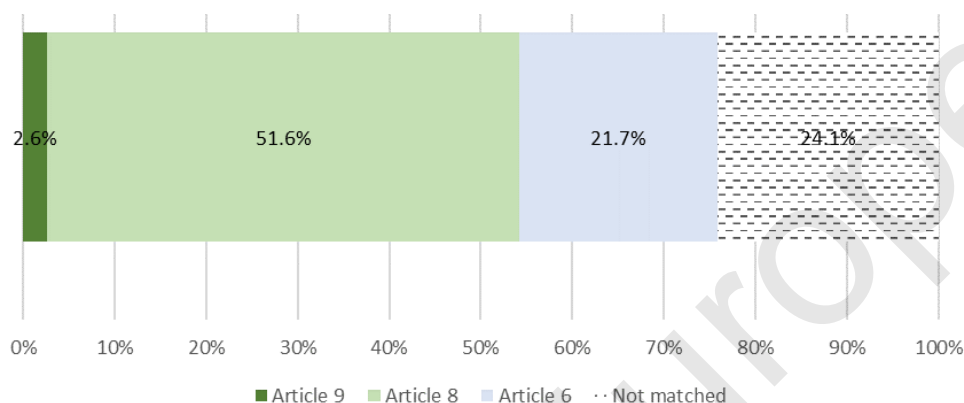
	% matching
Total insurers CIU investments	47.8%
Insurers’ CIU investments not held for unit- or index-linked contracts	18.9%
Insurers’ CIU investments held for unit- or index-linked contracts	75.9%
Total IORPs CIU investments	17.9%

Source: Morningstar, ESMA, EIOPA’s SII database (S06.02), EIOPA’s IORP database

Given the low matching of insurers’ CIU investments not held for unit- or index-linked contracts (UL/IL) and of IORPs CIU investments, the below analysis **only considers insurers’ CIU investments held for UL/IL contracts.**

As of Q3 2023, the total amount of CIU investments held for UL/IL contracts was 1,495 bn EUR, of which 1,135 bn EUR was matched (75.9%). These are insurer’s investments that are made as part of consumers’ IBIPs, and therefore are a measure of consumers’ exposure to investments with sustainability features.

Figure 3 – Insurers’ investments held for IL/UL contracts at EEA level (data as of 2023-Q3)



Source: Morningstar, ESMA, EIOPA’s SII database (S06.02)

Looking at Figure 3, it appears that most consumers’ investments have some sustainability features (54.2% disclose under Article 8 or 9), with the vast majority disclosing under Article 8 investments (51.6%). These findings reconcile well with ESMA’s findings on the SFDR disclosure of EU funds: 52% of funds disclosed under Article 8, and 3% of funds disclosed under Article 9²¹. Beyond Article 8 or 9 SFDR disclosure, EIOPA looked at Morningstar Sustainable Investment (SI) flag. EIOPA found that 33% of Article 8 investments had the SI flag, while 98% of Article 9 investments had the SI flag.

While there are data gaps, based on this analysis, EIOPA finds that consumers’ investments in IBIPs are significantly exposed to investments that have some sustainability features.

4.2. IMPACT OF GREENWASHING

(Please refer to the Progress Report pages 13 to 16 for more details on the impact of greenwashing)

Misleading sustainability claims can lead consumers to buy products that are not aligned with their sustainability preferences. It can also lead them to invest via a pension or insurance provider that misleadingly portrays itself as an entity with sustainability credentials. In these instances, consumers' investments or premiums are diverted from benefiting the environment or society. Greenwashing erodes consumers’ trust in providers’ ability to positively impact environmental or social factors, as also reported by consumer representatives in their response to the ESAs joint CfE.

²¹ ESMA’s TRV on trends, risks, and vulnerabilities No.1 2023 – [Link](#)

Similarly, EIOPA's Eurobarometer survey carried out in July 2023 shows that 51% of EU consumers do not trust the sustainability claims made by insurance undertakings or distributors.

A provider that makes misleading sustainability claims might suffer significant reputational and financial damage if it is involved in greenwashing. Consumers might want to sever ties with the provider by redeeming their investments, for example, in the case of investments through IBIPs (e.g., surrender), or by changing their non-life insurance provider (e.g., non-renewal). As many consumers may surrender their products following greenwashing allegations, the concerned insurance undertaking might not be able to cover all redemptions, for example due to a lack of liquidity. Existing customers might pursue legal actions against providers to seek damages. Other stakeholders, such as non-governmental organizations, might also pursue legal action against providers or engage in public 'name-and-shame' techniques. If the provider is publicly traded, its share value may decrease, potentially affecting its capacity to raise capital.

Where there is non-compliance with sustainability requirements and general consumer protection rules such as the need for providers to be fair, clear, and not misleading, NCAs will apply increased supervisory scrutiny. Where appropriate and in line with the relevant legislation, such cases could result in sanctions or in product intervention measures.

Overstating sustainability efforts – for example in transition plans – may impact the financial resilience of the insurer. Indeed, misleading sustainability claims may lead to a potential misjudgement of risk exposures in relation to underwriting and investment activities, resulting in unanticipated losses or reduced returns.

5. SUPERVISORY ACTIVITIES CARRIED OUT IN RELATION TO GREENWASHING

In 2023 and early 2024, EIOPA carried out two supervisory activities related to sustainability aspects, as well one survey to NCAs on greenwashing. This was done to inform this Final Report, particularly in evaluating the state of implementation of relevant sustainable finance requirements.

5.1. SURVEY TO UNDERTAKINGS ON SUSTAINABILITY

To assess the status of implementation of the current sustainability-related requirements, EIOPA coordinated a survey to undertakings on sustainability-related aspects. **16** NCAs participated in this exercise which covered **99** providers (**89** insurance undertakings and **10** IORPs). The survey sought

to inform various areas such as i) the implementation of SFDR requirements, ii) the implementation of IDD sustainability-related requirements, and iii) non-life insurance products with sustainability features.

Although the survey encompasses a wide sample, its findings should not be construed as representative of all EU insurance and pension providers.

5.1.1. Implementation of SFDR requirements

Out of the **99** providers that participated in this data collection, **84** providers were in scope of SFDR (i.e., IORPs, insurers making an IBIP available). While providers reported generally complying with SFDR requirements, EIOPA sees room for improvement particularly in relation to Article 10 requirements.

5.1.1.1. Entity-level SFDR disclosures

Providers generally complied with entity-level transparency requirements set out under SFDR and most of these **84** providers were able to provide website links to their entity level disclosures²². Still, some issues and divergences were noticed, especially in relation to Article 4 SFDR reporting, where several insurers reported not covering all their investment decisions.

- ▶ **Article 3 of SFDR** requires that providers in scope publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process. Out of the **84** providers in scope of SFDR, **80** indicated having this information published on their website. **4** providers in scope of SFDR indicated not having this information published on their website.
- ▶ **Article 4 of SFDR** requires that providers in scope publish and maintain on their website a statement on due diligence policies on the principal adverse impacts of their investment decisions on sustainability factors, if they consider these impacts (mandatory consideration if they have over 500 employees). If they do not consider these impacts, they must provide a clear reasoning as to why they do not do so.

Out of the **84** providers in scope of SFDR, **68** providers indicated considering these impacts with some divergences between providers. While many insurers reported that this consideration covered all their investments, others reported limiting PAI consideration to their general account thereby excluding 'indirect investments' or 'unit-linked investments' (e.g., externally managed funds). This was mostly due to a lack of data (some mentioned fund managers not providing them with the relevant data) or unclarities stemming from the regulation. However, some of these insurers indicated working on including these investments in the future. Unlike

²² According to Article 15(1) of SFDR, IORPs shall publish and maintain the information referred to in Articles 3 to 7 free of charge through electronic means, including on a durable medium or by means of a website, or on paper.

the others, two insurers consider that externally managed investment options of their MOPs are subject to consumers' investment decisions rather than to providers' investment decision, therefore they exclude such investments from their PAI consideration. When it comes to providers lacking data for their PAI consideration, two approaches were reported by providers, some providers estimate/extrapolate missing data while others restrict the scope of their PAI considerations to the investments for which they have data. Further, a few providers reported excluding from PAI consideration real estate investments and derivatives. Several providers expect the quality and availability of data to improve over time, thereby improving their Article 4 reporting.

Out of the **84** providers in scope of SFDR, **16** providers indicated not considering these impacts. **2** out of these **16** providers indicated not doing so because they have less than 500 employees, and reported publishing the statement requested by Article 4(1)(b) SFDR. Other providers indicate that they do not consider PAI due the unavailability of data for their MOPs' investment options. One undertaking reported that they do not consider PAI via the PAI indicators but via their own methodology which is done through an exclusion list. **4** providers noted plans to start consideration of PAI in the near future, as data availability improves.

- ▶ **Article 5 of SFDR** requires that providers in scope assess the consistency of their remuneration policies with the integration of sustainability risks and publish this information on their websites. Out of the **84** providers in scope of SFDR, **80** providers reported doing so, while **4** reported not doing so. For those who reported doing so, issues of vagueness were noted, particularly as some providers failed to clearly explain the link between sustainability risk management and remuneration.
- ▶ **Article 12 of SFDR** requires that providers in scope ensure that any information published in relation to Article 3 and Article 5 (also in relation to Article 10 but the focus of this section is entity level) is kept up to date. Out of the **84** providers in scope of SFDR, **72** providers reported setting out a process around the monitoring and review of SFDR information. Several providers rely on internal committees/boards or business areas (e.g., SUFI department, appointment of a "sustainability manager") that are dedicated to the coordination and oversight of sustainability-related aspects throughout the entity, and to ensure that SFDR information is up to date. Many providers reported having auditors or other external consultants review their SFDR disclosures. ESG data providers are also widely used. In terms of the periodicity of reviews, many providers reported reviewing their SFDR entity-level disclosure every year in line with reporting deadlines. Some providers reviewed these disclosures more often, sometimes quarterly or monthly, or on an ad hoc basis (in case of significant changes). In terms of approval, some providers highlighted that these disclosures are approved by their senior managers (e.g., CEO, Executives) or their Board. Finally, several providers reported taking steps to ensure that SFDR disclosures be fair, clear and not misleading, e.g., through the elaboration of internal guidelines for the preparation, management and review of SFDR-related disclosures.

