

ROMANIAN REPORT ON FINANCIAL SUSTAINABLE PRODUCTS – A STATE OF MARKET PRACTICES



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Introduction

This report consolidates the findings of three distinct assessments focused on sustainable investment practices within the Romanian financial market. The analysis encompasses three key directions: *first, a top-down evaluation of the prevalence and quality of Environmental Impact Claims (EICs) made by investment funds, providing insights into the market's overall commitment to sustainability communication; second, an IPAF (Impact Potential Assessment Framework) analysis to identify the potential of financial products to generate social and environmental impact; and third, a mystery shopping evaluation of the advisory services offered at major Romanian bank branches, assessing the on-the-ground availability and quality of information about sustainable investment options.* By integrating the insights from these independent evaluations, this report provides a comprehensive overview of the current state of sustainable investing in Romania, highlighting both its strengths and areas where significant improvements are needed. The goal is to offer a clear and actionable framework for fostering a more transparent, reliable, and impactful sustainable investment ecosystem within the country.

Section 1 Impact Claims Assessment

This report presents an analysis of Environmental Impact Claims (EICs) made by a sample of 159 investment funds. The assessment reveals that while the use of EICs is widespread, significant concerns exist regarding the quality, transparency, and verifiability of these claims. These findings underscore the need for stricter reporting standards, enhanced regulatory oversight, and improved investor education to ensure the integrity of the sustainable investment market.

In-scope funds associated with an Environmental Impact Claim (EIC)

159 out of 159 funds analyzed (100%) associated themselves with at least one explicit or implicit Environmental Impact Claim (EIC). *As part of the analysis of the sample of investment funds, it was found that the included funds associated at least one explicit or implicit statement regarding the environmental impact (Environmental Impact Claim - EIC). This proportion indicates that the use of environmental impact statements has become a standard practice in communicating funds to investors, highlighting the industry's commitment to sustainability and the relevance of ESG criteria in investment decisions.* This uniformity reinforces the notion that emphasizing ESG criteria and environmental impact is now a standard practice in the fund industry.

However, the high percentage also raises questions about the quality and authenticity of these claims, requiring a rigorous evaluation of the content and degree of support of the stated impact, in order to avoid potential greenwashing practices. Therefore, a deeper dive into the nature and substantiation of these claims is critical to avoid potential greenwashing.

Funds with an EIC classified as Article 9 (SFDR)

Of the 159 funds analyzed, 8 funds (approximately 5%) with EICs are classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). Article 9 funds are subject to a higher sustainability standard and pursue direct positive impacts. The fact that only a small proportion of funds with EICs are classified as Article 9 suggests a potential disconnect between making environmental claims and adhering to the most stringent sustainability standards.

Increased monitoring of the compliance of Article 9 funds is recommended to prevent vague or unfounded statements. Further investigation is needed to understand why more funds with EICs are not classified under Article 9.

Documents of analysis

EICs are typically found in official fund documents, including Key Investor Documents (KIDs), prospectuses, websites, and SFDR-related documentation. Despite being present in official documentation, there is a frequent lack of precise indication of the location of claims (e.g., specific page numbers, section titles) within these documents.

This lack of detail reduces transparency and increases the risk that investors will not be able to easily access the exact sources to assess the validity of the stated impact. It is essential that funds improve documentation and provide clear and specific references to supporting information.

Classification of each EIC

The EICs were classified into three main categories based on their characteristics:

- **False:** Claims that equate company impact with investor impact without solid evidence (approximately 20% of EICs). *The majority of claims categorized as false refer to situations in which the stated impact is erroneously equated with the activities of the companies in which investments are made, without a clear demonstration of the real effect on the environment at the investor's portfolio level. This type of statement can mislead investors and is contrary to the principles of transparency and truthfulness.*
- **Unclear:** Claims with vague and ambiguous language that do not offer sufficient details regarding impact mechanisms or concrete evidence (approximately 40% of EICs). *Unclear claims are characterized by ambiguous or vague language, which may suggest a positive impact without providing concrete evidence or precise*

details regarding the mechanisms by which the impact is achieved. This opacity creates risks of misinterpretation and can lead to erroneous perceptions of fund sustainability.

