Integrating sustainability into the supervisory framework: Fourth sustainable finance roundtable

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Insurers and pensions funds can play a powerful role in mitigating the impact of climate change and facilitating the transition to a more sustainable and resilient economy.

This was one of the key messages that Gabriel Bernardino, Chair of the European Insurance and Occupational Pensions Authority (EIOPA) gave to participants in his opening remarks at the fourth sustainable finance roundtable, organised by on 16 December 2020.

The roundtable brought together representatives from civil society, consumer protection, industry, academia and legal and advisory services for discussions covering a number of topics.

EIOPA stressed the importance for insurers and pension funds to manage sustainability risks as part of their risk management, as well as to contribute to reducing risks to sustainability for society. Integrating sustainability considerations may require adjustments in product design as well as regulation and supervision.

A particular challenge lies in ensuring proportionate approaches, as evidenced by the complexity and breadth of regulatory initiatives on sustainable finance disclosure requirements.

Better risk assessment will allow industry, regulators and society to identify opportunities brought by sustainability challenges, and EIOPA’s analyses of the insurance protection gap for natural catastrophes and transition risks aim to contribute to this.

More information and presentations from the day are available on the event web page.

Read the speech

Go to the event web page

EIOPA’s sustainable finance agenda

EIOPA’s broader sustainability agenda aims to integrate environmental, social and governance (ESG) risk assessment in the regulatory and supervisory framework. EIOPA is committed to supporting the European insurance and occupational pension sectors in their transition to climate neutrality and to deliver on the ‘Green Deal’ initiated by the European Commission.

EIOPA’s work on sustainable finance is driven by three objectives: (i) insurers should manage and mitigate ESG risks, (ii) insurers and pension funds should reflect policyholders and pension scheme members’ preferences for sustainable investments and (iii) insurers and pension funds should adopt a sustainable approach to their investments based on principles of stewardship. This reflects the important role insurers and pension funds can play in enabling climate change mitigation and adaption. A key element to foster sustainable growth and to channel funding in economic activities enabling and contributing to environmental, social and governance-related objectives, is to improve data availability and therewith the public disclosure of relevant metrics by reporting entities as well as improving transparency on risks arising from climate change.