

Opinion on sustainability claims and greenwashing in the insurance and pensions sectors

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1. LEGAL BASIS

- 1.1. The European Insurance and Occupational Pensions Authority (EIOPA) provides this Opinion on the basis Article 29(1)(a) of Regulation (EU) No 1094/2010¹. This Article mandates EIOPA to play an active role in building a common Union supervisory culture and consistent supervisory practices, as well as in ensuring uniform procedures and consistent approaches throughout the Union.
- 1.2. EIOPA delivers this Opinion on the basis of:
- a) Regulation (EU) 2019/2088² (SFDR) which lays out disclosure rules on sustainability-related aspects at both entity and product level;
 - b) Commission Delegated Regulation (EU) 2022/1288³ (SFDR DR);
 - c) Articles 17 and 25 of Directive (EU) 2016/97⁴ (IDD);
 - d) Commission Delegated Regulation (EU) 2017/2358⁵ (POG DR);
 - e) Commission Delegated Regulation (EU) 2017/2359⁶ (Suitability DR);
 - f) Article 26 of Regulation (EU) 2019/1238⁷ (PEPP Regulation);
 - g) Articles 36 and 41 of Directive (EU) 2016/2341⁸ (IORP II);
 - h) Articles 6 and 8 of Regulation (EU) 1286/2014⁹ (PRIIPs Regulation);
 - i) Articles 260, 269 and 275a of Commission Delegated Regulation (EU) 2015/35¹⁰ (Solvency II DR);

¹ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48).

² Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

³ Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1).

⁴ Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (OJ L 26, 2.2.2016, p. 19).

⁵ Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to product oversight and governance requirements for insurance undertakings and insurance distributors (OJ L 341, 20.12.2017, p. 1).

⁶ Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products (OJ L 341, 20.12.2017, p. 8).

⁷ Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ L 198, 25.7.2019, p. 1).

⁸ Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (recast) (OJ L 354, 23.12.2016, p. 37).

⁹ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1).

¹⁰ Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17.1.2015, p. 1).

- j) Articles 19a and 29a of Directive 2013/34/EU¹¹, as amended by Directive (EU) 2022/2464 (CSRD)¹²
- 1.3. This Opinion is addressed to the competent authorities¹³, as defined in Article 4(2) of Regulation (EU) No 1094/2010.
- 1.4. The Board of Supervisors has adopted this Opinion in accordance with Article 2(8) of its Rules of Procedure¹⁴.

¹¹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

¹² Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15).

¹³ Notwithstanding the fact that specific points of this Opinion describe supervisory expectations for insurance and reinsurance undertakings, insurance distributors, PEPP manufacturers and distributors, and IORPs, they are required to comply with the regulatory and supervisory framework applied by their competent authority based on Union or national law.

¹⁴ Rules of Procedure of the Board of Supervisors of the European Insurance and Occupational Pensions Authority, EIOPA-BoS-20-019-REV2, https://www.eiopa.europa.eu/system/files/2022-07/bos-rules_of_procedure.pdf.

2. CONTEXT AND SCOPE OF THE OPINION

- 2.1. European insurance consumers and pension savers are increasingly interested in allocating their money in a sustainable manner. According to EIOPA's 2023 Eurobarometer survey¹⁵, 32% of EU consumers¹⁶ 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.
- 2.2. Insurance and pension providers¹⁷, hereinafter 'providers', are changing their offerings and adapting their business models to be more sustainable. While this contributes towards 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, leading to greenwashing. In its 2022 Consumer Trends Report, EIOPA emphasized the importance of substantiating sustainability claims made by providers.
- 2.3. EIOPA further explored greenwashing in its Progress Report¹⁸ and in its Final report on greenwashing¹⁹, which served, respectively as interim and final deliverables to a Call for Advice on greenwashing sent by the European Commission in May 2022. The Progress report provides a common understanding, shared by the EBA, EIOPA, and ESMA as the European Supervisory Authorities (ESAs), on what greenwashing is²⁰.
- 2.4. Relying on the findings of the Progress and Final Reports on greenwashing, EIOPA finds it important to develop a common approach to supervise sustainability claims and greenwashing in the insurance and pensions sectors to ensure consistent outcomes across the EU. To this end, this Opinion sets out a framework designed to assist competent authorities in the monitoring of insurance and pension providers' adherence to the common principles when making sustainability claims about themselves or their products or schemes.
- 2.5. While each principle targets different aspects, the principles can overlap due to their complementary nature. Each principle is based on specific sustainability-related requirements as well as on general fairness principles that are included in the IDD and IORP II. Therefore these principles are not new requirements, but they aim to clarify the existing requirements in the context of sustainability claims. This Opinion concerns all entities and products under EIOPA's remit, except for those points in the Opinion which refer to specific regulatory requirements or to EIOPA's Guidance on the integration of sustainability