- **Generic:** Standardized and general statements without substantial support or details about the actual impact (approximately 40% of EICs). *Generic statements represent standardized or general claims that do not bring new or detailed information about the impact and can be considered boilerplate formulations, without substantial content.*

This classification highlights the variability in the quality of EICs and identifies common weaknesses in their clarity, substantiation, and specificity.

These findings highlight the need for a stricter regulatory and control framework for impact claims, in order to ensure an adequate level of responsibility and correct market information. There is a need for stricter regulations, standardized definitions, and improved compliance controls for sustainability-related claims. Increased scrutiny of claims categorized as "False," "Unclear," and "Generic" is warranted.

Funds with an Impact term in the fund name

Approximately 36% of the analyzed funds use impact-related terms in their names (e.g., "green," "climate," "sustainable"). This practice reflects a strong marketing trend aimed at attracting environmentally conscious investors. However, it also places a greater responsibility on funds to ensure that their investment strategies align with the implications of their names.

Funds must ensure clear coherence between their name and their investment strategy, supported by clear and transparent documentation. Regulatory bodies and industry associations should strengthen guidelines for fund naming to prevent misleading or deceptive practices.

Prevalence of non-environmental impact claims

Approximately 26% of the analyzed funds make claims about non-environmental (i.e., social) impacts. This reflects a growing recognition of the importance of social considerations within ESG strategies. However, these claims are often less well-defined and documented than environmental claims.

There is a need for clearer definitions, improved measurement methodologies, and stronger evidence to support social impact claims. Social impact should be treated with the same rigor and scrutiny as environmental impact.

Conclusions

The analysis of Environmental Impact Claims reveals a landscape characterized by widespread adoption but significant variability in quality, transparency, and verifiability. While the intention

to communicate environmental responsibility is evident, the current state of EICs raises concerns about the potential for greenwashing and the risk of misleading investors:

1. **Strengthen reporting standards:** Regulatory bodies and industry associations should develop and enforce more rigorous standards for reporting and substantiating environmental and social impact claims.
2. **Enhance regulatory oversight:** Increased scrutiny and enforcement are needed to ensure that funds comply with existing regulations and avoid misleading or deceptive practices.
3. **Improve investor education:** Investors need to be educated about the limitations of current EICs and provided with the tools and knowledge to critically evaluate the sustainability claims of investment funds.
4. **Promote transparency and accessibility:** Funds should be required to provide clear and specific references to supporting documentation for all EICs, making it easier for investors and regulators to verify the claims.
5. **Standardize definitions and methodologies:** Greater effort should be invested in developing standardized definitions and methodologies for measuring and reporting environmental and social impact.
6. **Address greenwashing risks:** Proactive measures should be taken to identify and address potential greenwashing practices, ensuring that funds are held accountable for the accuracy and integrity of their claims.

By implementing these recommendations, the investment industry can foster greater trust in sustainable investments and ensure that capital is directed towards genuinely environmentally and socially responsible activities.

Section 2: IPAF Assessment

In conducting the fund analysis, sources were used to identify financial products based on their potential to generate impact (the theoretical maximum impact potential of a financial product based on the impact mechanisms it claims to apply).

