

PRESS RELEASE

ESMA sets out its strategy on sustainable finance

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today published its [Strategy on Sustainable Finance](#). The strategy sets out how ESMA will place sustainability at the core of its activities by embedding Environmental, Social, and Governance (ESG) factors in its work.

The key priorities for ESMA include transparency obligations, risk analysis on green bonds, ESG investing, convergence of national supervisory practices on ESG factors, taxonomy, and supervision.

Steven Maijoor, Chair, said:

“The financial markets are at a point of change with investor preferences shifting towards *green* and socially responsible products, and with sustainability factors increasingly affecting the risks, returns and value of investments. ESMA, with its overview of the entire investment chain, is in a unique position to support the growth of sustainable finance while contributing to investor protection, orderly and stable financial markets.”

ESMA's key priorities on sustainable finance

The key priorities for ESMA highlighted in the strategy include:

- completing the regulatory framework on transparency obligations via the Disclosures Regulation. ESMA will work with the EBA and EIOPA to produce joint technical standards;
- reporting on trends, risks and vulnerabilities (TRV) of sustainable finance by including a dedicated chapter in its TRV Report, including indicators related to green bonds, ESG investing, and emission allowance trading;
- using the data at its disposal to analyse financial risks from climate change, including potentially climate-related stress testing in different market segments;



- pursuing convergence of national supervisory practices on ESG factors with a focus on mitigating the risk of greenwashing, preventing mis-selling practices, and fostering transparency and reliability in the reporting of non-financial information;
- participating in the EU Platform on Sustainable Finance that will develop and maintain the EU taxonomy and monitor capital flows to sustainable finance; and
- ensuring ESG guidelines are adhered to in the entities that ESMA supervises directly, while being ready to accept any new supervisory mandates related to sustainable finance.

ESMA's work spans the investment chain from issuer to investment funds, investment firms and retail investors. It has already delivered on several objectives of the EU's action plan on financing sustainable growth and will continue to assist the EU institutions to achieve sustainable finance goals, including by providing advice on areas where new Level 1 and Level 2 measures may be necessary.

To help deliver its strategy ESMA set up a Coordination Network on Sustainability in 2019. The network is composed of experts from national competent authorities and ESMA staff. It will be supported by a consultative working group of stakeholders, which will be established in the coming months.



Notes for editors

1. [ESMA22-105-1052 Strategy on Sustainable Finance](#)
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. 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).

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