5.1.1.2. Entity-level investment information beyond SFDR

- ▶ **47** providers reported including sustainability-related considerations in their **shareholder engagement policies**. Most of these providers noted doing so through collaborative approaches with investee companies, for instance engaging in dialogues, nomination committees and working groups. These providers placed emphasis on conveying their expectations to investee companies regarding the mitigation of sustainability-risk and/or the reduction of adverse impacts on sustainability factors. Some providers specified that this approach applies either to companies in which significant shares are held or to situations where material sustainability-related issues may cause detriment to the value of their investments. Another approach taken by many providers is exercising voting rights at shareholder meetings on topics related to sustainability risks as well as sustainability impacts. Some providers also track investee companies' progress in integrating sustainability-related aspects in their activities and/or ask investee companies to provide periodic reports on sustainability-related aspects. A few providers further specified that if an investee company does not meet their sustainability expectations a set of steps are foreseen: i) undertake an assessment, ii) work with the entity to address the issues identified, and iii) as a last resort if the issues are not resolved within a set timeframe, the providers divest from the investee company. In terms of specific actions, a few providers reported engaging with the investee companies that contributed most to their investment portfolios' CO2 emissions to set transition targets (e.g., net-zero targets). **27** providers reported not including sustainability-related considerations in their **shareholder engagement policies**. Several of these providers noted not holding any direct equity, and therefore cannot exercise active engagement, or do not have engagement policies at all.

5.1.1.3. Product-level SFDR disclosures

With this survey to undertakings, EIOPA did not focus on pre-contractual SFDR disclosures as it already conducted analyses on that type of disclosure; a summary of it can be found in section 5.2 of this report. Therefore, EIOPA sought with this survey information on product-level website disclosures, on the review process of product-level disclosures, as well as other SFDR-related information.

- ▶ **Article 10 of SFDR** requires that providers publish and maintain on their website²³ SFDR-related information for each of their Article 8 and 9 products – this is further specified by Article 23 to 49 of SFDR DR. Out of the **84** providers that are in scope of SFDR, **45** providers provided at least one link to an Article 8 or 9 IBIP, pension scheme or pension product website disclosure. However, when reviewing these links, EIOPA found that many providers do not publish SFDR

²³ According to Article 15(1) of SFDR, IORPs shall publish and maintain the information referred to the first subparagraph of Article 10(1) free of charge through electronic means, including on a durable medium or by means of a website, or on paper.

website information in the way that SFDR DR requires them to. Indeed, the sections of the website product disclosure listed in Article 24 and Article 37 of SFDR DR (e.g., ‘summary’ or ‘investment strategy’ sections) are not included in these website disclosures. Furthermore, some providers did not publish the SFDR-related information of a product in the same part of the website as other product information (e.g., marketing material). Moreover, some providers publish a list of investment options with the only SFDR information being whether the investment option discloses under Article 8 or 9 SFDR, and ask the visitor to refer to the asset manager’s website for the SFDR disclosure.

- ▶ **Article 2(17) of SFDR** sets out that to qualify as ‘sustainable investment’ a financial product must i) be invested in an economic activity that contributes to an environmental or social objective, ii) not significantly harm any of those objectives, and iii) ensure that the investee companies follow good governance practices. Given that the current regulatory framework does not provide a standardized methodology to calculate the share of ‘sustainable investments’ (SI), EIOPA asked in its’ survey to undertakings how they calculate the share of SI made by their products in practice.

Around a third of providers under the scope of SFDR indicated that they did not calculate the share of SI made by each of their product for three main reasons:

- The first reason is that since the share of SI depends on the chosen investment option, providers rely on the SI calculation (and disclosure) developed by asset managers.
- The second reason given by providers is that they do not have enough data to calculate the share of SI at the MOP level.
- The third reason is that they lack products disclosing under Article 8 or Article 9 of SFDR.

Around two thirds of providers in the scope of SFDR indicated that they calculate the share of SI made by each of their products, and none of these providers said that they use different methodologies to calculate the share of SI across different product types. Some providers reported gathering the share of SI of all investment options for each given product – usually from a third-party provider – and then calculate the weighted average share of SI based on the size (e.g., AuM) of each investment option. However, many providers go further in their SI calculation as they define a set of criteria for investments to be considered as ‘sustainable investments’, which vary between providers and asset classes. Some criteria reported by providers are presented below:

- **Green turnover:** Investments in a company that has at least X% (X varies from 20% to over 50% depending on the provider) of its turnover coming from activities/services that contribute to one or more of the UN's Sustainable Development Goals. This contribution typically relies on an assessment done by third parties, but a few providers reported having their own methodology for this assessment.
- **Transition targets:** Investments in a company that has made a commitment to a transition pathway based on the framework provided by the Science Based Targets initiative (SBTi).

- Taxonomy-aligned activities: Investments in a company that undertakes economic activities contributing to one or more of the environmental objectives set out in the EU Taxonomy.
 - DNSH and good governance: Investments in a company must comply with the Do No significant Harm (DNSH) principle and have good governance. This compliance is typically measured through various indicators – including selected PAI indicators. For example, companies should not have breached the "UN Global Compact Principles & OECD Guidelines for Multinational Enterprises " (PAI 10) and or the "Lack of Processes & Compliance Mechanisms to Monitor Compliance with UN Global Compact Principles" (PAI 11). Other examples are exclusions of companies involved in fossil fuels (PAI 4), in controversial weapons (PAI 14), in cannabis, and in tobacco. Other providers reported excluding companies based on controversy or ESG scores provided by third parties.
 - Sustainability-related bonds: Some providers consider that all “green bonds” qualify as sustainable investments (e.g., mention of ICMA green and social bonds principles). For a few providers this also includes government bonds, as well as bonds relating to entities that fulfil social or environmental roles (e.g., hospitals).
 - Real estate: Investments in real estate that has environmental labels.
- ▶ **Article 12 of SFDR** requires that providers ensure that any information published in relation to Article 10 of SFDR (also in relation to Article 3 and 5 SFDR but the focus of this section is product level) is kept up to date. Generally, reviews of product-level SFDR disclosure follows similar timelines and internal governance/processes as entity-level SFDR disclosure reviews, where review intervals range from every month or quarter to every year (the latter being the most common). Some providers reported monitoring or receiving reports on changes to externally managed investment options of their MOPs and then updating SFDR disclosures accordingly. Like for entity-level SFDR disclosures, some providers use third-parties to update their SFDR product-level information and have developed internal guidelines/guidance on SFDR disclosures, which include the review and update of these disclosures.
- ▶ **Article 13 of SFDR** requires that providers’ marketing communications do not contradict the information disclosed pursuant to SFDR. To that extent, EIOPA sought input on the use of labels as arguments to promote the sustainability profile of products. **18** providers reported using labelling schemes to promote the sustainability profile of their products. Almost all of these providers used national labelling schemes. Providers indicated choosing these national labels because they are well-established in their respective countries, and because these labels benefit from governmental oversight. A few reported also using non-governmental third-party labels (e.g., Morningstar, Sustainalytics). For externally managed funds that are investment options in their MOPs, providers reported relying on any labels/ratings used by those funds. **52** providers reported not using labelling schemes to promote the sustainability profile of their products.

While for other financial products (e.g., funds) sustainability-related information is more readily available (e.g., via third party providers), sustainability-related information for IBIPs or pension schemes/products is less available. To reduce this information gap, EIOPA collected SFDR product-level information split by Article 6/8/9 for each provider: i) outstanding GWP at end 2022, ii) average share of sustainable investments (SI) as defined in Article 2(17) of SFDR, and iii) average share of taxonomy aligned investments (TR)²⁴. The products for which it collected information on were IBIPs, IBIPs that are also pension products, and IORPs.

Figure 4 - SFDR product-level information based on the survey to undertakings

	Disclosing under Article 6 SFDR	Disclosing under Article 8 SFDR	Disclosing under Article 9 SFDR
IBIPs			
Number of providers that reported this field	60	41	9
% of total outstanding GWP at end 2022	50.1%	49.4%	0.5%
Average share of SI		14%	51%
Average share of TR		3%	3%
IBIPs that are also pension products			
Number of providers that reported this field	22	18	8
% of total outstanding GWP at end 2022	6%	93%	1.1%
Average share of SI		10%	53%
Average share of TR		0%	6%
IORPs			
Number of IORPs that reported this field	9	6	0
% of total AuM at end 2022	56%	44%	0%

Source: EIOPA's survey to undertakings, 2024

5.1.2. Implementation of IDD sustainability requirements

5.1.2.1. POG sustainability-related requirements

Out of the **99** providers that participated in this data collection, **89** providers were in scope of POG (i.e., manufacturers of insurance products), out of which **74** are IBIP manufacturers.

Despite POG being a well-established concept in the insurance regulatory landscape, with providers being more accustomed to it compared to newer sustainability regulations, it appears, based on the evidence set out below, that the integration of sustainability-related objectives in the POG process has not been performed by a considerable amount of insurance undertakings, particularly for non-

²⁴ Limitation of the figures: EIOPA asked for the average share of SI and of taxonomy-aligned investments at provider-level, meaning that each provider reported only two averages of SI (article 8, article 9) and two averages of taxonomy-aligned investments (Article 8 and Article 9).

life products. Moreover, when it has been integrated, it is not always done in an adequate way, particularly for MOPs.

