Savings and Investment Union

Impact Europe's response to the public consultation

March 2025

Impact investors—ranging from funds and foundations to banks, corporate impact actors, pension funds, and insurers—mobilise capital to finance measurable solutions to social and environmental challenges alongside financial returns. The ecosystem is diverse, with various actors employing different strategies to achieve a common goal—driving positive change.

Despite growing interest, impact investors face challenges in raising funds due to limited awareness of their distinct business model and the perceived risks of supporting innovative ventures that balance both impact and financial returns. Given their role in advancing public policy objectives, public actors have been essential partners and co-investors. However, **to scale impact investing, we must unlock retail capital and attract more institutional investors**, such as insurers, savings institutions, and pension funds.

In this context, **we welcome the Commission's *Savings and Investments Union* initiative** to harness private savings for Europe's wider objectives, including "focus action on supporting people to save better, fostering capital for innovation, unlocking digital finance, ensuring the competitiveness of the financial sector and harnessing sustainable finance".

The European private impact investing market currently manages €190 billion in assets.[i] When public market investments are considered, the Global Impact Investing Network (GIIN) estimates the European market to be approximately $832.63 billion USD in AUM.[ii]

With the right policy framework, targeted public funding, and investors' collective action, impact investing could reach €1 trillion by 2034.[iii] Achieving this requires decisive action to remove barriers and create incentives that channel more capital into impact investing. To this end, and to ensure the Savings and Investment Union is equipped to support its growth, we outline key measures below.

Deepen the Capital Markets Union

Before engaging with the Savings and Investment Union, and to advance the green and digital transitions, the EU must remain committed to building an integrated capital market for Europe. Now is the time for Member States to commit to deeper integration of national capital markets, fostering a unified EU market. This will help rebalance the EU's funding sources toward market-based financing while directing individual savings into productive investments.

The *28th regime* is a great way forward. We need bravery to move beyond national mindsets and establish regimes that apply universally across the Union. The real regulatory burden stems from companies and investors navigating 27 different legal regimes instead of a single, harmonised system. Greater efforts are needed to eliminate cross-border regulatory barriers.

Financial Literacy

Reports by Mario Draghi and Enrico Letta highlight a significant mismatch in the EU's savings and investment landscape. Citizens' wealth is tied up in low-yield deposits, while companies, especially young and innovative ones, struggle to secure capital due to limited financing options.

Without greater participation in capital markets, EU citizens miss out on potential wealth creation through higher returns on long-term savings. At the same time, the EU faces a growing need for capital to support its policy goals.

This requires a systemic approach to financial education. We call for strengthened EU action on financial literacy and offer support for campaigns on impact investments. Additionally, we need to scale sustainable, impact-focused products, ensuring transparency, comparability, and accessible information for informed retail decision-making.

Empowering people's choices

One of the most significant ways citizens impact the climate isn't through lifestyle choices—such as flying, meat consumption, or heating—but through their capital. Up to 85% of an individual's carbon footprint is linked to where their money is invested.[iv] Banks and funds use savings, pensions, and investments to finance fossil fuels, heavy industry, and outdated infrastructure. Without effective mechanisms to redirect capital toward sustainable activities, the Savings and Investment Union risks falling short of its objectives.

People are increasingly interested in using their money for good. A prime example is the success of France's retail investment ecosystem, where solidarity-based retail savings surpassed €30 billion in assets in 2023, according to the Social Finance Barometer by FAIR, France's social impact investment association, and the French daily La Croix. These savings engaged between 1.2 and 1.3 million employees, outpacing overall employee savings growth.[v]

Employee savings into social enterprises are typically made through 90/10 Solidarity Funds, which require between 5% and 10% of their assets to be directly invested towards accredited 'solidarity-based enterprises of social utility' (unlisted assets) or indirectly through social investments - social impact investors, microfinance institutions, or a dedicated fund called *Fonds Professionnel Spécialisé* (FPS). The rest is invested in classic (listed) companies, mostly following ESG responsible investment principles.

French law requires companies with over 50 employees to offer, alongside regular saving schemes, an optional social savings fund. Thanks to a favourable legal framework and strong retail demand, 90/10 funds have thrived in France over the past 20 years.[vi]

While retail interest in impact investing is growing, the availability of products remains limited in Europe. The EU must scale up these existing solutions by ensuring they can be marketed across borders, allowing retail capital to support social enterprises and innovative impact solutions while maintaining a balanced approach to risk and return. These types of products will be crucial to accelerate the green, digital, and just transition.