- **Public Market Funds:** 4 funds distributed by Observatory for Romania.
 - T Rowe Price Lux 5 - www.troweprice.com
 - BlueBay Funds - <https://www.morningstarfunds.ie/ie/funds/snapshot/snapshot.aspx?id=F00001CE1I&tab=12>

- Goldman Sachs A - www.goldmansachs.com, <https://am.gs.com/ro-ro/individual/funds/detail/PV104897/LU0332192888/goldman-sachs-global-social-impact-equity>
- Schroder Invest 3 - www.schroders.com
https://www.schroders.com/en/malta/individual/fund-centre/?channel=individual&clientId=schdr&clientVersion=v1&externalId=SCHDR_F00001I718&fundName=Schroder-International-Selection-Fund-Global-Equity-Impact-A-Accumulation-USD&language=en&location=mt&r=%2Ffund%2FSCHDR_F00001I718%2F&utm

- **Private Market Funds:**

- a) <https://www.invl.com/en>, <https://www.invl.com/en/investments/invl-private-equity-fund-ii>
(Removed from 2nd review - no sustainability/impact focus. Sustainability only a side dish.)
- b) <https://abris-capital.com/>
- c) <https://www.blackpeak-capital.com/>
- d) <https://www.ei.com.pl/en/> (Removed from 2nd review - no impact focus (only ESG-based exclusion), no specific fund, not open to retail)
- e) <https://innovacap.com/>
- f) <https://mideuropa.com/>
- g) <https://www.value4capital.com/>
- h) <https://www.ceecat.com/>
- i) www.blackpeak-capital.com

- **Deposits: None**

- No such products were identified on the Romanian market – we analysed 32 banks websites
- The Romanian banking sector has progressively aligned with the principles of sustainable finance. Savings accounts exclusively dedicated as "green" or "sustainable" are still emerging. However, several banks have integrated sustainability into their broader financial offerings, which may attract environmentally conscious savers, but not for the products under analysis.

- Although term deposits are not labeled as ESG products, banks integrate ESG principles into their overall strategy, which may mean that funds raised through these deposits indirectly support sustainable initiatives.
- **Crowdfunding Platforms** - <https://www.capitalia.com/en> out of 62 platforms that were analysed

Private market funds

Only available to qualified or professional investors (those with significant capital or experience); less regulated and with less transparent information; includes: private equity funds; venture capital funds; hedge funds.

Sources used:

- **ROPEA (Romanian Private Equity and Venture Capital Association)** - Professional association that promotes the interests of the private equity and venture capital industry in Romania. ROPEA provides updated information on active funds in the local market and organizes relevant events for investors.
- **Romanian Business Exchange (RBE)** - A platform that lists private equity, venture capital, and crowdfunding funds active in Romania, providing information about portfolios, investment criteria, and preferred industries.

Following a detailed analysis of private market investments in Romania, we found that there are currently no private equity or venture capital funds directly targeting retail investors. This absence is determined by a combination of structural, regulatory, and strategic factors:

- **Target investor profile:** Funds active in Romania, such as ROCA Investments, Catalyst Romania, Morphosis Capital, Axxess Capital, and Black Sea Fund, are designed exclusively for professional or sophisticated investors (institutions, high-net-worth individuals), imposing strict requirements regarding capital commitments and financial experience.
- **High entry thresholds:** Most funds impose a minimum investment of between EUR 100,000 and EUR 250,000, making them inaccessible to ordinary retail investors.
- **Low liquidity and long-term commitment:** Private market investments typically involve locking up capital for a period of 5 to 10 years, without the possibility of

early redemption and without an efficient secondary market for the sale of holdings.

- **Specific regulation of AIFs:** These are Alternative Investment Funds (AIFs), which are not regulated like mutual funds (UCITS) and therefore cannot be promoted publicly through traditional retail channels (e.g., banks or brokers).

Sustainability and impact dimension

Although most of the analyzed funds are not explicitly presented as sustainable or impact investment vehicles, some integrate ESG (environmental, social, governance) considerations into their investment strategies.

Sustainability and impact objectives are secondary, subordinate to the primary purpose: generating competitive financial returns and scaling Romanian companies in growth phases.

Partial alternatives for retail investors

Although direct access to private equity funds remains limited, retail investors in Romania can obtain indirect exposure through a few higher-risk channels.

The capital market in Romania is still in its early stages in terms of the availability of investment funds explicitly oriented towards ESG (environmental, social, governance) criteria or impact. However, there is a clear trend towards alignment with European standards on sustainable finance, influenced by regulations such as SFDR (Sustainable Finance Disclosure Regulation) and the EU Taxonomy.

