



# INVESTMENTS, LOANS, INSURANCE OR PENSIONS WITH A SUSTAINABLE FOCUS: WHAT DO YOU NEED TO KNOW?

Through the choices we make, we all play a part in shaping our future. Are you interested in contributing to a more sustainable future? Learn more about how your financial choices can support the environment and society and keep in mind a few tips!



## How to make financial decisions in a sustainable way?

As a consumer, you have an option to make an investment, take out a loan, get an insurance policy or select a pension product that finances companies or projects that act in a socially responsible manner or contribute towards protecting the environment and the transition towards a more sustainable economy.

You may, for example, make a financial decision in a sustainable way if you put your money in an investment fund that invests in companies that recycle household waste, or in projects that promote employment in socially disadvantaged communities, or if you take out a loan to buy an energy-efficient house. You will, in other words, consider not just the money that is involved but also the Environmental, Social and corporate Governance (ESG) features of the financial product.



## What is a financial product with sustainability features?

Financial products with sustainability features are being offered by banks, asset managers, insurers, pension funds or other financial companies. These include:

- **Loans** that support environmentally responsible projects, such as loans to finance the purchase of a zero-emission vehicle, environmentally sustainable homes or the renovation/upgrading of a home to make it more energy-efficient.
- **Investments in specific shares and bonds** issued, for example, by companies with very low CO<sub>2</sub> emissions or that demonstrate responsible practices towards their employees and the communities they operate in.
- **Investments, pensions <sup>(1)</sup> or life insurance policies** such as investment funds, life insurance and pension schemes that make sustainable investments. An investment fund may, for example, invest in the shares of companies that generate electricity through wind, solar or hydropower.

<sup>(1)</sup> In this factsheet, “pensions” does not cover state pension schemes.



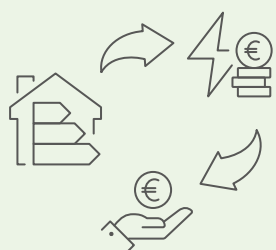
## What are the benefits of buying products with sustainability features?



**Investments, pension schemes and life insurance with sustainability features** can help you:

- Contribute to a more sustainable economy by investing, for example:
  - in **green bonds** that finance renewable energy or energy-efficiency projects and are issued by a company or a government;
  - or by investing in funds and pension or life insurance policies that invest in companies that are committed to reducing their greenhouse gas emissions, have environmentally sustainable activities listed in the so called '**EU taxonomy**', or have fair labour practices and respect human rights.
- **Mitigate** the negative environmental or social impact of companies more broadly by investing in pension and other investment products that could influence the business model of the company they invest in, to make it more eco-friendly. An insurer or asset manager can, for example, exercise its voting rights as the shareholder of a company to require the company to lower its CO<sub>2</sub> emissions or tackle gender inequalities.

**Loans** can help you mitigate and adapt to climate change (e.g. improve the energy performance of your home, or switch to environmentally friendly heating sources). This can also directly benefit you.



You may, for example, in certain cases, get better terms on your loan if you buy or build a property with recognised performance standards or renovate your existing property to improve its energy-efficiency. This might even encourage you to improve the energy-efficiency of your home. In the long-term, you might end up paying lower utility bills thanks to more cost-effective energy consumption. This may result in you having more disposable income and be in a better financial position to repay your loan.



## Where can I find information on the sustainability features for investments, pensions and life insurance products <sup>(2)</sup>?



To access information about the sustainability features, you can do the following:

- Read the information provided about sustainability features carefully. This information can be found as part of the **product information** on the website of the seller, the bank, asset manager, insurer or pension fund involved. This information can help you understand the specific sustainability aspects of the products you are considering and compare them more easily.
- If need be, before you decide to make any investment, contact a **firm or a person** that can advise you on and sell you such products – at your bank, your broker, your insurance agency etc. In some cases, the seller is required by law to provide you with the **necessary information** about the investments and life insurance policies and their sustainability features. They should also recommend to you a product from their offer that matches your investment and **sustainability preferences**.



## How can insurance help you be more resilient against natural disasters caused by climate change?



Insurance provides financial protection against the economic losses caused by natural disasters. In addition, insurance incentivises climate change risk adaptation. With natural disasters occurring more frequently, there are some types of home insurance policies that may offer you better conditions if you have taken, or will take, measures to protect your property against climate events, such as flooding.

<sup>(2)</sup> There is some specific mandatory information for consumers applying to those products.

# Key tips to keep in mind before choosing financial products with sustainability features

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## Decide how important sustainability is for you and what financial goals you want to achieve before you choose a product

Before taking any financial decision, identify what environmental, societal or corporate governance issues are important to you and the sustainability goals that you would like to achieve. Then compare the financial products with sustainability features and choose the one that best meets both your financial (expected return, risks and costs) and sustainability goals.

2



## To avoid being misled by 'greenwashing', pay attention to the conditions and the sustainability features

Despite an obligation for companies to provide consumers with fair and clear information, there might be products on the market that pretend to be more sustainable than they are.

Do not only rely on the name of the product. The fact that the product name includes words such as 'green' or 'sustainable' does not guarantee that it is sustainable. Avoid being misled by incorrect information by looking carefully at the product information on sustainability features and by comparing those features.

3



## Keep in mind that financial products with sustainability features are not risk-free

Financial products with sustainability features have financial risks like any other type of financial products. Keep in mind that such products do not necessarily offer better terms than traditional ones (e.g. lower interest rates for loans, lower fees etc.).

There are basic do's and don'ts and key tips you should always consider before you put your money into an investment and when getting an insurance policy, a pension or taking out a loan.

4



## For investments and life insurance policies, take your time to decide and, if need be, seek further clarification from the firm or person that can advise you on and sell you such products

Take your time before making a decision. If something is unclear, or you do not understand it, request more information. Remember that the bank, broker, insurance agent or other authorised firm should ask you about your sustainability preferences and give you relevant information in a simple and clear manner.

You might want to ask the following questions:

- What are the differences between a product with sustainability features and a product without sustainability features?
- What options do I have to invest sustainably?
- Does the proposed investment /life insurance policy match my sustainability preferences?
- What else should I pay attention to when investing or choosing a life insurance policy?