Scaling the 90/10 fund scheme across the EU

A major obstacle to scaling 90/10 funds across Europe is the regulatory barrier that prevents their integration into the Savings and Investment Union. To address this, along with FAIR[vii], we call for the revision of the European Social Entrepreneurship Fund Regulation (EuSEF) and the Undertakings for Collective Investment in Transferable Securities Directive (UCITS Directive).

The proposal aims to make EuSEF funds more accessible to retail investors by reducing the minimum investment amount (e.g., to €10k) and allowing EuSEF funds to be included in UCITS fund portfolios. To ensure adequate liquidity and protect investors, UCITS funds could invest up to 10% in social enterprises through EuSEF funds.

Additionally, 90/10 funds are unavailable to retail investors outside of France due to the absence of the UCITS passport, which limits their distribution within the EU market. Together with FAIR, we call for the removal of these restrictions by reinstating the UCITS passport, enabling 90/10 funds to be marketed across the EU and making them accessible to retail investors beyond France.

These measures would provide citizens with impactful financial products aligned with their sustainability preferences, while ensuring liquidity, risk management, and transparency. They would also direct more capital to social impact investing and social enterprises, replicating the success of the 90/10 fund model in France.

For further details, please refer to **FAIR's full contribution** to this consultation.

Unlocking pension capital to impact

When surveying its members, Pensioenfonds Detailhandel, a Dutch pension fund, discovered that sustainability, impact investing, and long-term investments are top priorities and values for its beneficiaries.[viii] Despite the promising shift towards impact investing in the Netherlands' pension sector, pension fund investments in impact remain limited across Europe. Key challenges include a risk-averse culture driven by fiduciary duties, a lack of comparable impact data, and regulatory barriers.

Different measures at the EU level can encourage pension funds to engage in impact investing:

Modernising the IORP II Directive to enable pension funds to invest not only in the best financial interest of members and beneficiaries but also in alignment with their interest to generate positive social and environmental impact. The French 90/10 fund scheme shows how citizens can be empowered to drive positive change.

Another significant **barrier is the lack of comparable and reliable data** on impact investments, which causes pension funds to hesitate in engaging with the sector.[ix] **The creation of an impact category under SFDR would improve data availability and comparability**, helping pension funds make informed decisions, fulfil fiduciary duties, and promote a shift in risk culture.

Impact Investing under SFDR

PE/VC fund managers represent 44.8% of the European impact investing market.[x] They face **fundraising challenges** due to limited awareness of their business model, which differs from both sustainable investing and philanthropy. These challenges are further exacerbated by the lack of an impact category under SFDR and by perceived risks related to the balance of return, risk, and impact.

As mentioned earlier, **a distinct impact category under the SFDR** is necessary to increase awareness, credibility, and visibility of impact funds, while also differentiating them from other investment strategies within the broader sustainability spectrum. It would also provide clear and accessible impact data, leading to more informed investment decisions and unlocking greater institutional and retail capital for innovative impact and social enterprises.

In the Netherlands, retail investors can participate in impact investments through alternative investment funds. These funds support investments in both listed and unlisted enterprises while ensuring liquidity. **To foster the development of similar impact-focused retail products in a way that protects consumers against impact washing, it is crucial to establish an impact category under the SFDR and promote retail financial literacy.**

For more detailed information, please refer to our recent **SFDR Position Paper**.

Unlocking the Potential of Philanthropic Organisations in Impact Investing

Philanthropic organisations have a longstanding mission to generate positive social and environmental impact. This mission can be further strengthened through impact investing—both at the programme level and via endowment investments. Across

Europe, many philanthropic organisations have already begun engaging in impact investing, supporting social economy actors and start-ups. However, restrictive legal frameworks often limit their ability to do so, as highlighted in Philea's legal analysis.

To fully unlock philanthropy's potential for impact investing, together with Philea, we propose the following actions:

1. **Enable impact investing at the programme level** – Philanthropic organisations should be allowed to provide repayable financial instruments (e.g. loans, revocable grants, and other tools) to social economy actors while maintaining their public-benefit and tax-exempt status.
2. **Develop a co-investment facility under InvestEU**– The European Commission, the European Investment Fund (EIF), and the European Investment Bank (EIB) have initiated efforts in this direction. We urge them to fast-track the development of a dedicated and ambitious co-investment facility under InvestEU. This should include innovative financial products, tools, and investment vehicles that encourage philanthropic organisations to invest their endowments in mission-driven financial instruments while minimising risk.
3. **Facilitate impact investing at the endowment level** – Legal frameworks should be adapted to provide greater flexibility for philanthropic organisations to invest their endowments in alignment with their mission.
4. **Integrate philanthropy into the next Multiannual Financial Framework (MFF)** – The post-2027 EU budget should include an InvestEU-type instrument designed to engage philanthropic organisations from the outset, enabling co-investments and fostering impact investing approaches.