- ▶ **Article 5 of the POG DR** requires that insurance manufacturers incorporate sustainability-related objectives when carrying out the target market assessment for a product.

41 insurance manufacturers indicated that they incorporate sustainability-related objectives in the target market assessment for their IBIPs. To substantiate this, most of these insurance manufacturers reported that they amended their POG policy to integrate sustainability-related objectives when defining the target market, but did not provide further details on this integration. Others provided a clearer picture. Several manufacturers reported defining various ‘sustainability-related objectives’ categories for the purpose of the target market assessment. These categories are often based on the 3 IDD ‘sustainability preferences’ categories (i.e., PAI consideration, share of SI, share of taxonomy-aligned investments). One provider also mentioned defining a negative target market for consumers with sustainability preferences that cannot be met by its product offering. One provider took a different approach and reported relying on a mapping of the UN’s SDGs for the target market assessment. Some manufacturers of MOPs noted relying on the investment options’ SFDR disclosure for the target market assessment (e.g., PAI consideration, Article 8 or 9).

9 insurance manufacturers indicated that they incorporate sustainability-related objectives in the target market assessment for some of their IBIPs, typically only for IBIPs that they consider as having sustainability features. **20** insurance manufacturers indicated that they do not incorporate sustainability-related objectives in the target market assessment for their IBIPs. One of the main reasons given by these manufacturers is that they do not offer IBIPs disclosing under Article 8 or 9 of the SFDR. A few manufacturers indicated that they have not manufactured new products or significantly revised existing products since the entry into force of the POG DR sustainability requirements (i.e., 02 August 2022) and therefore have not updated their target market assessment to include sustainability-related objectives. Some MOP manufacturers noted challenges in integrating sustainability-related objectives in the target market assessment, given the numerous investment options. Several of these **20** manufacturers reported working on incorporating sustainability-related objectives in the target market assessment for their IBIPs.

- ▶ **Article 6 of the POG DR** requires that manufacturers incorporate sustainability-related objectives when testing their insurance products (before they market it or in case of a significant adaptation) to ensure that they meet the identified needs, objectives, and characteristics of consumers belonging to the target market. **39** insurance manufacturers indicated that they incorporate sustainability-related objectives in the product testing for their IBIPs. Like for requirements under Article 5 of the POG DR, most of these insurance manufacturers reported that they amended their POG policy to integrate sustainability-related objectives when testing products, but did not provide further details on this integration. A few manufacturers reported

expanding scenario analysis to include additional tests relating to sustainability. A few manufacturers mentioned the use of interviews and/or focus groups with consumers to test whether their products meet the identified sustainability-related objectives of the target market. **5** insurance manufacturers indicated that they incorporated sustainability-related objectives in the product testing for some of their IBIPs, while **26** insurance manufacturers indicated that they do not do so at all. One of the main reasons given is that they do not offer Article 8 or 9 IBIPs. Several of these manufacturers indicated that they plan on incorporating sustainability-related objectives in the product testing in the future.

- ▶ **Article 7 of the POG DR** requires that manufacturers continuously monitor and regularly review insurance products that they have brought to the market, to ensure that products remain consistent with the sustainability-related objectives of the identified target market. **34** insurance manufacturers reported doing so. Most of these manufacturers do so as part of their general POG review for each product, which is typically conducted every year (this varies between every 3 months to every 3 years). Several manufacturers reported monitoring investment options offered by their MOPs – done through the European ESG Template (EET) in some cases – especially in relation to SFDR-related information (e.g., if the investment option is “reclassified” from Article 6, 8, 9 of the SFDR). A few manufacturers also noted setting sustainability-related thresholds in the monitoring of their MOPs. If thresholds are breached for one of its MOPs, a manufacturer noted that it stops making sustainability claims about the MOP and adjusts the allocation within 45 days. A few manufacturers mentioned assessing results of surveys on sustainability-related aspects filled in by consumers or by external providers and take remedial actions if they see the target market’s sustainability-related objectives not being met. **12** insurance manufacturers indicated that they monitor and review some of their IBIPs – typically their IBIPs with sustainability features – to ensure ongoing alignment with the target market’s sustainability-related objectives.

24 insurance manufacturers indicated that they do not monitor and review their IBIPs to ensure ongoing alignment with the target market’s sustainability-related objectives.

- ▶ **Article 8 of the POG DR** requires that manufacturers select distribution channels that are appropriate for the target market of their IBIPs, and that they ensure these channels take into account the target market's sustainability-related objectives, if any. **37** manufacturers reported monitoring that their distribution channels collect information about and take into account the target market's sustainability objectives/preferences when distributing IBIPs. Approaches to distribution varies among manufacturers; some directly distribute their IBIPs, while others use intermediaries in addition to direct distribution, and some rely entirely on distribution via intermediaries. For direct distribution, manufacturers reported ensuring that their IBIPs match the target market’s sustainability-related objectives by recording consumers sustainability preferences during the advice process (e.g., collecting data on sustainability preferences). Some mention the use of digital tools to better collect and analyse this data. For indirect distribution

(e.g., via intermediaries), some manufacturers noted that it is the responsibility of the intermediaries to ensure that they take into account the target market's sustainability-related objectives when advising on IBIPs. Contrastingly, others reported requesting sustainability preferences information for their IBIPs from intermediaries (e.g., by sending surveys to the intermediaries or data collection exercises), in order to monitor and assess that IBIPs are distributed taking into account the target market's sustainability-related objective. **5** manufacturers reported partially monitoring that their distribution channels collect information about and take into account the target market's sustainability objectives when distributing IBIPs. **26** manufacturers reported not doing so at all. Several of these manufacturers noted that they do not directly distribute IBIPs and consider that it is up to the intermediary to ensure that it considers the target market's sustainability objectives when advising on IBIPs. A few manufacturers noted that they do not offer advice in relation to their IBIPs.

- ▶ When **designing and developing MOPs**, manufacturers choose the investment options of the products, or make available a range of investment options from which consumers select their preferred options. EIOPA asked MOP providers how they selected investment options that they make available, also in relation to sustainability-related objectives. Particularly in two MS, providers indicated having a selection process for externally managed investment options at two levels. The first level is an assessment of the sustainability profile of the third-party managing the investment options (e.g., fund manager). This assessment reportedly considered whether the third-party signed the UN PRI, whether it had set a transition target for its investments and whether the third-party's management team had sustainability expertise. The second level is an assessment of the investment option's (e.g., fund) sustainability profile which reportedly considers aspects such as the ESG rating of the investment option or how the investment options fares in relation to PAI indicators (e.g., exposure to coal). Some manufacturers in other MS, reported also conducting an assessment at one of the two levels. For example, one manufacturer reported not accepting as potential investment options in its MOPs any Article 6 of SFDR funds that were marketed as having ESG features.
- ▶ The new sustainability-related requirements set out in the POG DR do not specify that the sustainability-related requirements only apply to IBIPs. In that context, EIOPA asked providers whether they **integrate sustainability-related objectives in the POG processes of their non-life insurance products**. **17** providers reported doing so for all of their non-life products. **10** providers reported doing so for some of their non-life products, depending on the line of business. These lines of business are health insurance, mobility-related insurance (e.g., motor insurance, bike insurance), renewable energy insurance, pollution liability insurance, insurance targeting vulnerable consumers, property insurance, natural catastrophe insurance. Moreover, a few providers reported using sustainability-related checklists/questions (e.g., one provider reported taxonomy-related questions) when assessing whether a non-life product has sustainability-related objectives. **29** providers (that manufacture non-life products) reported

not integrating sustainability-related objectives in their POG processes for their non-life products.

5.1.2.2. IDD suitability assessment sustainability-related requirements

Out of the **99** providers that participated in this data collection **47** providers were in scope of IDD suitability assessment sustainability-related requirements (i.e., distributors of IBIPs).

Most of the providers reported having integrated sustainability preferences in the suitability assessment. However, in some cases, assessments appear to be insufficiently granular and precise, especially in relation to the use of the three IDD sustainability preferences criteria²⁵ for both collection of consumer's sustainability preferences and assessment of suitability.

- ▶ **Article 9 of the IDD DR on suitability** requires that providers giving advice on an IBIP collect from consumers information – including on their sustainability preferences – for the purpose of the suitability assessment. EIOPA's Guidance on the integration of sustainability preferences in the suitability assessment under the IDD²⁶ further specifies this.

44 providers in scope of IDD suitability assessment requirements indicated collecting information on consumers' sustainability preferences. Almost all indicated doing so via questionnaires to consumers, either via paper forms or digitally – the former being slightly more prevalent. Indeed, **16** providers indicated using automated advice processes for the distribution of their IBIPs, while **28** reported not using such. Several of those collecting sustainability preferences only in paper form reported being in the process of building tools to do so digitally in the future.

The range of sustainability preference questions in the questionnaires to consumers varies significantly. Some have only one or two generic sustainability questions, while others present a more extensive set of questions – however, without clear reference to the 3 IDD sustainability preferences criteria. Others reported having a set of detailed questions tailored to the 3 sustainability preferences criteria. Especially when the questionnaires are carried out digitally, the sustainability questions are layered, helping avoid consumer overload. One provider explicitly mentioned that when a consumer is filling out the questionnaire digitally, the consumer cannot go further in the purchasing process if the sustainability questions are not answered.