1. ESG Mutual Funds

- i. **Availability:** Limited, but growing. Some local and international managers active in Romania offer ESG-labeled funds, especially in partnership with Western banking groups (e.g., Erste Asset Management, Raiffeisen Asset Management).
- ii. **Types of funds:**
 - 1. Equity or bond funds that exclude controversial sectors (weapons, coal, tobacco).
 - 2. Thematic funds focused on the green transition or clean energy (available mainly through cross-border platforms).
- iii. **Limitations:** Most ESG funds available to Romanian retail investors are UCITS funds registered in other European countries (e.g., Luxembourg, Austria), not 100% domestic products.

2. Alternative Investment Funds (AIFs) with ESG Practices

- i. **Availability:** Very limited.
 - ii. Private AIFs (private equity, venture capital) rarely define themselves as "impact", but some integrate ESG aspects into the selection process.
 - iii. **Access:** Only for professional / sophisticated investors, not for retail.
- b. **Emerging Platforms Focused on Impact**
 - c. **Regulation and future directions**

ASF (Financial Supervisory Authority) has begun to apply ESG transparency requirements for fund managers, in line with SFDR. The development of dedicated local ESG products (e.g., green or social impact thematic funds) is expected, but the ecosystem is still under construction.

The Romanian market is still dominated by funds intended for institutional and high-net-worth investors, while access for retail remains limited to indirect, fragmented, and often risky alternatives. Also, although some funds integrate ESG or sustainable impact practices, they are not designed for the retail segment and do not offer an investment structure friendly to this audience, in terms of financial accessibility, liquidity or transparency. The capital market in Romania is in the early stages regarding the offer of investment funds with ESG or impact profile. Investors can indirectly access such funds through international entities present on the market, but Romanian funds dedicated and clearly labeled as ESG or impact are missing. European regulations can boost market development in the coming years, but real access for retail remains limited and unclearly structured.

Section 3: Third Report: Mystery Shopping Assessment of Investment Advisory Services

This report presents the findings of a mystery shopping exercise conducted to evaluate the quality of investment advisory services offered at branches of major banks operating within the Romanian market. The core objective was to assess the provision of information regarding sustainable investment options, specifically those identified as ESG-profile funds. This assessment was carefully focused on branches located within Bucharest, providing a snapshot of the advisory landscape within the capital. The mystery shopping visits were strategically conducted between February 15 and March 20, capturing a representative timeframe for evaluation.

Methodology

To execute this assessment effectively, a total of 50 visits were conducted at the branches of the most prominent banks active on the Romanian market, including BCR, BRD, Banca Transilvania, UniCredit, ING, and Raiffeisen Bank. Two meticulously trained mystery shoppers, Cristian Dogaru and Vlada Peca, were entrusted with carrying out these visits, bringing distinct perspectives and approaches to their evaluations.

The overarching strategy adopted by the mystery shoppers involved a deliberate sequence of interactions. First, they entered bank branches known to distribute sustainable mutual funds, which are categorized as ESG investments. Their initial approach involved requesting investment advice for different amounts in RON, a request that was carefully followed by inquiries about recommendations for sustainable products. Alternately, in some visits, they directly sought advice on investing in ESG-profile funds. In each scenario, the mystery shoppers made a point of asking to speak with the designated person authorized to provide recommendations and/or presentations on mutual funds.

In the majority of cases, the mystery shoppers were readily directed to an employee present at that moment in the branch. However, there were also instances where the designated advisor was not available, or was assigned to other branches. In these situations, the visit had to be rescheduled to allow for a direct conversation with the authorized person. It's important to note that these instances represented less than 20% of the total visits conducted, indicating a generally high level of accessibility to qualified advisory personnel.

