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ESG in the banking and insurance sectors: ESA progress reports on greenwashing

On 1 June 2023, each of the ESAs published a progress report on greenwashing in the financial sector.

On 1 June 2023, each of the European Supervisory Authorities (“**ESAs**”), namely the European Banking Authority (“**EBA**”), the European Insurance and Occupational Pensions Authority (“**EIOPA**”) and the European Securities and Markets Authority (“**ESMA**”), published a progress report on greenwashing in the financial sector (“**Progress Report**”).

1. Background

The Progress Reports answer the “call for advice to the ESAs on greenwashing risks and the supervision of sustainable finance policies” issued by the European Commission in 2022, which asked the ESAs to provide a definition of greenwashing, identify key issues in market practices and supervision, and highlight shortcomings and inconsistencies in the existing regulatory framework regarding greenwashing.

The ESAs were asked to deliver their analysis by presenting the specificities of their respective sectors in a separate but coordinated manner.

2. Key considerations

Whilst the three reports differ because of those specificities, the reports all broadly include the following points:

- a common, high-level understanding of greenwashing, which is defined 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”;
- an assessment of the various ways in which sustainability claims can be misleading;
- an analysis of the impacts and risks caused by greenwashing practices;

- examples of where and how greenwashing may occur; and
- an analysis of the tools and practices available to address greenwashing and the related challenges.

3. Next steps

The ESAs are expected to publish final greenwashing reports in May 2024 and will consider their final recommendations in this respect, including possible changes to the EU regulatory framework.

To help you master the constantly evolving ESG framework and prevent greenwashing claims and related litigation risk, please, contact our experts.

[Read the EBA progress report on greenwashing monitoring and supervision here_](#)

[Read the EIOPA advice to the European Commission on greenwashing here_](#)

[Read the ESMA progress report on greenwashing here_](#)

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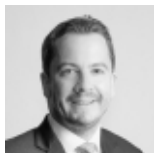
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