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Thorough Sustainable Finance Disclosure Regulation (SFDR) review needed to make rules fit for pension funds

The European Association of Paritarian Institutions (AEIP) has submitted its feedback to the European Commission's [consultation on rationalisation of reporting requirements](#). AEIP fully supports the Commission's ambition of improving transparency in financial markets regarding sustainability.

To best achieve this ambition, we suggest that a significant revision of the Sustainable Finance Disclosure Regulation (SFDR) is required. Significantly our members observe that currently the SFDR is not used as a disclosure framework as intended, but as a labelling and marketing tool (precisely Articles 8 and 9). Important concepts such as the 'sustainable investment', are not clearly defined, data gaps exist, and there are significant costs and reporting requirements. Therefore, in our input we suggest removing Article 8 and 9, and we support a categorisation system (if established), that can split categories in a different way than according to existing concepts used in Articles 8 and 9.

Further it is crucial to recognize the inherent distinctions between paritarian institutions, such as occupational pension and healthcare funds, and pure financial market entities. In general, pension plan members and beneficiaries cannot select their pension plan nor choose the investment policy (they are not "customers") they are automatically enrolled due to their employment relationship. Consequently, the engagement of a pension plan participant with information significantly differs from a retail client (actual "customers"), who actively selects an investment product. Also, currently, the SFDR is designed for a pre-contractual phase where information can be checked regularly.

Yet, for pension plans there is no pre-contractual phase during which sustainability promises can be assessed. This implies that the information provided under the SFDR is not well-suited to pension plan participants.

We reiterate that AEIP strongly supports the aim of the Commission to further enhance the financing of the transition to a more sustainable economy. Still, currently there is a substantial amount of legislation concerning sustainability, and the framework undergoes continuous modifications.

We suggest that the way forward is to shift away from the horizontal approach, to realise the specificities of the different types of investors and respect that IORPs are not financial "products".