General observations

The financial advisors consulted in this mystery shopping exercise generally showed a willingness to assist potential investors. They demonstrated a proactive and friendly attitude, creating an environment conducive to exploration and inquiry. In the majority of cases, the meetings were structured in a one-on-one format, with one advisor speaking directly to one mystery shopper, enabling a personalized and focused interaction. While this one-on-one setup was prevalent, there were a small number of cases where the format shifted to two-on-one, with two advisors engaging with a single mystery shopper.

Despite the positive demeanor and willingness to help, the financial advisors in the vast majority of cases limited themselves to presenting the products without making explicit investment recommendations. The decision-making process was left to the client (mystery shopper) to decide independently after gathering the necessary information. This often resulted in a situation where there were recommendations, but were borderline between presentation and recommendation, thus not very targeted.

Contrasting experiences and valuable insights

Cristian Dogaru's impressions provided a nuanced view of the advisory process: "The product presentations generally contained the information available on the bank's website or included in the product sheets, with few cases where additional information was provided (such as a detailed breakdown of the fund portfolios and not just the top holdings). Regarding sustainable investments, most financial advisors were able to identify these products in the bank's portfolio, but the information about them was inconsistent. For example, it was unclear which category of sustainable investments the mutual funds in the bank's portfolio belonged to (Taxonomy, SFDR, PAIs), what their detailed portfolios were, or their investment strategies. The banks visited did not have visible strategies for promoting sustainable investments (banners inside, dedicated offers), with only one case where I identified a banner on the website (BRD). The lack of more substantial advice in this area can be explained by the small number of sustainable products offered by local banks (for example, BRD had only one product, Raiffeisen Bank just three, etc.) and by the lack of profiling of the products by the asset managers who designed them. For example, the fund names included terms such as "Sustainable" and "Green" but not terms like "Taxonomy" or "PAIs."

Vlada Peca offered additional insights, highlighting certain limitations in the advisory approach: "A clear conclusion from this experience is that most bank advisors are not very well-prepared regarding sustainable investments. In many cases, they did not spontaneously mention sustainable funds, and when I brought up the subject, the explanations were quite vague, usually limited to a basic definition of what a sustainable fund is. Very few advisors could clearly explain the three categories of sustainability defined at the European level or what kind of impact these funds are expected to have. I also noticed that my younger age seemed to influence the direction of the conversation. Many advisors assumed I lacked experience and quickly suggested only low-risk funds, even though I clearly stated that I was interested in higher-risk options. This tendency to tailor recommendations based solely on appearance or age limits the quality of the advice provided. However, I did encounter a few advisors who were quite well-informed about regular investment funds. They provided useful information and good advice on strategies and fund selection. Still, their expertise did not extend to sustainable funds, which often remained a secondary topic and were not presented in detail. Overall, I can say that advisors in Romania, in general, are not well-prepared regarding sustainable investment funds, and this area would benefit from better training and deeper integration into the standard advisory process."

Meeting dynamics and available resources

Discussions with financial advisors were held either in the open space areas of the branches at consultants' desks or in private rooms provided for client meetings. Financial advisors had access to laptops or desktop computers, and in most cases, they were able to print the requested documentation (product sheets). In the majority of cases, business cards were offered at the end of the meeting, though there were a few instances where financial advisors claimed that either they had run out of business cards or were new employees and did not yet have them. However,

they did provide their names for identification. In one specific case (BCR Vatra Luminoasa), the financial advisor offered neither a business card nor their name, only a phone number. When a message was sent requesting additional details as a pretext to identify them, there was no response.

In the vast majority of cases, the financial advisors were women. In fewer than 10% of cases, discussions were held with men. There were no situations where the advisors were not native Romanian speakers, and no discussions were conducted in English. Regarding the experience of the advisors, mystery shoppers encountered reluctance to provide exact figures when asked how long they had been offering investment consultancy. As a result, the direct question—“How long have you been selling these products?”—was replaced with less invasive variants, such as “Have you been selling these products for a long time?” Even then, the answers were evasive.