¹⁵ Results of EIOPA's 2023 Eurobarometer - Consumer trends in insurance and pension services - [Link](#)

¹⁶ In this Opinion, the term 'consumers' captures individuals using or benefitting from insurance and pensions services, i.e. policyholders, savers, pension scheme members and beneficiaries.

¹⁷ Unless specified otherwise, the term 'insurance and pension providers' or 'providers' captures insurance undertakings, PEPP providers, insurance distributors, and IORPs.

¹⁸ Advice to the European Commission on greenwashing – Progress report, EIOPA-BoS-23-157, <https://www.eiopa.europa.eu/system/files/2023-06/EIOPA%20Progress%20Report%20on%20Greenwashing.pdf>.

¹⁹ [Link to Final Report to be inserted after publication on EIOPA's website]

²⁰ "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", page 9 of the Progress report on greenwashing.

preferences in the suitability assessment²¹, and which therefore apply only to the providers and/or products covered by those regulatory requirements and EIOPA's Guidance.

- 2.6. While this Opinion is addressed to competent authorities, entities and products under EIOPA's remit should follow the four principles set out in this Opinion when they make sustainability claims.
- 2.7. This Opinion is without prejudice to and does not impede the application of the relevant EU and national regulatory frameworks applied by the competent authorities, in particular Directive 2005/29/EC²² (Unfair Commercial Practices Directive).

3. UNDERSTANDING SUSTAINABILITY CLAIMS

- 3.1. 'Sustainability claims' are understood to be any claims 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 people²³, but may also include claims misrepresenting sustainability risk to portray a more environmentally or socially responsible profile.
- 3.2. Sustainability claims can be made by providers across all stages of the insurance and pensions lifecycles²⁴.
- 3.3. Sustainability claims encompass a broad range of statements, communications or actions 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 information²⁵ and website texts, advertising brochures, social media posts, policies, images, strategies, labels, certificates, ratings, targets, non-regulatory labels, and product names – as well as underlying investment options in case of a multi-option product (MOP).
- 3.4. The use of sustainability-related terms in the product – or underlying investment option in case of MOP – name is likely to impact consumers' investment decisions, as the name is an important marketing tool that targets and reaches consumers. Relevant EU legislation provides sufficient basis for competent authorities to address the cases of inappropriate use of product names. Article 13 of the SFDR provides that financial market participants and

²¹ Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD), EIOPA-BoS-22-391, https://www.eiopa.europa.eu/system/files/2022-07/guidance_on_integration_of_customers_sustainability_preferences_under_idd.pdf.

²² Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council (OJ L 149, 11.6.2005, p. 22).

²³ 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).

²⁴ The insurance and pensions lifecycles encompass product-level and entity-level stages relevant to insurance and pensions processes. The entity level stages are entity model and entity management. The product level stages are the manufacturing or design of the product or scheme, the delivery of the product or scheme, and the management of the product or scheme. More is available on greenwashing through the insurance and pensions lifecycle in EIOPA's Progress report on greenwashing.

²⁵ Where applicable, this may not include cases where IORPs have automatic enrolment and have no marketing.

financial advisers shall ensure that their marketing communications do not contradict the information disclosed pursuant to the SFDR. Article 17(1) of the IDD provides that insurance distributors shall always act honestly, fairly and professionally in accordance with the best interests of their customers. Further, Article 17(2) of the IDD provides that all information related to the subject of the IDD, including marketing communications, addressed by the insurance distributor to customers or potential customers shall be fair, clear and not misleading. Article 36 of IORP II provides that IORPs shall provide clear and not misleading information to prospective members, members and beneficiaries.

