Late last week, the European Commission unveiled a Communication on Long-Term Financing of the European Economy following a broad consultation about its March 2013 Green Paper on the subject.

The Communication describes a number of actions that the Commission will take in order to unlock long-term investment needed to support Europe’s return to sustainable economic growth. These actions are intended to:

- Mobilise private sources of long-term financing.
- Make better use of public funding.
- Develop European capital markets.
- Improve the access of small- and medium enterprises (SMEs) to financing (see Commission’s Communication on Crowdfunding).
- Attract private finance to infrastructure supporting Europe 2020.
- Enhance the wider framework for sustainable finance.

By private sources of capital, the Commission means institutional investors such as insurance companies and pension funds, as well as private savings accounts, in addition to banks (the traditional source of long-term financing in Europe).

Several actions directly relate to Eurosif’s recent policy work including:

- The Commission will consider a Proposal for the revision of the Shareholder Rights Directive to better align long-term interests of institutional investors, asset managers and companies. According to Eurosif sources, the Proposal will include a number of provisions regarding institutional investor, asset manager and proxy advisor transparency, which we expect to be aligned with Eurosif's
policy asks. These are anticipated to, for instance, mandate public disclosure by asset owners and asset managers of their engagement and voting policies and practices. For more details on this subject, please listen to Eurosif’s recent EU Policy Update webinar.

- The Commission will consider a Recommendation aimed at improving the quality of corporate governance reporting, a report on incentives for institutional investors and asset managers to take better account of environmental (for example carbon footprint and climate risks), social and governance information (ESG) in their investment decisions, and a study on fiduciary duties and sustainability.

Both of these proposals are expected to be presented by the Commission in the coming weeks.

Alongside the Communication, the Commission also presented a Proposal to revise the Institutions for Occupational Retirement Provisions (IORP) Directive, which, among many other things intended to encourage more long-term investment, would require pension funds to perform regular risk evaluations including “a qualitative assessment of new or emerging risks relating to climate change, use of resources and the environment” (see Article 29).

Eurosif welcomes these provisions and believes that their inclusion is, at least in part, the result of our advocacy efforts during meetings and workshops with the Commission in recent months.

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