Based on the answers to the sustainability preferences questions, several providers reported selecting the most appropriate product/investment strategy or giving the consumer a list of investment options that meet their sustainability preferences to choose from. Other providers did not specify how they considered consumers' answers to the sustainability preferences questions. In case providers do not have suitable product in relation to sustainability

²⁵ Article 2(4) of 2017/2359 DR (IDD suitability DR)

²⁶ EIOPA's Guidance on the integration of sustainability preferences in the suitability assessment under the IDD – [Link](#)

preferences, several of them indicated asking if the consumer wants to adapt their preferences and record this adaptation if there is one. A few providers also reported giving their consumers educational material on what Article 8 and Article 9 investments are. Finally, one provider noted that less than 20% of their consumers stated having sustainability preferences.

- ▶ **Article 10 of the IDD** requires that providers possess appropriate knowledge and ability to complete their tasks and perform their duties adequately, and that they comply with continuing professional training and development requirements in order to maintain an adequate level of performance corresponding to the role they perform and the relevant market.

36 providers indicated having fully trained their employees distributing IBIPs on how to consider sustainability preferences during the suitability assessment. Providers reported organising mandatory online trainings (e.g., webinars, e-learning tools) as well as in person mandatory trainings, which reportedly had high attendance rates (most indicated 100%, lowest was 77%). While most providers indicated offering trainings on both general sustainable finance framework and IDD sustainable preferences, a few noted offering trainings only on the sustainable finance framework in general. In addition to trainings, many providers reported giving their employees educational material on IDD sustainability preferences and manuals to use when assessing consumers sustainability preferences. **7** providers indicated having partially trained their employees distributing IBIPs on how to consider sustainability preferences during the suitability assessment, while **4** providers reported not having done so at all.

5.1.3. Non-life insurance products with sustainability features

While there is currently no understanding as to what a non-life product with sustainability feature is (aside from the Taxonomy-aligned underwriting of climate-related perils), **16** insurance undertakings from **11** MS classified – based on internal classification processes – some of their non-life insurance products as having sustainability features or as being “green”.

At year-end 2022, these 16 undertakings reported offering a total of **309 non-life product types** with sustainability features (max: 127 product types, min: 1 product type). The GWP for non-life with sustainability features as share of total non-life GWP also varies across undertakings with an **average of 17%** (max: 67%, min: 0.1%).

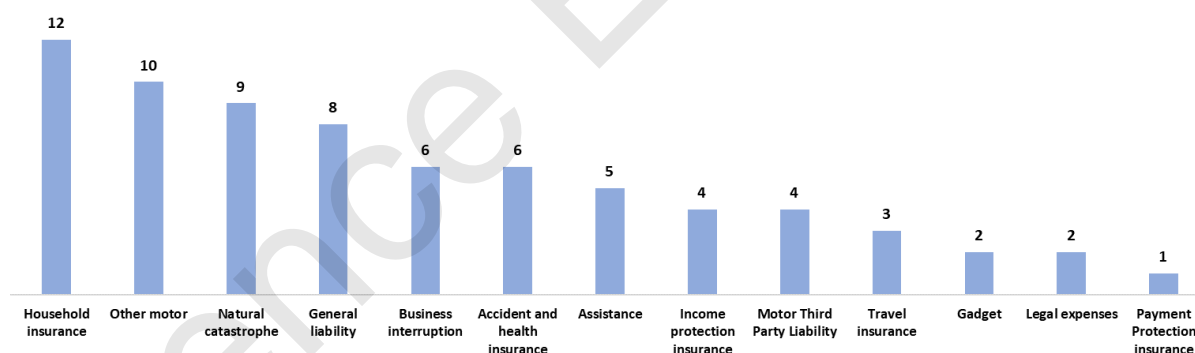
The understanding of what is a non-life product with sustainability features varies from undertaking to undertaking. One provider restricted its understanding of non-life products with sustainability features to those that are taxonomy-eligible based on the underwriting climate-related perils criteria of the Taxonomy Regulation. Another provider reported working on a classification approach based on the Taxonomy. Other providers take a broader approach and enlarge their understanding to any product that relates to environmental aspects, including benefitting the environment as well as reducing risks related to the environment. While most undertakings limit their understanding to environmental aspects, a few undertakings included in

their understanding also ‘social’ aspects, such as products that target vulnerable consumers or that strengthen social inclusion.

In terms of the attribute(s) of the product that allows it to benefit the environment or society, some providers find that it is sufficient for products to offer coverage to “green” or “sustainable” assets (e.g., solar or wind farms). One provider noted offering premium discounts for green assets (e.g., discounts for electric vehicles). A few providers reported integrating sustainability factors in their claims management process, or the allocation of premium paid for a given product to sustainable causes (e.g., to preserve biodiversity).

In terms of lines of business, household insurance, motor insurance and natural catastrophe insurance appear to be the ones with the most products with sustainability features. Beyond the lines of business shown in Figure 5, undertakings reported having products with sustainability features also in the following lines of business: marine insurance, agriculture/crop insurance, aviation insurance, electric scooter/bike insurance.

Figure 5 – Lines of business in which undertakings reported having products with sustainability features (in number of undertakings)



Source: Survey to Undertakings

One undertaking that has not yet introduced non-life products with sustainability features indicated that it is awaiting clarity on what regulators would consider a non-life product with sustainability features to be. Another undertaking reported being in the process of defining internally what it would consider a non-life insurance product with sustainability features to be.

5.2. SFDR PRE-CONTRACTUAL DISCLOSURE ANALYSIS

EIOPA conducted two analyses (one in 2022-2023 and another in 2023-2024) of SFDR pre-contractual product disclosure based on a cumulative sample of 200 IBIPs and IBIPs' investment options taken from EIOPA's Cost and Past Performance Report²⁷ (CPP) database.

Generally, these disclosures are compliant with the requirements set out in the SFDR and the SFDR DR, however, two main groups of issues were identified in some of the disclosures: the accessibility of these disclosures on undertakings' websites and vague statements made within the disclosure.

Main findings of the pre-contractual disclosure analysis

SFDR pre-contractual disclosures should be easily accessible on websites. However, EIOPA found that these disclosures are often hard to find on companies' websites or are sometimes missing.

- ▶ Several undertakings did not provide on their website the link to the SFDR disclosure for each investment option of their MOPs. These undertakings usually only had a list of the available investment options for their MOPs and indicated for each investment option whether it disclosed under Article 6, 8 or 9. A few cases were also seen of undertakings showing a list of investment options without the links to the SFDR disclosures, as well as without indicating whether the investment options listed disclosed under SFDR Article 6, 8 or 9.
- ▶ While most undertakings had working links to SFDR disclosure, several undertakings had links to investment options offered in MOPs that did not work, not allowing EIOPA to retrieve the disclosures.
- ▶ Some undertakings did not include the SFDR disclosure of their MOP and its investment options in the MOP's dedicated webpage but included this information in a different webpage containing entity level disclosures (e.g., investors relations webpage). This issue was also observed for non-MOP products.
- ▶ A few cases were also identified in which MOPs investment options were mistakenly using SFDR periodic disclosure templates instead of the SFDR pre-contractual product templates.
- ▶ Some undertakings referred to external documentation within the SFDR disclosure but did not say where that documentation could be found (e.g., no link to the documentation), nor referenced the relevant section in that documentation.

In addition to accessibility issues, the information in SFDR pre-contractual disclosures was at times vague, not fully complying with the requirements set out in the SFDR and SFDR DR.

- ▶ Discrepancies were observed between SFDR information highlighted on the website and the actual SFDR disclosure where some investment options were presented as Article 9 on the website, while the SFDR disclosure indicated that these investment options disclosure under

²⁷ EIOPA's Costs and Past Performance Report December 2023 - [Link](#)

Article 8. Other discrepancies were observed between sustainability-related information in the SFDR disclosure and other pre-contractual documentation.

- ▶ Inconsistencies were also observed within the SFDR disclosures. For example, an investment option's disclosure indicated that it would mostly do social sustainable investments, while it later stated that most of its investments are made in environmentally-focused companies. Another example is an investment option's SFDR disclosure showing two different percentages of sustainable investments, one in the first page and another one in the allocation table figure.
- ▶ In the disclosure, several products disclosing under Article 8 simply state that they will make investments considering ESG characteristics. There is no explanation as to what environmental and/or social characteristics the products promote, nor how they will promote them.
- ▶ Some investment options use sustainability-related names such as "sustainable", "climate" while disclosing under Article 8 and having a 0% commitment to make sustainable investments and 0% taxonomy-aligned investments.
- ▶ Several Article 9 investment options fail to provide any information on their sustainable investment objective. Other Article 9 investment options did not indicate any minimum percentage commitment of sustainable investment. Moreover, some Article 9 disclosures expressed sustainable investments as a range (e.g., from 10 to 50%).
- ▶ All sections of the disclosure were filled in most of the reviewed SFDR disclosures. However, some explanations were lengthy (e.g., beyond a page for one question) and unclear. Statements about products' social characteristics and social sustainable investments were found to be particularly vague.
- ▶ Several undertakings provided unclear explanations as to how their sustainable investments under Article 2(17) meet the DNSH criterion. For example, in some cases it is unclear how the PAI-indicators are taken into account for this purpose.
- ▶ Formatting issues were also noticeable, as some disclosures omitted sections or icons set out in the SFDR DR. Moreover, sections that should be removed from the disclosure – for example where no specific index has been designated as a reference benchmark – have been kept in certain disclosures. Further, a few cases were noticed where sections or graphs not set out in SFDR DR were added to the disclosure.