- 3.5. 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 or targets, unsubstantiation, misleading imagery or sounds, irrelevance, outdated information, misleading sustainability-related terminology, falsehoods.
- 3.6. EIOPA’s understanding of ‘sustainability claims’ is in line with the ESAs understanding of greenwashing: ‘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’²⁶.
- 3.7. The EU sustainable finance regulatory framework related to sustainability claims is still maturing, considering the evolving nature of the topic. This framework does not apply to all entities and products under EIOPA’s remit. For example, no specific requirements exist for the disclosure of sustainability features of non-life insurance products, except for taxonomy-alignment of climate-related perils, although these products may make sustainability claims as shown in EIOPA’s Final report on greenwashing. Nonetheless, misleading sustainability claims in the insurance and pensions sectors can also be addressed on the basis of general fairness principles such as the need to be fair, clear and not misleading in Article 17 of the IDD, and the need to be clear and not misleading in Article 36 of IORP II, as well as other similar requirements in the relevant EU legislation.
- 3.8. Based on the general fairness requirements and specific sustainability-related requirements, this Opinion provides guidance to competent authorities on how to identify misleading sustainability claims and monitor greenwashing throughout the insurance and pensions lifecycle.

4. ACCURATE SUSTAINABILITY CLAIMS

- 4.1. **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 products**

²⁶ [Link to Final Report to be inserted after publication on EIOPA’s website].

- 4.2. When making sustainability claims, providers should avoid overstatements, ambiguity or unjustified emphasis on certain aspects which could create a misperception regarding the product's or entity's actual contribution to sustainability. For a sustainability claim to be accurate, it should not contradict other sustainability claims made by the provider and the picture portrayed should be complete and not omit relevant information. For example, greenwashing could occur when a provider aware of its products' positive and negative environmental impacts, develops a product's advertisement which highlights only minor positive environmental impacts but omits its more significant negative effects.
- 4.3. As part of their entity-level strategy, providers may make sustainability-related commitments about their investment activities, including about engagement with investee companies, and/or underwriting strategies for insurance providers. Providers should ensure that these commitments are precise and accurately reflect their sustainability practices. For example, a provider's claim that it mostly makes investments in renewable energy, but that has a substantial part of its own investment portfolio invested in fossil fuels could be misleading, and therefore conducive to greenwashing.
- 4.4. As part of their entity-level management, providers may make sustainability claims about their decision-making, risk management, remuneration, culture, internal audit, and internal processes. When doing so, providers should ensure that these claims are precise and accurately reflect their sustainability practices. For example, if a provider portrays itself as a sustainability leader because it states that it integrated sustainability aspects throughout its organisation, this should be reflected in its organisational structure and internal processes (e.g. risk management, investment and underwriting policies, overall corporate culture, remuneration policies, internal audit, and where relevant, policies related to other aspects).
- 4.5. When manufacturing products, the manufacturers' sustainability claims should be aligned with the products' features. For example, if an insurance product is marketed as contributing to climate change mitigation, its features should reflect this contribution to climate change. Moreover, product manufacturers should be transparent and provide information, where relevant, on the process followed to ensure alignment of product's features with their claims.
- 4.6. In order to not be misleading, when naming a product, providers should be as precise as possible, without hampering consumers' understanding. For example, a product with a focus on climate should refer to that in its name, rather than using a general sustainability term such as 'ESG'.
- 4.7. During the delivery of a product, distributors should make precise and consistent sustainability claims. Where consumers express sustainability considerations, distributors should ensure that their sustainability claims match these considerations. For example, when a consumer with sustainability considerations is looking for a household flood insurance, a distributor could highlight a flood insurance policy that offers premium discounts for eco-friendly property adaptations (i.e., home designs that reduce the risk of flood damage).
- 4.8. When distributing a product, broad or vague claims about a product's environmental or social benefits should be avoided in favour of more precise claims that respond to key questions

such as what the product intends to do in relation to sustainability aspects, and how and by when it intends to do it.