The two mystery shoppers presented different scenarios regarding the risk assumed and the amounts they intended to invest, according to the pre-established strategy (low, medium, and high risk, and amounts of €2,000, €20,000, and over €20,000). Regarding sustainable investment exposure scenarios, each mystery shopper assumed two orientations: Green Investment based on EU Taxonomy and Sustainable Investments based on SFDR/Principal Adverse Impacts, and No Sustainability Preference.

There were no instances of being pressured into making a specific investment or being placed into a certain investment category without consultation. Although the strategy adopted by the mystery shoppers involved indicating the available amount and chosen investment profile from the beginning (low, medium, or high risk tolerance), there were cases where financial advisors repeated the profiling procedure to ensure that potential investors understood the mechanisms of mutual fund investments, the assets in which their money would be placed, and the risk categories involved. Such cases were, however, isolated. Typically, the financial advisors assumed from the outset that potential investors were familiar with how the requested instruments function.

When mystery shoppers did not specify a particular fund/funds they were interested in investing in, the recommendations offered primarily targeted local funds, probably because in these cases, financial advisors had the most experience, or because local investors primarily demand Romanian funds. There were no cases where financial advisors immediately presented funds with assets from other EU countries or the USA.

The mystery shoppers' strategy involved either directly requesting advice and recommendations regarding mutual funds that could be classified as sustainable investments or waiting for financial advisors to offer their own recommendations based on the amounts indicated and the risk profile assumed, before steering the conversation toward sustainable-profile mutual funds. When mystery shoppers did not initially specify their interest in sustainable investments, the

recommendations exclusively targeted mutual funds with various risk profiles available in Romania.

When explicit inquiries were made about sustainable-profile funds, financial advisors provided details and presented the banks' offerings in this segment. However, in few cases were additional details provided beyond the information available on the banks' websites or brochures.

Information related to detailed portfolios, for example, could not be obtained if it was not included in the product sheets. The most complex information regarding the products of interest to the mystery shoppers was offered by ING, while the lowest level of detail was provided by Banca Transilvania. Although limited in number, there were cases where financial advisors were unaware that the bank had sustainable-profile funds in its portfolio.

In one case (UniCredit Dristor), the financial advisor offered to further research and provide supplementary data via email after being unable to offer additional information about the detailed portfolio structure or specific investment strategy of the funds indicated by the mystery shopper.

In the vast majority of cases, financial advisors were unable to specify which category of sustainable investments (Taxonomy, SFDR, PAIs) the funds from the banks' portfolios belonged to, and requests for targeted recommendations related to one or another of these three categories temporarily halted the advisory process. Even when mystery shoppers briefly explained the criteria for classification into one or another of the three categories, financial advisors could not provide further focus, which can be explained by several factors.

Mutual funds from Romanian banks' portfolios are not explicitly targeted as belonging to a particular sustainability category, nor is such a specification included in the product sheets. In the absence of these guiding indicators, financial advisors appeared helpless.

Conclusions

Mystery shoppers were greeted by financial advisors with polite, friendly attitudes, in spaces conducive to discussions involving personal investment decisions. Most branches visited had employees who could advise potential investors on mutual fund offerings. In cases where such employees were temporarily unavailable or assigned to other branches, mystery shoppers were able to schedule a meeting with them at a later date.

The advice provided was mainly limited to informing about the products on offer and did not involve explicit investment recommendations, leaving the decision to the investors. As support materials, financial advisors relied on presentation sheets, product sheets, or accessed their banks' websites, or indicated how to obtain details through the mystery shoppers' banking applications.

The quality of consultancy was higher in the case of potential investments in classic funds, where the exercise of providing information was more frequently practiced.

In the area of sustainable investments, the information was rather minimal. There was no explicit encouragement toward this investment area, neither from the banks through explicit promotion nor from the advisors through detailed and consistent explanations.

Areas that should be better covered with data and information in the future, as the offerings and interest from potential investors grow, include, in the opinion of mystery shoppers, the breakdown of sustainable investments by type, additional details regarding the structure of investments (detailed portfolios), and comparisons of management costs.