For more information, read the joint position paper by **Impact Europe** and **Philea** **here**.

Catalysing Private Investments

EU funding programs (e.g. SIA, EFSI, ESF, EaSI, and now InvestEU etc) have significantly contributed to the growth of impact investing in Europe by providing repayable finance and capacity-building grants (such as EaSI's transaction cost support for small investments in start-ups). They have enabled market scaling, supported first-time funders, and de-risked investments through co-investment opportunities and guarantees from the EIF. As a result, EU funds deployed as financial instruments have successfully attracted private investments, multiplied capital, and generated positive social and environmental impact.

For more insights into how EU funds have supported the impact investing market within the EU, explore Impact Europe's case studies on **Portugal**, **Germany**, and **Spain**.

To enable the continued growth and development of the impact investing ecosystem across the EU, additional funding must be allocated to InvestEU, as it has already committed most of its budget two years before the programme's end. It is particularly important to prevent gaps in EU funding caused by mandate changes or transitions between budget periods to ensure a sustainable funding stream for social and environmental impact initiatives. Finally, we call for larger budget allocation dedicated to social impact investments in the next EU Budget (2028-2034), as it faces the most significant funding gap.

To further catalyse institutional investments in impact, the role of the EIB Group, particularly the EIF, should be strengthened. This includes exploring flexible solutions to address investment barriers for these actors, such as risk and return concerns, by creating tailored financial instruments, capital pooling schemes, or co-investment facilities. Additionally, new instruments should facilitate and encourage cross-border investments within the EU, ensuring capital flows where it is most needed. These measures will help bridge the funding gap for innovative, high-impact startups and enterprises.

About Impact Europe

Impact Europe (formerly EVPA) is the investing for impact network. We gather capital providers along the full continuum of capital (foundations, impact funds, banks and financial institutions, corporate impact actors, public funders) to increase prosperity and social progress for all, fix inequalities and injustices and preserve the planet. Together, we rally people, capital and knowledge to accelerate, scale and safeguard impact. More information at www.impacteurope.net

EU Transparency Register number: 651029816401-19

Contact: policy@impacteurope.net or directly to Jana Bour, Director of Policy and Advocacy, and Stephanie Brenda Smialowski, Senior Policy Advisor at Impact Europe.

---

[i] This €190 billion AUM includes both direct and indirect investments in unlisted assets. It represents 2.5% of the €7.6 trillion identified as eligible for impact investing across Europe, out of the total European assets under management valued at €22.9 trillion. See Gaggiotti, G., Gianoncelli, A., and A. Venturato (2024) "The Size of Impact – Main Takeaways from the European Impact Investing Market Sizing Exercise", Impact Europe, December.

[ii] The impact investing market worldwide is $1.571 trillion USD in 2024. Western, Northern, and Southern Europe host 45% of impact investors and manage 53% of global impact AUM. See Hand, D., Ulanow, M., Pan, H., and K. Xiao (2024) "Sizing the Impact Investing Market 2024", the Global Impact Investing Network (GIIN), October.

[iii] Impact Manifesto.

[iv] Timperley, J. (2021), "Why your banking habits matter for the climate, BBC; Rainforest Action Network, BankTrack, Oil Change International, Reclaim Finance, Sierra Club, & Indigenous Environmental Network (2020), Banking on climate change: A report card on the financial sector's fossil fuel financing.

[v] Adamkiewicz, K. (2024) "In France, retail savings in social finance are booming", *Impact Investor*, 3 July 2024.

[vi] Mettgenberg Lemiere, M. (2023), "How data and policy interact to finance the social economy — the example of French 90/10 funds", Opinion- Policy by the Numbers, FAIR and Impact Europe.

[vii] France's social impact investment association.

[viii] Robinson-Tillett, S. (2024), "Dutch Pension Fund Sets Up New Member-Engaging Approach on Sustainability", *IPE*, October 6.

[ix] Wessemius-Chibrac, L.,Vasquez, S., F. van den Heuvel (2022), "Are we punching below our weight? Impact investing in the Netherlands: status quo, barriers and ways to unleash further grow", the Netherlands Advisory Board on impact investing in partnership with KPMG, March.

[x] Gaggiotti, G., Gianoncelli, A., and A. Venturato (2024), Op. cit.