- 4.9. Product disclosures or promotional materials, including advertisements, should clearly and fairly represent the sustainability features of the product and should not overemphasize sustainability aspects in contrast to other aspects of the product.
- 4.10. Insurance distributors should be knowledgeable about the product's sustainability features to accurately represent these to consumers and adequately assess the product's suitability against consumers' sustainability considerations (Article 10 of the IDD).

5. SUBSTANTIATED SUSTAINABILITY CLAIMS

- 5.1. **Principle 2: Sustainability claims should be substantiated with clear reasoning, facts and processes**
- 5.2. Providers should only make sustainability claims that they are able to adequately substantiate²⁷. For example, where an insurance distributor claims that an IBIP has a commitment to make 60% sustainable investments, as defined in Article 2(17) of the SFDR, this should be indicated in the pre-contractual SFDR disclosure.
- 5.3. Where sustainability claims relate to longer-term sustainability objectives, for example transition plans or transition commitments, providers should substantiate such claims with detailed plans, interim targets and regular reporting on the implementation status of their plans. Where possible, these plans and targets should be integrated into the provider's investment or underwriting strategy documents, rather than existing only as standalone documents. If this is not possible, the provider should clearly explain how these documents relate to one another. Where sustainability claims stem from transition planning reporting requirements, substantiation should be done in line with those requirements.
- 5.4. Where providers use an ESG rating to make claims about their sustainability profile or the sustainability profile of a product, they should explain what that ESG rating measures and why it is a relevant measure of their profile or of their product profile. This explanation should not necessarily be included in the claim itself, however, it should be accessible to the targeted stakeholder, in line with Principle 3. For example, a provider that uses an ESG rating on its website for an IBIP, should provide on the IBIP's webpage succinct information on the ESG rating as well as a link to the ESG rating provider. This allows consumers to gather more information on the scope and limitations of this rating.
- 5.5. The use of sustainability-related terms in the name of a product – or underlying investment option in case of a MOP – should adequately and proportionally reflect its main sustainable objective(s) or feature(s). Where relevant, the product name – or the name of the underlying investment option in case of a MOP – should also be substantiated in its investment strategy.

²⁷ Adequate substantiation necessitates sufficient due diligence to ascertain that the information underpinning the claim is accurate, taking into account proportionality.

- 5.6. References to sustainability in an IBIP name, or underlying investment options offered within an IBIP, should be used only when substantiated by evidence of the products' sustainability profile, including its sustainable investment objective or the characteristics promoted by the IBIP and/or investment strategy of the IBIP. For example, IBIP manufacturers should use terms 'sustainable' and 'green' only for products that have a substantial share of sustainable investments, as defined under Article 2(17) of the SFDR, and provided that they do not make investments in fossil fuels, except in economic activities classified as sustainable under the EU Taxonomy. In the context of MOPs this means that the name of the product should correspond in a material way to the MOP's underlying investment options.

Product oversight and governance (POG)

- 5.7. Manufacturers and distributors of products falling under the POG DR should consider sustainability-related aspects in their POG arrangements. As part of the product approval process, manufacturers should design and market insurance products that are compatible and consistent with the sustainability-related objectives of the target market, as set out in Article 4(3)(a)(i) of the POG DR. The manufacturer's processes and procedures to define the target market should include sustainability-related criteria.
- 5.8. Manufacturers should ensure that staff designing products has sustainability-related knowledge consistent with the sustainability-related features of the products they design and the target market's sustainability-related objectives (Article 5(4) of the POG DR).
- 5.9. When designing products with sustainability features, manufacturers falling under POG DR should substantiate the designs by conducting product testing, including in relation to the target market's sustainability objectives. Manufacturers should first carry out market research to understand what the sustainability preferences of different target markets are, provided that such research has not been done by other entities (e.g., the fund manager for a given fund that is offered as an investment option in an insurance product). Based on this they should carry out qualitative and, depending on the type and nature of the insurance product, quantitative testing, including via scenario analyses where relevant, to determine if the products' sustainability features are aligned with the target market's sustainability preferences (Article 6(1) of the POG DR).
- 5.10. In the context of the product approval process referred to in Article 5(1) of the POG DR, the consideration of the sustainability factors means that insurance manufacturers should ensure that the integration of sustainability factors in the product is consistent with the sustainability-related objectives of the target market. That does not mean that the product should have additional sustainability-related features, but nonetheless, insurance manufacturers should assess whether the product has such features. In particular for IBIPs, insurance manufacturers should consider whether the product makes sustainable investments as defined in Article 2(17) of the SFDR, whether it makes taxonomy-aligned investments and whether it considers principal adverse impacts on sustainability factors²⁸.