Consequently, the attitude of financial advisors toward such products can be evaluated as neutral—neither discouraging sustainable investments nor particularly promoting them.

Financial advisors' attitudes were, in all cases, polite, and friendly, and there was no set duration imposed for the meetings. They attempted to answer all questions to the best of their ability and knowledge, but in cases where some questions remained unanswered, there were no attempts to schedule another meeting or provide additional information via email, with one previously mentioned exception.

4. General conclusions and recommendations

After a rigorous review and integration of the findings from the Impact Claims Assessment, the IPAF analysis, and the Mystery Shopping Assessment, several overarching conclusions and strategic recommendations emerge. These are critical for advancing the development of sustainable investment in the Romanian financial market:

Overall Conclusions:

1. **Widespread but variable implementation of sustainability:** A commitment to communicating about environmental and social responsibility is evident across the Romanian financial sector. Investment funds are increasingly using Environmental Impact Claims (EICs), and many banks are incorporating ESG principles into their broader strategies. However, the *quality* and *depth* of these efforts vary significantly.
2. **Transparency gaps and substantiation deficiencies:** A recurring issue is a lack of transparency and rigorous substantiation of sustainability claims. Funds often fail to provide precise source citations for EICs, and financial advisors frequently lack detailed knowledge about ESG fund classifications (Taxonomy, SFDR, PAIs) or the specific impact of sustainable investments.

3. **Limited retail access to sustainable investment products:** Despite a growing interest in sustainable investing, retail investors in Romania face limited access to dedicated and clearly labelled ESG or impact investment products. Private equity and venture capital funds primarily target institutional investors, and readily available mutual funds often lack specific sustainable profiles or clear information about ESG integration.
4. **Need for enhanced advisor training and proactive engagement:** Financial advisors, while generally exhibiting positive attitudes, often lack comprehensive training and readily available resources to effectively advise clients on sustainable investment options. There is a need for proactive engagement and tailored communication to address investor needs and preferences in this area.
5. **Regulatory impetus but limited market development:** European regulations (SFDR, EU Taxonomy) are driving a shift towards sustainable finance, and the Financial Supervisory Authority (ASF) is beginning to implement ESG transparency requirements. However, the local market is still developing, and progress is needed to ensure that regulatory alignment translates into meaningful and accessible sustainable investment opportunities for all investors.

Consolidated recommendations:

1. **Strengthen reporting standards and regulatory oversight:** Regulatory bodies and industry associations should collaborate to develop and enforce more rigorous standards for reporting and substantiating environmental and social impact claims. Increased scrutiny and enforcement are needed to ensure that funds comply with existing regulations and avoid misleading or deceptive practices.
2. **Promote transparency and enhance information disclosure:** Funds should be required to provide clear and specific references to supporting documentation for all EICs, making it easier for investors and regulators to verify the claims. Standardized templates, detailed product descriptions and access to detailed fund portfolios can help customers understand the impact. Regulators should impose additional audits over these types of funds.
3. **Expand access to sustainable investment products for retail investors:** Encourage the development and promotion of dedicated, clearly labelled ESG or impact investment products that are accessible to retail investors.
4. **Invest in advisor training and education:** Develop and implement comprehensive training programs for financial advisors on sustainable investment principles, ESG classifications, and specific product offerings. Empower advisors with the resources and knowledge to proactively engage clients in discussions about sustainable investment options.

5. **Drive market awareness and investor education:** Launch targeted marketing and education campaigns to raise awareness among investors about the benefits and opportunities of sustainable investing.
6. **Promote proactive engagement:** Encourage financial advisors to proactively initiate conversations about sustainable investment options. This can be facilitated through the integration of sustainable investment considerations into standard profiling procedures.

By embracing these interconnected recommendations, Romania can unlock the full potential of sustainable investment and create a financial market that serves both economic prosperity and environmental and social well-being.