Proposal 2 – Building a common EU supervisory approach in relation to sustainability claims and greenwashing

- ▶ In line with its mandate²⁸, EIOPA will foster supervisory convergence in relation to greenwashing and act as a forum for supervisors to share their experiences in supervising greenwashing through EIOPA's greenwashing workstream.
- ▶ EIOPA will achieve this by implementing various initiatives at EU level:

²⁸ Article 8(1)(a), Article 8(1)(b) and Article 29(1)(a) of EIOPA Regulation

- a) An Opinion on sustainability claims and greenwashing, which EIOPA is publishing with this Final Report. The Opinion aims to remedy a lack of a common EU approach to supervise sustainability claims and greenwashing, and to ensure the effective and consistent supervision of greenwashing in the EU insurance and pension sectors. EIOPA will monitor the effective implementation of this Opinion by NCAs.
- b) EIOPA will explore the use of Suptech to help the supervision of greenwashing, particularly in relation to disclosure supervision. This exploration also aims to mitigate NCAs' resource limitations. EIOPA has already started assisting 4 NCAs in developing Suptech tools and guidance to identify potential greenwashing within the context of a technical support project promoted by the European Commission – DG REFORM. Other activities may be undertaken, also based on lessons learned from the DG REFORM project.
- c) EIOPA may work on a paper setting out how sustainability claims are made across all stages of the insurance and pension lifecycles, and include a list of examples of good/bad practices. This paper would leverage work already covering sustainability claims, which are EIOPA's Progress Report, this Final Report, as well as the aforementioned Opinion.
- ▶ EIOPA may undertake more initiatives to further develop the supervision of sustainability claims and greenwashing. Moreover, to facilitate enforcement, EIOPA may develop further internal guidance on the use of product intervention powers also in relation to greenwashing for products within the remit of PRIIPs, taking into account that the product intervention provisions in PRIIPs Regulation refer to the marketing of IBIPs and not just the distribution or sale, and also the criteria laid down in Article 1 and 2 of Commission Delegated Regulation (EU) 2016/1904 on product intervention refer to "the information, marketing or other promotional material associated with the investment".

Proposal 3 – Tackling greenwashing through enhanced supervision and targeted supervisory activities

- ▶ EIOPA will use its mandates to monitor and tackle greenwashing:
 - a) EIOPA will use its mandate to carry out mystery shopping exercises throughout the EU to ensure compliance with requirements in the advice process, including sustainability requirements. EIOPA is currently coordinating a mystery shopping exercise in 8 Member States and while this does not focus solely on sustainability requirements, it covers them.
 - b) EIOPA will continue to carry out market monitoring activities on greenwashing.
 - c) EIOPA will continue to carry out consumer research also in relation to sustainability (e.g., inclusion of sustainability-related questions in EIOPA's Eurobarometer Survey).
 - d) EIOPA will continue to support NCAs in their supervisory activities, by organising capacity building initiatives related to sustainability.

- ▶ Within their respective mandates, NCAs are recommended to continue enhancing their efforts to tackle greenwashing by:
 - a) Verifying insurance and pension providers' compliance with sustainability-related requirements (e.g., SFDR, IDD sustainability-related requirements, Taxonomy regulation).
 - b) Monitoring that when insurance and pension providers make sustainability claims they abide by the 4 principles set out in the Opinion on greenwashing and sustainability claims.
 - c) Where relevant, monitoring the evolution and availability of life and non-life products claiming to have sustainability features in their market.
 - d) Where appropriate, evaluating the use of Suptech tools to support risk-based supervision of sustainability claims, and particularly of sustainability-related disclosure.
 - e) Where relevant, NCAs are encouraged to share with EIOPA lessons learned stemming from their supervisory activities on greenwashing or good supervisory practices used by the NCA to identify greenwashing.
 - f) Where relevant and if the NCA collects complaints directly from consumers, or if it has a whistleblower section on its website, NCAs are encouraged to allow consumers/private individuals to submit complaints or tips about potential greenwashing in an anonymised manner.
 - g) Where appropriate and relevant, NCAs are recommended to take enforcement measures against providers that have been found to have done greenwashing, this includes cease and desist measures, as envisaged in IDD, and other relevant measures available at the national level. This includes, where NCAs have competence under the Unfair Commercial Practices Directive, to ensure claims which may amount to greenwashing are addressed and act as a deterrent against misleading sustainability claims.
 - h) Where appropriate and relevant in addition to the abovementioned measures, NCAs should make use of their supervisory and investigatory powers under SFDR to ensure that providers' marketing communications do not contradict the information disclosed pursuant to SFDR.

Proposal 4 – Preventing greenwashing

- ▶ To ensure that their sustainability claims do not lead to greenwashing, insurance and pension providers are recommended to:
 - a) Follow the 4 principles set out in the Opinion on sustainability claims and greenwashing.
 - b) Include greenwashing risk considerations as part of their internal governance structure around sustainability.
 - c) Ensure that entity-level decarbonisation/transition commitments, if any, are substantiated with concrete plans, intermediary targets, clear and granular data and that progress is regularly reported to the relevant stakeholders.

- d) Where there are no clear criteria defining what has sustainability features and what does not have sustainability features, ensure that information is fair, clear, and not misleading.
- e) Under internal control and reporting systems, include and implement appropriate sustainability control and reporting arrangements.

6. SUPERVISORY EXPERIENCES

Supervising greenwashing and ensuring compliance with the relevant sustainable finance requirements is necessary to prevent and mitigate greenwashing as well as to prevent consumer detriment in the insurance and pensions sectors. Conscious of this, EIOPA and its Members (NCAs) have started to integrate greenwashing risk in their supervision. In this context, EIOPA conducted two NCA surveys requesting input on aspects related to the supervision of greenwashing. The first survey closed in January 2023 (please refer to page 35-46 of the progress report for a summary of this survey), and a second, shorter survey closed in January 2024.

The main takeaway from these surveys is that there was a noticeable increase in supervisory attention around sustainability-related requirements and greenwashing from the 2023 to the 2024 survey. In the 2024 survey, more NCAs reported occurrences of potential greenwashing (from 3 to 5 NCAs). NCAs also reported more supervisory activities around greenwashing (from 15 to 21 NCAs), more resources dedicated to greenwashing supervision (from 22 FTEs to 30 FTEs), as well as more internal supervisory tools developed around greenwashing. This could be attributed to the gradual implementation of sustainability-related requirements, coupled with a growing consumer interest in sustainable offerings and providers expanding their sustainability offerings. However, several challenges in the supervision of greenwashing remain, notably: resource constraints, lack of sustainability-related data, the complexity of the regulatory framework and a lack of common approach to supervise greenwashing.

6.1. NCAS' SUPERVISORY ACTIVITIES AROUND GREENWASHING

There was an important increase in NCAs that reported carrying out supervisory activities around greenwashing, from 15 NCAs in the 2023 survey to 21 NCAs in the 2024 survey. Of these 21 NCAs, 14 NCAs did so for both the insurance and pensions sectors, whereas 6 did so exclusively in relation to the insurance sector and 1 NCA exclusively for the pensions sector.

The most common supervisory activities included regulatory disclosure compliance checks (13 NCAs) and thematic reviews/surveys related to sustainability requirements such as SFDR and IDD sustainability requirements (14 NCAs) (Figure 6). 10 NCAs provided guidance to the industry, and 11 reported carrying out workshops with the industry. Consumer financial literacy initiatives were carried out by 7 NCAs, market monitoring activities by 8 NCAs, and on-site/off-site inspections were undertaken by 6 NCAs. Additionally, 2 NCAs noted supervisory activities related to the monitoring of pension and insurance-related content via social media and press monitoring. Some of the key highlights stemming from these activities are listed below:

- ▶ In addition to the SFDR pre-contractual disclosure analysis outlined in section 5.2 of this report, a number of NCAs undertook independent SFDR compliance assessments. Some of them published the results of their assessments²⁹. To address the issues identified in these assessments, several NCAs issued recommendations to providers. Moreover, one NCA reported taking supervisory measures against three pension providers after identifying issues relating to SFDR periodic disclosure. Another NCA, after identifying issues in pre-contractual and website disclosures, took supervisory measures against one insurance undertaking.
- ▶ A number of NCAs reported that their market is still in the process of fully implementing sustainability-related requirements, and therefore some of their supervisory activity is geared towards guidance to the industry. For example, BaFin provided detailed guidance on SFDR product-related information and organised regular workshops with the industry and auditors, focusing on their implementation of the SFDR. Additionally, several NCAs have issued/are planning to issue ‘Dear CEO’ letters asking the industry not to engage in greenwashing³⁰.
- ▶ After noting an increase in misleading sustainability claims in life insurance advertisements, ACPR issued a recommendation aimed at improving sustainability claims made in life insurance advertising³¹. Following the entry into force of this recommendation in April 2023, the French NCA noticed a decline in the use of vague or unclear sustainability claims in life insurance advertising.
- ▶ The AFM published in October 2023 a set of guidelines on sustainability claims³² which provide guidance to market participants on how to avoid making misleading sustainability claims.
- ▶ The Swedish FSA followed up the ESAs Consumer Factsheet on sustainable finance with a video providing further information to consumers on how to allocate their money sustainably³³.
- ▶ One NCA has updated the conduct-related data it requests from undertakings in its market to include data on the provision of sustainable products, on marketing campaigns with sustainable elements and on complaints related to greenwashing.