²⁸ [Q&A 2479](#).

- 5.11. As part of their product testing, manufacturers should also test products in relation to sustainability considerations to ensure that products remain aligned over their whole lifetime with the sustainability-related objectives of the identified target market (Article 6(1) of the POG DR).
- 5.12. When choosing the distribution channel for products with sustainability features, manufacturers should ensure that the distributor's profile is consistent with the product's sustainability features and the target market's sustainability-related objectives (Article 8 and Article 10(2)(c) of the POG DR). Manufacturers should provide to the chosen distributors the relevant sustainability information relating to the product (Article 8(2) and (3) of the POG DR). This exchange of information should allow distributors to precisely assess the sustainability-related features of the product against the sustainability considerations of consumers, and provide consumers with the relevant sustainability-related information.
- 5.13. In the delivery of products falling under the POG DR, distributors should substantiate their product recommendations based on the sustainability information provided by the manufacturers of the products and by taking into account any sustainability-related objectives of the consumers (Article 10 of the POG DR).

Suitability assessment under the IDD

- 5.14. As part of the suitability assessment of an IBIP pursuant to the Suitability DR, insurance distributors making a recommendation on IBIPs should consider the sustainability preferences expressed by the consumer. To do that, insurance distributors offering advice on an IBIP should collect detailed information on consumers' sustainability preferences when collecting information on investment objectives (Article 9 of the Suitability DR).
- 5.15. Where relevant, distributors should rely on the disclosure provided by the manufacturers to substantiate their sustainability claims during the suitability assessment. For example, when assessing whether an IBIP matches the preferences of a consumer who wants to invest in a product that considers principal adverse impacts, the distributor should rely on the information disclosed under the relevant sections of the SFDR pre-contractual disclosure, i.e. "Does this financial product consider principal adverse impacts on sustainability factors?".
- 5.16. Throughout the process, insurance distributors should adopt a neutral and unbiased approach in order not to influence the consumers' answers around sustainability preferences. A distributor should not recommend to a consumer a product that does not meet the consumers' sustainability preferences unless, without pressure, the consumer adapts his/her sustainability preferences. Moreover, distributors should clearly indicate when they do not have a product that matches the sustainability preferences of a consumer.

6. ACCESSIBLE SUSTAINABILITY CLAIMS

- 6.1. Principle 3: Sustainability claims and their substantiation should be accessible to the targeted stakeholders²⁹**
- 6.2. Visibility, accessibility and understandability of sustainability claims and their substantiation are essential for stakeholders' understanding and decision-making³⁰.
- 6.3. Sustainability claims and their substantiation should be tailored to the target audience. A balanced approach should be taken that favours pertinent information while providing additional context where necessary. If the claim is directed at consumers, scheme members or the broader public, complexity and jargon should be limited where possible. Easy to understand language and clear explanations should be used without compromising the key elements substantiating the claims. Where more complex terms need to be used, for example in disclosures required by specific sustainability-related requirements, providers should accompany them, where possible, with clear and easily understandable explanations in the disclosure and/or during the advice process.
- 6.4. Throughout the insurance and pension lifecycle stages it is important that sustainability claims are coherent with the comprehension level of the stakeholders involved. This entails conveying sustainability information in a manner that is both accurate and understandable, fosters a clear understanding and, if applicable, facilitates informed decision-making³¹. Relevant sustainability information should not be shrouded by non-pertinent information, as this could make it challenging for consumers to find and focus on the essential sustainability information.
- 6.5. Online platforms, such as providers' websites or, where relevant, price comparison websites, are common references for consumers seeking information. Sustainability information on such platforms should be easily accessible and should not require consumers to click an unreasonable number of times to get to the desired sustainability information. Website layouts should promote a consumer-friendly experience, enabling consumers to easily locate and understand the sustainability information on the frontpage, including by providing initial basic information whilst allowing access to more information through layered disclosures. For providers under the SFDR, their entity and product level SFDR disclosures should be published in a prominent, easily accessible area of the website (Article 10 of the SFDR, Article 2 of the SFDR DR)³².
- 6.6. The structure of the sustainability documentation – particularly for non-regulatory disclosure and where possible for regulatory disclosures – should be easy to browse through and allow easy navigation. Especially elements such as imagery and length should be considered. Initiatives to render the documentation clearer, such as the use of pop-up boxes or

