

2022 ESAs Call for evidence on greenwashing

Fields marked with * are mandatory.

Responding to this Call for Evidence

The Call for Evidence (CfE) seeks input on potential greenwashing practices in the whole EU financial sector, including banking, insurance and financial markets, and which may be relevant to various segments of the sustainable investment value chain and of the financial product lifecycle.

All interested parties are welcome to contribute to the survey, including financial institutions under the remit of the three ESAs and other stakeholders ranging from retail investors and consumers associations to NGOs and academia.

Respondents are invited to contribute to this CfE, both to the common part and to the ESA-specific sections, or to those sections of the CfE which are relevant for a given respondent (by going directly to the relevant section).

All contributions should be submitted online via EU Survey.

UPDATE: The ESAs will accept contributions to the Call for Evidence via the EUsurvey link until the 16 January 2023 23:59 CET, after which the Call for Evidence will be closed.

Please refer to the below PDF version of the Call for Evidence which provides more details on the various questions:

[ESAs Call for evidence on Greenwashing.pdf](#)

Publication of responses

All contributions received will be published following the deadline, unless you request otherwise in the survey. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

The ESAs reserve the right not to publish those responses which are assessed to be of an offensive or defamatory nature, are not related to the topic of the survey, or that include confidential information. A confidential response may be requested from us in accordance with EBA's, EIOPA's and ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the ESAs' Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice, at

www.eiopa.europa.eu under the heading Legal Notice and on the webpage <https://www.eba.europa.eu/legal-notice>.

For technical support about this survey you can contact:

EBA: EBA.Greenwashing@eba.europa.eu

EIOPA: ESAsGreenwashingCfE2022@eiopa.europa.eu

ESMA: ESMA.Greenwashing@esma.europa.eu

A. Introduction and Background

I. Introduction

1. Growing demand for sustainability-related products combined with rapidly evolving regulatory regimes and sustainability-related product offerings create a context that may be conducive to increased greenwashing risks. In its Renewed Strategy of July 2021, the European Commission (EC) laid out its expectation that supervisors play an essential role in identifying, preventing, investigating, sanctioning and remediating greenwashing, suggesting that it would issue a request to work on the subject to the three European Supervisory Authorities (ESAs).

2. On 23 May 2022, the ESAs received a request for input from the EC relating to greenwashing risks and supervision of sustainable finance policies. The EC requests each ESA, separately but in a coordinated manner, to provide input on greenwashing risks and occurrences in the EU financial sector and on the supervisory actions taken and challenges faced to address those risks. Two deliverables are foreseen in the request: a progress report expected by end of May 2023 and a final report expected by end of May 2024.

3. The work for this request for input can be structured in the following main areas:

- a) Clearly defining greenwashing and better understanding the phenomenon, its scale and potential related risks;
- b) Taking stock of the implementation of relevant sustainable finance legislation within the remit of the ESAs and identifying early challenges for stakeholders and regulators;
- c) Mapping out various aspects of the supervisory response and assessing its adequacy from both a legal and a practical standpoint.
- d) Issuing recommendations based on findings within the areas referred to above.

4. In order to deliver on the EC's request, the ESAs will build on a number of actions already planned under their respective workplans and will rely on a variety of data sources, as well as on extensive outreach. This CfE will contribute to the collection of up-to-date, detailed evidence to complement other sources of information.

II. Objectives and scope

5. With regard to the term "greenwashing", it is important to note that this CfE uses the term broadly to also include sustainability-related claims relating to all aspects of the ESG spectrum (i.e., environmental, social

and governance dimensions). This is consistent with the EC's request for input where the term "greenwashing" is used as referring to sustainability-related claims on environmental, social and/or governance aspects. In this regard, it is important to note that some market participants have given more prominence recently to environmental aspects due to developing sustainable finance legislation focusing on the environment and the increased focus on climate change. As a result, there may be an increasing number of misleading claims on environmental topics leading to greenwashing risks. This does not mean, however, that social and governance aspect could not lead to a significant number of misleading claims.