²⁹ MFSA’s analysis – [link](#) ; AFM’s pension analysis – [link](#) ; AFM’s insurance analysis – [link](#) ; DFSA’s analysis - [link](#)

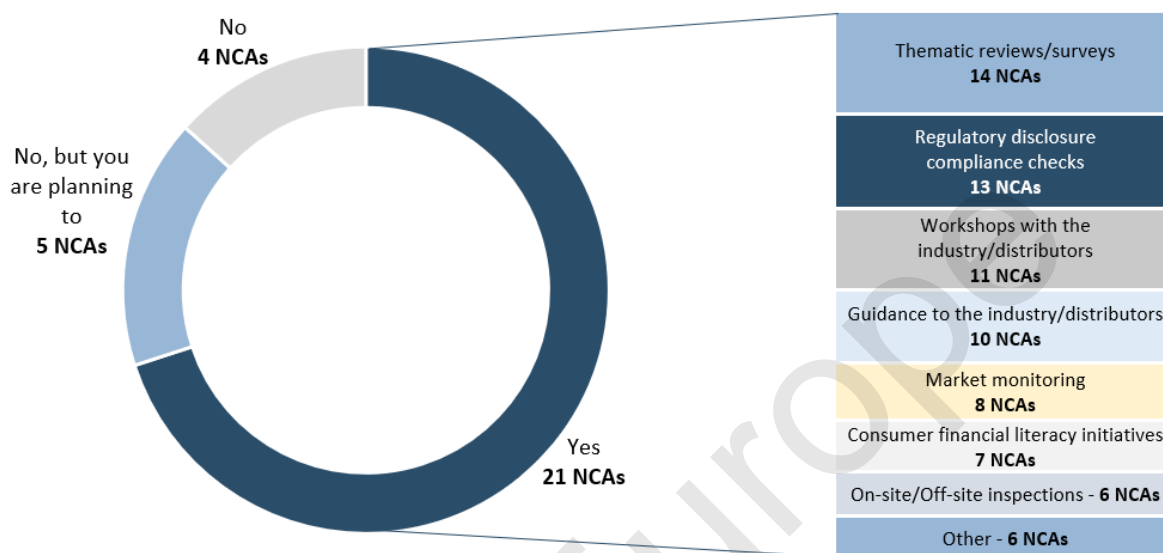
³⁰ CBI’s “Dear CEO” letter – [link](#)

³¹ ACPR’s recommendation on sustainability claims in life insurance advertising - [link](#)

³² AFM’s guidelines on sustainability claims – [link](#)

³³ FI-SE’s consumer financial literacy initiative - [link](#)

Figure 6 – NCAs that carried out supervisory activities aimed at tackling greenwashing – January 2024



Source: Survey to NCAs

Supervisory tools to tackle greenwashing

Tools aimed at guiding supervisory teams help ensure the adequate supervision of greenwashing. There was an increase from 2 NCAs in the 2023 survey to 6 NCAs in the 2024 survey which have developed internal guidelines related to the supervision of greenwashing. One NCA focused on preparing educational material on sustainability requirements for their supervisory teams, while three other NCAs developed internal supervision policies focused on sustainability. Yet another NCA noted developing internal methodologies and checklists for sustainability-related supervisory analyses. Another NCA reported working on an internal methodology to evaluate the sustainability features of IBIPs. 6 NCAs are currently in the process of, or are planning to insert greenwashing-related considerations in supervisory guidelines or other tools. 12 NCAs have not yet developed supervisory guidelines on greenwashing and are looking to EIOPA for further guidance. Some NCAs emphasise that guidance provided by EIOPA should be concrete and use examples where possible. 4 NCAs noted not foreseeing the development of such tools in the future.

EIOPA’s progress report already highlighted that 21 NCAs saw value in the use of Suptech to tackle greenwashing. NCAs reiterated their interest in Suptech, particularly as a mean to alleviate resource constraints and address data availability issues. Indeed, several NCAs reported building or planning to build new Suptech tools and seeking out ESG data providers to close data gaps.

6.2. OCCURENCES OF POTENTIAL GREENWASHING

In carrying out the supervisory activities outlined in the section above, some NCAs identified occurrences of greenwashing. From the 2023 survey to the 2024 survey, there was an **increase in the number of NCAs that identified one or more occurrences of greenwashing from 3 NCAs to 5 NCAs**. Most of the greenwashing occurrences related to insurance at product level (4 NCAs), followed by pension at entity/product-level (3 NCAs) and insurance at entity-level (1 NCA). These occurrences share some commonalities. 3 of the 5 NCAs noted that sustainability claims were made without adequate substantiation. 2 NCAs highlighted that unclear aspects and inconsistencies present in the current sustainable finance regulatory framework gave rise to these occurrences. Finally, issues around the understandability and accessibility of the sustainability claims were highlighted by all 5 NCAs.

There was also an **increase in the number of NCAs that did not identify greenwashing occurrences but are currently investigating potential greenwashing occurrences** from 5 NCAs in the 2023 survey to 6 NCAs in the 2024 survey. These related to the use of sustainability-related words in IBIPs names, sustainability claims about non-life insurance products, and potential non-compliance with sustainability-related requirements (e.g., SFDR, POG DR).

The NCAs that did not identify occurrences of greenwashing are the majority, however this number decreased from 21 NCAs in the 2023 survey to 19 NCAs in the 2024 survey. The lack of greenwashing occurrences, according to 13 NCAs, is likely due to the limited availability of products with sustainability features in their markets. Some NCAs indicated that insurers and pension providers took a cautious approach when branding their products/investments as having sustainability features, engaging in so-called “green-bleaching”. Other reasons raised include the novelty of the sustainability-related requirements (5 out of 19 NCAs), resource constraints limiting the supervisory activities conducted in this area (4 out of 19 NCAs) and the inadequacy of the regulatory framework aimed at tackling greenwashing (4 out of 19 NCAs).

6.3. SUPERVISORY CAPACITIES, CHALLENGES AND POWERS

6.3.1. Supervisory capacities

In the January 2024 survey, **NCAs reported a total of 30 FTEs dedicated to sustainability-related supervisory tasks** in the insurance and pension sector. This represents an increase of 8 FTEs from the 2023 survey, which is slightly less than the planned increase reported in the 2023 survey of an additional 11 FTEs. In addition to the 30 FTEs dedicated to sustainability aspects, NCAs also reported 58 FTEs working on the supervision of sustainability aspects as part of general conduct supervision, but not dedicated to sustainability.

16 NCAs reported that they have enough resources and expertise to adequately tackle greenwashing. Several noted considerable investments both in resources dedicated to supervising

greenwashing and in fostering sustainable finance expertise within their institutions. A few NCAs currently see low risk of greenwashing in their market, and therefore consider their resources and expertise sufficient. As sustainability requirements are clarified and implemented, some of these 16 NCAs anticipate facing pressures in terms of resources and expertise. Hence, they are adopting a forward-looking approach, intending to hire more sustainable finance experts (16 FTEs in the next two years) and initiate capacity-building programmes in the upcoming years.

14 NCAs reported that they do not have enough resources and expertise to adequately tackle greenwashing. Several of these NCAs noted that they have to carry out additional supervisory tasks without additional resources. Moreover, several NCAs highlighted a shortage of staff with expertise in sustainability. However, efforts are underway to address this through capacity-building initiatives.

Figure 7 – FTEs dedicated to sustainability-related supervisory tasks, January 2024

	FTEs dedicated to sustainability	
	Current	Increase in next 2 years
FTEs solely supervising sustainability requirement in general [Total]	30	16
o/w FTEs supervising sustainability related <u>disclosure</u> requirements	14	9
o/w FTEs supervising sustainability related <u>POG</u> requirements	1	2
o/w FTEs supervising sustainability related <u>IDD</u> requirements for <u>distributors</u>	1	2
o/w FTEs supervision sustainability requirements for <u>pension providers</u>	2	2

Source: Survey to NCAs

6.3.2. Supervisory challenges

One of the main challenges reported by NCAs in supervising greenwashing are resource constraints (8 NCAs). The section on supervisory capacities above (6.3.1) shows that there is a total of 30 FTEs dedicated to sustainability-related tasks – this is an average of 1 FTE per NCA dedicated to sustainability topics. Moreover, there are significant differences among NCAs, with 5 NCAs having 3 FTEs or more and others having none. While there is also some staff working on the supervision of sustainability aspects as part of general conduct supervision, as noted by some NCAs, such staff might not always have the adequate expertise to supervise sustainability requirements and claims.

This leads to another key challenge reported by NCAs, which is a lack of expertise in sustainable finance (9 NCAs), especially given the complexity of the current regulatory framework. An additional challenge reported by NCAs is the complexity and lack of clarity of the current regulatory

framework – some NCAs also noted that these requirements are often changing, which does not allow them to build enough expertise before newer requirements come into force.

In order to lessen resource constraints and expertise-related issues, many NCAs recognise the necessity to not only enhance the sustainable finance knowledge among their staff – by way of workshops or trainings – but also to recruit sustainable finance experts.

Another point mentioned by some NCAs is the lack of data related to sustainability and that assessing the compliance of disclosures can be quite resource intensive. Moreover, some NCAs note that given that insurance and pension providers are not required to submit their sustainability-related disclosures to NCAs (e.g., SFDR disclosure), they have to carry out resource-intensive data-collection efforts, reducing the time dedicated to the assessment of the disclosure. Finally, NCAs pointed to a lack of an EU common approach in supervising greenwashing.

6.3.3. Supervisory mandates and powers

24 NCAs believe that their supervisory mandates and powers allow them to sufficiently tackle greenwashing. However, they note that the “NCA supervisory toolkit” to measure, monitor, analyse and remediate greenwashing (i.e., supervisory knowledge, supervisory practices, supervisory tools) needs further development. **According to many of these NCAs, focus should now be on the practical implementation of the supervision of greenwashing.** Two NCAs note that while they can address greenwashing when it has been assessed as such, they do not have the mandate to take preventive supervisory activities in relation to greenwashing.

6 NCAs noted not having sufficient supervisory mandates and powers to adequately tackle greenwashing. A few of these NCAs noted that they only have a specific mandate to identify, prevent and sanction greenwashing practices in information mandated by regulatory requirements such as SFDR. However, they note a gap with respect to other information made available to the consumers, such as advertising or other mediums in which sustainability claims are made.