²⁹ The term 'stakeholder' can encompass various persons, such as consumers, insurance and pension providers, supervisory authorities, general public, or other interested third parties.

³⁰ Where applicable, in cases where IORPs have automatic enrolment, there may not be decision-making.

³¹ Where applicable, in cases where IORPs have automatic enrolment, there may not be decision-making.

³² According to Article 15(1) of the SFDR IORPs can publish and update the information required by Articles 3 to 7 and by Article 10(1), first subparagraph through electronic means, including on a durable medium, or by means of a website, or on paper.

informative boxes with useful sustainability-related insights is encouraged as it can significantly improve consumers' experience and understanding.

- 6.7. Manufacturers of products falling under POG should test, including via consumer testing if relevant, whether the documents substantiating the sustainability claims made about the product allow the target market to understand the sustainability features of the product (Article 6 of the POG DR).
- 6.8. In addition, mandatory disclosure should be provided to consumers at the appropriate time, i.e., as required by the relevant EU legislation, to allow these disclosures to serve the intended purpose and help the consumers' decision-making, if any, also with respect to sustainability aspects.
- 6.9. When carrying out the suitability assessment under the IDD, distributors should ensure that customers have a good understanding of the notion of 'sustainability preferences' and of the integration of certain sustainability aspects in their investments. Moreover, distributors should be able to explain to consumers the different sustainability features of the IBIPs they are advising on with clear, succinct and comprehensible language. More guidance is available in EIOPA's Guidance on the integration of sustainability preferences in the suitability assessment.

7. UP TO DATE SUSTAINABILITY CLAIMS

- 7.1. **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.**
- 7.2. Where providers have made sustainability claims, they should review and monitor their strategies, policies, operations, processes and products to ensure that any material changes in their sustainability profile are accurately reflected in their sustainability claims, taking into account proportionality³³.
- 7.3. Where necessary, for example in the case of a material shift in sustainability policies or objectives, providers should revise their claims to align them with their actual sustainability practices. Where a sustainability claim is revised, adequate rationale should be provided and promptly communicated to the relevant stakeholders. For example, if providers have claimed to be sustainable because they joined certain associations and/or have made sustainability commitments, if they leave such associations and/or plan to reach the commitments through different means, they should clearly communicate this. As set out in Article 12 of the SFDR, providers under the SFDR should ensure that their entity-level and product-level SFDR disclosures are kept up to date (i.e., in line with the different reporting timeframes set out in the SFDR), and that where such disclosure is amended, a clear explanation is published on the provider's website or in a specific section on any other means as allowed for in the SFDR³⁴.

³³ 'Proportionality' in this Opinion should be understood in accordance with the relevant EU legislation.

³⁴ According to Article 15(1) of the SFDR, IORPs shall publish and update the information required by Articles 3 to 7 and by Article 10 through electronic means, including on a durable medium or by means of a website, or on paper.

- 7.4. In the management and review of their products, providers should ensure that their sustainability claims remain consistent with the product's sustainability features and consumers' sustainability preferences throughout the life of the contract. If a product's sustainability features change over time, these changes should be transparently communicated to consumers or scheme members in due time. For example, if a product initially discloses a high share of sustainable investments, but later discloses a low share of sustainable investments, the provider should clearly communicate this change to the consumer and offer remedial options, where appropriate, to avoid potential greenwashing.

