BETTER FINANCE
The European Federation of Investors and Financial Services Users
Fédération Européenne des Épargnants et Usagers des Services Financiers

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Green investments: simplify the paperwork, keep the proof

People investing their savings deserve to know what lies behind a green claim. As the EU moves to simplify sustainability reporting, BETTER FINANCE calls for clearer information that makes investment choices easier.

New findings from ESMA, the EU's financial markets regulator, reveal common ground among investor, asset-management and civil-society respondents: cutting reporting complexity must preserve information that matters to investors.

One proposal exposes a clear divide. Among those answering the question, investor and asset-management respondents, alongside the civil-society respondent, unanimously opposed making certain disclosures about companies' green investments optional. Company respondents and their representative bodies unanimously supported the change.

The information can reveal investments in greener operations even where a company's main business falls outside the EU's classification of environmentally sustainable activities, known as the Taxonomy. Making it optional could leave investors with a less complete picture. ESMA has stopped short of recommending that change.

BETTER FINANCE, which contributed to the consultation, supports simpler reporting and information that is easier to find, understand and compare. For ordinary savers, this means being better equipped to judge sustainability claims and decide where to put their money.

ESMA has submitted its recommendations to the European Commission; they do not themselves change the rules. BETTER FINANCE urges the Commission to make simplification work for both companies preparing reports and people relying on them.

Less paperwork should mean greater clarity. Savers need the evidence behind the green promise.

Note: *ESMA's consultation analysis covers 53 valid responses, including seven in its combined investor and asset-management category and one civil-society respondent. Participation varies by question; these findings describe consultation respondents, rather than the market as a whole.*

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