Proposal 5 – Enhancing supervisory resources and expertise to tackle greenwashing

- ▶ Where feasible given budgetary constraints, NCAs that indicated not having sufficient resources/expertise to adequately tackle greenwashing are encouraged to increase resources dedicated to sustainability-related supervisory tasks, and to organise capacity building initiatives for staff on sustainable finance.
- ▶ Given the cross-sectoral nature of greenwashing, (non-integrated) NCAs are encouraged to closely cooperate with the securities and/or banking supervisory authorities of their Member State in their approach to tackling greenwashing.
- ▶ For both integrated and non-integrated authorities, where relevant, NCAs are encouraged to set up one internal horizontal group/unit/function within their current governance structure

that is tasked with high-level coordination of sustainability aspects – including greenwashing – and that facilitates information sharing across the authority.

7. POSSIBLE IMPROVEMENTS TO THE REGULATORY FRAMEWORK

Based on the issues and gaps already identified in EIOPA's progress report, as well as additional issues identified in this final report, in this section EIOPA proposes improvements to the regulatory framework that would enhance the tackling and supervision of greenwashing in the insurance and pensions sectors.

7.1. NON-LIFE INSURANCE PRODUCTS WITH SUSTAINABILITY FEATURES

Significant efforts – both policy as well as supervisory – have gone into defining and disclosing the sustainability features of investment products such as IBIPs, pension schemes, PEPPs and other pension products. While EIOPA believes that investments, specifically retail investments, are crucial to finance the transition to a sustainable economy, non-life insurance products also have an important role to play in the transition:

- ▶ According to EIOPA's Solvency II database at the end of 2022, non-life insurance accounted for €476 Billion in terms of gross written premium (6% increase since 2021) in the EEA with the 'Fire and other damage to property' amounting to €112 Billion in gross written premium (GWP) alone³⁴.
- ▶ According to EIOPA's Eurobarometer survey conducted in July 2023, the penetration of non-life insurance is greater than that of life insurance, showing its important place in the lives of EU consumers.
- ▶ 53% of EU consumers have bought or considered buying sustainable insurance or pension products or would be interested to know more about them in 2023.

Looking at the current EU sustainability-related framework, two pieces of legislation refer to the sustainability features of non-life insurance products:

- ▶ The POG delegated regulation does so implicitly as it introduces the concept of "sustainability factors" of an insurance product (POG DR Article 5) and the consideration of consumer's

³⁴ While it is true that not all of the line of business (LoB) 'Fire and other damage to property' is related to sustainability factors, this LoB includes damage stemming from natural catastrophes (e.g., droughts leading to wildfires).

sustainability objectives (POG DR Article 5, 6, 7, 8 10, 11) in the manufacturing of a product. While left unspecified, these considerations are not limited to insurance investment products, but also cover non-life insurance products.

- ▶ The Climate Delegated Act under the Taxonomy regulation provides a clear way to measure taxonomy alignment when underwriting climate-related perils.

EIOPA is of the view that the current framework does not set explicit standards for non-life products that can claim to have sustainability features and those that cannot, giving rise to a risk of greenwashing. Indeed, POG only requires that sustainability be considered in product manufacturing, and the Climate Delegated Act, given its scope, only offers measurement of taxonomy alignment for the underwriting of climate-related perils. In addition, the IDD includes general rules around ensuring that marketing communications are clear, fair and not misleading and that marketing communications are always clearly identifiable as such, but these requirements are not specific to sustainability-related marketing communications. As mentioned in EIOPA's progress report on greenwashing, this is a gap in the current sustainability-related framework.

Moreover, as highlighted in the section on the survey to undertakings (5.1.3), 16 insurance undertakings reported selling products with sustainability features, and their understandings of a non-life product with sustainability features varies. Further, 18 NCAs reported being aware of "green" or "sustainable" non-life insurance products in their markets, while 10 NCAs indicated not being aware of such products in their market.

7.1.1. Clarifying what are non-life products with sustainability features

EIOPA sees merit in addressing the identified gap and tackling greenwashing in non-life insurance products. Towards that goal, EIOPA offers insights on potential approaches, focusing on 7.1.1.1 – potential sustainability features of non-life products and on 7.1.1.2 – potential product-level disclosure. If an approach for non-life products with sustainability feature were to be developed, EIOPA sees merit in developing these two steps jointly.

The ideas presented here are preliminary indications, requiring further elaboration as well as stakeholders' input, for example by way of a public consultation.

7.1.1.1. Potential sustainability features of non-life products

Categorizing sustainability features of non-life insurance products should consider current sustainability requirements, work previously done by EIOPA (e.g., impact underwriting), as well as current market practices.

Current sustainability-related requirements such as SFDR and the Taxonomy Regulation, indicate that to have sustainability features, a product – or an economic activity in the case of the Taxonomy

– must benefit the environment or society (e.g., ‘promote environmental or social characteristics’, ‘have a sustainable investment objective’, ‘contribute to an environmental objective’, ‘consider principal adverse impacts’, ‘not significantly harm’).

Beyond taxonomy-aligned insurance of climate-related perils, EIOPA looked at current market practices of products with sustainability features. It did so via a survey to NCAs, desk research, publications³⁵, a survey to undertakings (see 5.1.3) and a request for input to the IRSG. Below are presented some of these products, which are bundled by type of product attribute which in the providers’ view allows them to achieve a sustainability benefit.

- ▶ Some non-life products link the subscription/renewal of a non-life policy with an action by the insurer that benefits the environment or society. For instance, some non-life products indicate that they allocate a portion of the premium paid by consumers to sustainable causes. They do this by directly giving a portion of the premium to certain charities – in some cases, the policyholder can select the charity of their choosing. Another way is by investing a portion of the premium in investments that consider sustainability aspects. Another practice observed is a commitment by the insurer to plant a tree for every new non-life policy subscribed. Yet another practice observed is an insurer offering its policyholders with electric vehicles the possibility to earn money by selling their carbon credits.
- ▶ EIOPA also observed non-life products that provide rewards to consumers when they adopt sustainable behaviours – these include both consumer risk reduction behaviours as well as behaviour that positively impacts the environment and/or society. These rewards can be premium reductions as well as other types of reward such as receiving free health-tracking watches. Examples of such products are outlined below:
 - A property insurance that offers premium discounts for policyholders who implement energy-efficient home upgrades.
 - A property insurance that offers higher indemnity to rebuild the house with more sustainable materials.
 - Health insurance that offers medication to stop smoking for free to consumers.
 - Motor insurance that incorporates telematics to charge lower premiums to consumers that drive less.
- ▶ Other products indicate that they take measures to benefit the environment in their claims handling processes. For example, a motor insurance product which uses second-hand parts when fixing cars.
- ▶ Finally, some insurance products insure green assets, for example products that insure a taxonomy-aligned, energy-efficient residential building. Other examples are insurance products that cover electric vehicles or wind farms.

³⁵ “Compendium of market practices” report of the Platform on sustainable finance - [Link](#); AAE discussion paper “Sustainable Products in insurance” – [Link](#)

At this stage, EIOPA does not provide a view as to whether these products should be considered as having sustainability features or not, but finds it useful to list current market practices. Considerations may be made in the future as to whether some or all these product types should be considered as having sustainability features. While more analysis is needed, the potential categorisation of the sustainability features of non-life products could be implemented by setting out a product categorisation in a dedicated legal text. It may also be done in relation to the “sustainability-related objectives” set out under the POG DR.

7.1.1.2. Potential product-level disclosure

While further analysis should be carried out, EIOPA is of the view that there may be merit in developing jointly product categorisation and product disclosure. Therefore, **provided that a simple and clear but rigorous product categorisation is defined**, EIOPA believes that products fitting into the categories should be able to claim in disclosure or marketing material (e.g., advertisements, product name) that they have sustainability features. It follows that those that do not fit in the categories should not be able to claim in any disclosure or marketing material that they have sustainability features.

EIOPA does not currently see the need for a dedicated pre-contractual document giving consumers information on the sustainability features of non-life products. Such an approach could put a disproportionate burden on the industry and further increase the amount of pre-contractual documentation that consumers currently receive.

However, EIOPA sees merit in requiring that products show their sustainability features in the existing Insurance Product Information Document (IPID), which has been, since 2017, the primary standardized consumer-facing pre-contractual disclosure document for non-life products in the EU. This could be done via the inclusion of a specific sustainability section in the IPID which would inform consumers in a concise and understandable manner about the sustainability features of the non-life product (see Figure 8). To ensure the appropriateness of this section, it is important to define what information should be disclosed in it. Any change to the IPID should be behaviourally informed to ensure it remains succinct and easy to understand (e.g., by way of consumer testing as set down already in Article 20 IDD).

Given the succinct nature of the IPID, EIOPA would expect the new sustainability section to be short and clear. While the focus should be on understandability in the IPID, there may also be need for granular substantiation of the categorisation of the product as having sustainability features outside. Again, EIOPA does not currently believe it to be necessary to have a dedicated sustainability disclosure document, however, to ensure appropriate substantiation, it could be envisaged to clarify (in line with POG DR) that upon request by the CA or the consumer, the insurer should make

available the relevant documentation substantiating the categorisation of the product as having sustainability features.

The inclusion of a new sustainability section in the IPID would require the amendment of Article 20(8) of IDD, as well as Commission Implementing Regulation (EU) 2017/1469 on the IPID.

Figure 8 – Potential new sustainability features section in the IPID

What are the sustainability features of the product?

- Xxxxx
- Xxxxx

Xxxxx Insurance
Insurance Product Information Document
Company: <Name> Insurance Company Product: <Name> Policy

[Statement that complete pre-contractual and contractual information on the product is provided in other documents]
What is this type of insurance?
[Description of Insurance]

What is insured?

- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx

What is not insured?

- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx

Are there any restrictions on cover?

- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx

What are the sustainability features of the product?

- Xxxxx
- Xxxxx

Where am I covered?

- ✓ Xxxxx

What are my obligations?

- Xxxxx
- Xxxxx
- Xxxxx
- Xxxxx

When and how do I pay?

- Xxxxx

When does the cover start and end?

- Xxxxx

How do I cancel the contract?

- Xxxxx

Source: EIOPA's own elaboration

7.1.1.3. Other considerations

Should a new approach to categorize and disclose the sustainability features of non-life products be developed, EIOPA believes that efforts should be made to ensure that this disclosure reduces

information asymmetry for consumers, but also mitigates compliance burden for insurers and limit market disruptions. To that extent, there should be an evaluation as to how existing non-life products should be treated.

7.1.2. Pros and cons of the implementation of a potential approach for non-life products with sustainability features

Below are presented the pros and cons of the implementation of a potential approach for non-life products with sustainability features. Should the ideas and approaches outlined in the section above be further developed, a comprehensive impact assessment should be carried out.

- ▶ **Consumers:** There would be a lower risk of consumers being greenwashed given that there would be standards for non-life products with sustainability features. Moreover, consumers would be able to make more informed choices with standardized sustainability information on non-life products – specifically through the IPID. However, the IPID disclosure would be longer, as there would be an additional sustainability section.
- ▶ **NCA:** NCAs would have a set of rules as to what is and what is not a non-life product with sustainability features. They would have access to information and documentation substantiating the categorisation of the product as having sustainability features. However, these would be additional requirements that NCAs would need to supervise.
- ▶ **Insurers:** Insurers would be able to claim that their products meeting the sustainability standards have sustainability features both in marketing material as well as in the IPID. However, this would entail higher compliance costs for their products with sustainability features.

Proposal 6 – Closing the gap related to non-life insurance products with sustainability features

- ▶ A potential gap in the sustainable finance regulatory framework has been identified around non-life insurance products with sustainability features. EIOPA may make further considerations in relation to non-life insurance products with sustainability features.

7.2. INSURANCE DISTRIBUTION DIRECTIVE (IDD)

Proposal 7 – Consumer-centric sustainability preferences

- ▶ The consumer testing carried out in the context of the ESAs Final Report on the draft RTS on the review of PAI and financial product disclosures in the SFDR Delegated Regulation³⁶ shows that most consumers do not understand, due to their complexity, what ‘taxonomy-aligned investments’, ‘sustainable investments’ and ‘consideration of principal adverse impact on

³⁶ Final Report on draft Regulatory Technical Standards on the review of PAI and financial product disclosures in the SFDR Delegated Regulation - [Link](#)

sustainability factors’ are, i.e., the three IDD sustainability preferences criteria. The lack of consumer understanding of these criteria increases the risk of greenwashing and misselling. The IDD sustainability preferences criteria were developed based on existing SFDR principles and concepts. Consequently, should the European Commission review SFDR, particularly in alignment with the Joint ESAs Opinion on SFDR, the IDD sustainability preferences criteria should also be reassessed. In reviewing the IDD sustainability preferences criteria, EIOPA asks that the European Commission take a consumer-centric approach, for example by consumer testing these criteria, to ensure a high level of understanding of these criteria by all types of consumers, including more vulnerable consumers.

- ▶ Another issue identified in the IDD is the unclear link between ‘sustainability-related objectives’ in product manufacturing (POG DR) and ‘sustainability preferences’ in the advice process (IDD suitability assessment DR). While EIOPA partially sought to address the link between ‘sustainability-related objectives’ and ‘sustainability-related preferences’ in the published Q&A 2479³⁷, there may be merit either in aligning the terminology or making the link clearer between the two concepts.

7.3. SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Proposal 8 – A sustainability-related investment framework that works for insurance and pension consumers and providers

- ▶ EIOPA’s Progress Report highlighted various issues related to the SFDR, such as unclarity around the definition of sustainable investments under Article 2(17) SFDR, broadness of the “promotion of environment or social characteristics” under Article 8, SFDR’s use as a labelling regime, as well as issues around MOPs’ treatment in the SFDR. Against that background, and given the cross-sectoral competence of SFDR, the ESAs are preparing a Joint ESAs Opinion on SFDR, which is due to be published soon.
- ▶ Therefore, EIOPA recommends the European Commission to consider the proposals included in that Opinion, especially in the context of its assessment of SFDR.

7.4. IORP II DIRECTIVE

Proposal 9 – Enhancing sustainable finance and mitigating greenwashing in the occupational pensions sector

³⁷ [Q&A 2479](#)

- ▶ In September 2023, EIOPA published its Technical advice to the European Commission on the review of the IORP II Directive³⁸, which covered various sustainability aspects (e.g., inclusion of sustainability aspects in the PBS, integration of sustainability aspects in IORPs investment decisions).
- ▶ EIOPA recommends the European Commission to consider that advice and more particularly the section related to sustainability aspects, as they will contribute to the tackling of greenwashing in the occupational pensions sector.

³⁸ EIOPA's technical advice for the review of the IORP II Directive – [Link](#)

8. ANNEX

8.1. ACRONYMS AND ABBREVIATIONS

ACPR	Autorité de contrôle prudentiel et de résolution.
AFM	Autoriteit Financiële Markten
CBI	Central Bank of Ireland
CFA	Call for Advice
CfE	Call for Evidence
CO2	carbon dioxide
DB	defined benefit
DC	defined contribution
DFSA	Danish Financial Supervisory Authority
DR	Delegated Regulation
EC	European Commission
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ESAP	European single access point
ESAs	European Supervisory Authorities
FMPs	financial markets participants
FI-SE	Swedish Finansinspektionen
GHG	Greenhouse gas
IBIPs	insurance-based investment products
IDD	Insurance Distribution Directive
IORP	institution for occupational retirement provision
MFSA	Malta Financial Services Authority
MOP	multi-option product
MS	Member States

NCA National Competent Authorities

PAI principal adverse impacts

POG product oversight and governance

PP with profit participation products

PRIIPS packaged retail and insurance-based investment products

SFDR Sustainable finance disclosure regulation

SI Sustainable Investments under Article 2(17) of the SFDR

SII Solvency II Directive

TR Taxonomy Regulation

UL unit-linked insurance

UN PRI United Nation Principles for Responsible Investment

UN SDGs United Nations Sustainable Development Goals

8.2. STAKEHOLDER INTERACTION

In order to inform this Final Report and the Progress report, EIOPA interacted with various stakeholders via structured interviews from June 2022 until December 2023. These interviews focused on what greenwashing is, how greenwashing occurs, its impact, and the regulatory framework around it. The stakeholders with which EIOPA held structured interviews were the following: 2° Investing Initiative, BVI Bundesverband Investment und Asset Management e.V., Better Finance, Zurich Insurance Group, France Assureurs, United Nations Development Programme Sustainable Investment Forum, International Monetary Fund, Allianz, Carbon Disclosure Project, AXA, Gesamtverband der Deutschen Versicherungswirtschaft, Credit Agricole and the UK Financial Conduct Authority.

8.3. ESAS UNDERSTANDING OF GREENWASHING

In addition to the summary statement, the ESAs have identified several core characteristics that help understand the potential scope of greenwashing:

- A. Similarly to communication of other misleading claims there are several ways in which sustainability-related statements, declarations or communications may be misleading. On the one hand, communications can be misleading due to the omission of information relevant to consumers, investors or other markets participants' decisions (including but not limited to

partial, selective, unclear, unintelligible, vague, oversimplistic, ambiguous or untimely information, unsubstantiated statements). On the other hand, communications can be misleading due to the actual provision of information, that is false, deceives or is likely to deceive consumers, investors or other market participants (including but not limited to mislabelling, misclassification, mis-targeted marketing, inconsistent information);

- B. Similarly to other misleading actions, greenwashing is a type of misconduct which may not only result in a direct claim, but in misleading actions or omissions. Potential examples include identifying clients with sustainability preferences within the positive target market of a product that does not have any sustainability features (in the product design phase) or not taking duly into account clients' sustainability preferences in the advice phase.
- C. Sustainability-related misleading claims can occur and spread intentionally or unintentionally, whereby intentionality, negligence, or the lack of robustness and appropriateness of due diligence efforts could, where relevant, constitute aggravating factors in the context of supervisory and enforcement actions.
- D. Greenwashing can occur either at entity level (e.g., in relation to an entity's sustainability strategy or performance), at financial product level (e.g., in relation to products' sustainability strategy or performance) or at financial service level including advice³⁹ (e.g., in relation to the integration of sustainability-related preferences to the provision of financial advice).
- E. Greenwashing can occur at any point where sustainability-related statements, declarations, actions or communications are made, including at different stages of the business cycle of financial products or services (e.g., manufacturing, delivery, marketing, sales, monitoring) or of the sustainable finance value chain.
- F. Greenwashing may occur in relation to the application of specific disclosures required by the EU sustainable finance regulatory framework or in relation to general principles – as featured either in the general EU financial legislation or more specifically in EU Sustainable Finance legislation. In addition, greenwashing may occur in relation to entities that are outside of the remit of the EU sustainable finance legislation as it currently stands.
- G. Greenwashing can be triggered by the entity to which the sustainability communications relate, by the entity responsible for the product, by the entity providing advice or information on the product, or it can be triggered by third parties (e.g., ESG rating providers, or third-party verifiers);
- H. Greenwashing may or may not result in immediate damage to individual consumers or investors (in particular through mis-selling⁴⁰) or the gain of an unfair competitive advantage. Regardless of such outcomes, if not kept in check, greenwashing undermines trust in sustainable finance markets and policies.

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