Product oversight and governance (POG)

- 7.5. Manufacturers should monitor and periodically review products to ensure that they remain consistent with the sustainability objectives of the target market. Moreover, manufacturers should monitor that products are being distributed to the defined target market (Article 7(1) of the POG DR). The product monitoring and review should be proportional to the product's features, including any sustainability features. For example, where a product has more ambitious sustainability features, its sustainability features should be subject to more frequent monitoring and review than the sustainability features of a product with less ambitious sustainability features.
- 7.6. In their product monitoring, manufacturers should identify significant events that might impact the profile of the product (Article 7(2) of the POG DR), including sustainability-related aspects of the product, and thus impact the consistency of previously made sustainability claims. For example, an insurance product previously considered sustainable is no longer considered sustainable due to new scientific evidence. Where such event is identified, manufacturers should carry out product reviews (i.e., 'trigger-based reviews').
- 7.7. In addition, manufacturers that identify circumstances, including external ones, related to the sustainability profile of a product, that may adversely affect consumers or that may affect the sustainability preferences of the target market, should take appropriate measures including reviewing the product and/or determining if the circumstances have led to consumer detriment (Article 7(3) of the POG DR). This includes evidence that the type of investment may not lead to the pursued sustainability objective.
- 7.8. Moreover, where distributors see that an insurance product is not or is no longer in line with the sustainability-related objectives of the identified target market, distributors should inform manufacturers accordingly and amend their distribution strategy (Article 11 of the POG DR).

Suitability assessment under the IDD

- 7.9. When carrying out a periodic assessment of suitability, in line with Article 30(5) of the IDD, an insurance distributor should seek information on whether the sustainability preferences of the consumer have changed, and issue a recommendation accordingly. If the product no longer aligns with the consumer's sustainability preferences, the insurer should communicate this to the consumer, evaluate the impact of this change, provide the consumer with a revised

suitability report, and where required by legislation and where applicable to the contract, make an adjusted product recommendation.

8. SUPERVISION OF SUSTAINABILITY CLAIMS

- 8.1. To tackle greenwashing, competent authorities should monitor their respective markets with regard to sustainability claims. To this end, competent authorities should within the framework of their supervisory activities:
- a) evaluate sustainability claims throughout the stages of the insurance and pension lifecycles, including entity-level and product-level stages;
 - b) monitor compliance with the existing and forthcoming relevant regulatory requirements, including, but not limited to, SFDR requirements, Taxonomy Regulation requirements, POG sustainability-related requirements, IDD sustainability-related requirements in the context of suitability assessment, IORP II sustainability-related requirements, Solvency II sustainability-related requirements and general fairness requirements in the IDD.
 - c) monitor that providers adhere to the four principles specified in this Opinion;
 - d) implement enhanced supervisory scrutiny for insurance and pension products containing sustainability-related terms in their name.
- 8.2. Where in the course of the supervisory activities it emerges that a provider made misleading sustainability claims, competent authorities should take further supervisory actions, such as requesting appropriate remedial actions by the provider, in line with the applicable Union or national law.
- 8.3. Where appropriate and relevant, competent authorities should collaborate with other authorities (e.g., securities authorities where these are separate authorities from the competent authorities, national consumer protection agencies) to ensure adequate monitoring of greenwashing.

9. MONITORING BY EIOPA

- 9.1. EIOPA will start looking into the supervisory actions taken by competent authorities 24 months after the publication of this Opinion.
- 9.2. This Opinion will be published on EIOPA's website.

Done at Frankfurt am Main, on 23 May 2024.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

For the Board of Supervisors

Petra Hielkema

Chairperson

ANNEX: GOOD AND BAD PRACTICES OF SUSTAINABILITY CLAIMS³⁵

Examples of good practices

- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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 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.
- ▶ 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.
- ▶ 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

³⁵ Please see EIOPA's Final report on greenwashing for more details on these examples – [Link to Final Report to be inserted after publication on EIOPA's website]

sustainability objectives of the target market, and communicate any material change to consumers.

- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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.

Examples of bad practices

- ▶ 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.
- ▶ 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
- ▶ 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.
- ▶ 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.
- ▶ 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.

- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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 investments.
- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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.
- ▶ 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.