

Press Release

ESAs call for enhanced supervision and improved market practice on sustainability-related claims

The European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) today published their Final Reports on Greenwashing in the financial sector.

See [ESMA](#), [EBA](#), and [EIOPA](#) reports.

ESAs coordinated approach on greenwashing risks

In their respective reports the ESAs reiterate the common high-level understanding of greenwashing as a practice whereby sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants. The ESAs stress again that financial market players have a responsibility to provide sustainability information that is fair, clear, and not misleading.

Each ESA provides a stocktake of the current supervisory response to greenwashing risks under their remit and notes that national competent authorities (NCAs) are already taking steps in the area of supervision of sustainability-related claims. In addition, the ESAs provide a forward-looking view of how sustainability-related supervision can be gradually enhanced in coming years.

While the ESAs' reports focus on the EU's financial sector, they acknowledge that addressing greenwashing requires a global response, involving close cooperation among financial supervisors and the development of interoperable standards for sustainability disclosures.

ESMA Final Report

The supervision of sustainability-related claims has become a priority for NCAs. NCAs and ESMA are taking steps to better monitor and detect greenwashing and to critically scrutinise sustainability-related claims in various sectors. Several Common Supervisory Actions have already been launched, with a view to ensure effective and consistent supervision. At the same time, NCAs still face constraints on their resources, as well as on their access to expertise and to good quality data.

ESMA Chair, Verena Ross, said:

“Effective and consistent supervision of sustainability-related claims is critical to investor protection and a trustworthy environment for ESG markets. With a risk-based approach in mind, ESMA has promoted EU-level common supervisory actions across the sustainable investment value chain and will continue to foster convergent and effective supervision. We

will also continue to support NCAs, to enhance supervisory capacities in this area and invest in the tools needed to address data challenges”.

I would also like to remind all market players of their responsibility to avoid making unsubstantiated sustainability claims and to communicate any sustainability-related information in a manner that is fair, clear and not misleading.”

Building on the progress already accomplished, and with the aim to gradually allow supervisors to reach their full potential in this area, ESMA indicates priority actions in order to enable supervisors to better mitigate greenwashing risks:

- **NCAs** are expected to gradually deepen their critical scrutiny of sustainability-related claims. To achieve this, they are invited to continue increasing human resources and expertise, making investments in supervisory tools such as SupTech solutions and further embed greenwashing risks in their respective supervisory work programmes.
- **ESMA** will continue to support the monitoring of greenwashing risks, the deployment of SupTech tools, and capacity building. In addition, ESMA will prompt Common Supervisory Actions where needed. ESMA may produce additional guidance for market participants and supervisors in high-risk areas of greenwashing.
- The **European Commission** is invited to reinforce NCAs’ and ESMA’s mandates in certain areas, such as for benchmarks, and make sure all NCAs have the powers to promote retail investors’ financial education. Whenever possible, the Commission should ensure the legislative framework supports NCAs’ access to data.

Next steps

ESMA will continue monitoring greenwashing risks and supervisory progress, including via the ongoing Union Strategic Supervisory Priority on “[ESG Disclosures](#)”.

Building on the preliminary regulatory remediation actions identified in the [Progress Report](#), ESMA will publish an Opinion with views on how the EU regulatory framework for sustainable finance could further facilitate the investors’ journey.

Notes for editors

1. [ESMA36-287652198-2699 ESMA Final Report on Greenwashing – Response to the European Commission’s request for input on “greenwashing risks and the supervision of sustainable finance policies”](#)
2. [EBA Final Report on Greenwashing](#)
3. [EIOPA Final Report on Greenwashing](#)
4. Last year’s progress reports came as an initial response to the [Request for input related to greenwashing risks and the supervision of sustainable finance policies](#) sent by European Commission to the three ESAs. The ESMA Progress Report published on 1st June 2023 contained the common ESAs’ high-level understanding of greenwashing and identified areas more exposed to greenwashing risks across the Sustainable Investment Value Chain and the drivers of greenwashing risks.
5. ESMA and NCAs are taking action and are committed to coordinate supervision under the [Union Strategy Supervisory Priority](#) on “ESG disclosures”, agreed at the end of 2022.
6. Promoting transparency and addressing greenwashing is one of ESMA’s key priorities as reflected in its [Sustainable Finance Roadmap 2022-2024](#) and in its [Strategy 2023-2028](#).
7. ESMA is the European Union’s financial markets regulator and supervisor. Its mission is to enhance investor protection and promote stable and orderly financial markets.
8. It achieves this objective through three strategic priorities:
 - a. fostering effective markets and financial stability,
 - b. strengthening supervision of EU financial markets,
 - c. enhancing protection of retail investors,and two thematic drivers:
 - d. enabling sustainable finance; and
 - e. facilitating technological innovation and effective use of data.
9. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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