6. Concretely, the ESAs are interested in collecting:

- i. The views from various stakeholders on how to understand greenwashing and what the main drivers of greenwashing might be;
- ii. Examples of potential greenwashing practices across the EU financial sector relevant to various segments of the sustainable investment value chain and of the product lifecycle; and
- iii. Any available data to help the ESAs gain a concrete sense of the scale of greenwashing and identify areas of high greenwashing risks.

7. This CfE seeks evidence of potential greenwashing practices in connection to sustainability claims regarding entities (hereafter entity-level claims) and products or services (hereafter referenced together under the term product-level). 'Product' is a generic term including all financial instruments, securities, investment, banking, insurance or pension products as well as all services relevant for each sector considered. Product-level claims are typically about how a product or service is taking into account sustainability. On the other hand, entity-level claims are made in connection to what an entity is doing at the overall firmwide level (e.g. an insurance undertaking or insurance intermediary, a corporate issuer, a bank, a pension provider, or a benchmark administrator).

8. Furthermore, in line with the scope of the EC's request for input, the CfE seeks evidence related to potential greenwashing practices both within and outside the scope of current EU sustainable finance legislation. Consequently, the ESAs encourage respondents to also consider providing examples of potential greenwashing practices relating to products, practices, and/or to documents or other means of communication of claims currently not explicitly covered by the EU sustainable finance legislation (e.g. references to ESG awards made in marketing materials, claims made on websites, social media, etc.). For instance, such products include ESG ratings or ESG derivatives. The collection of examples would be relevant given the fast-evolving nature of ESG markets and of the offer of sustainability-related products. The ESAs also encourage respondents to consider providing examples which comply with existing EU sustainable finance legislation but the outcome would still result in greenwashing.

9. This CfE seeks to collect information relating to practices and potential greenwashing risks in the sectors within the remit of the three ESAs. These sectors cover a great variety of financial market participants (e.g. insurers, credit institutions, benchmark administrators, product manufacturers, investors), which may also be present across the sustainable investment and sustainable products value chain (hereafter for simplicity referenced as "the sustainable value chain"). Indeed, there is value in looking at greenwashing from a multidimensional perspective with the help of the sustainable value chain which includes the entities operating in all of the sectors listed below as well as other stakeholders such as the retail investors /consumers.

10. This CfE contains a section on general greenwashing-related aspects relevant for the whole financial sector, as well as three additional sections covering specific aspects within the remit of each of the ESAs. Please note that the below list contains some unavoidable overlap in the form of some entities that fall under the scope of several ESAs (e.g. certain banks providing investment services would in fact be in scope of both EBA's and ESMA's remit).

a) EBA: credit institutions and related activities such as retail banking activities, corporate and project finance, investment services, own funds, funding, and liquidity instruments; payment service providers and payment services.

b) EIOPA: insurance undertakings, insurance intermediaries – including banks acting as insurance intermediaries, financial advisors acting as insurance brokers, and managing general agents – occupational pension schemes, and undertakings offering or planning to offer the Pan-European Personal Pension Product (PEPP).

c) ESMA: investment managers, investment firms, issuers and benchmark administrators. This sectoral prioritisation reflects ESMA's current understanding of the relative degree of greenwashing risks. Beyond these priority sectors, the CfE also aims to collect information on potential greenwashing issues within other segments within the sustainable value chain, in particular credit rating agencies and ESG data and rating providers.

Please note the below document which contains further explanations on the type of entities and products that fall under each sector.

[ESAs CfE- footnotes entities.pdf](#)

11. All interested stakeholders are invited to respond to this CfE, both to the common part and to the ESA-specific sections, or to those sections of the CfE which are relevant for a given respondent.

12. It is important to note that this CfE does not seek input in relation to sustainability-related claims made regarding entities, products or services not under the scope of the ESAs, such as sustainability-related claims regarding non-financial products (e.g. consumer goods).

III. Possible features of greenwashing

13. In providing feedback on greenwashing in the ESAs common section respondents are invited to consider a number of possible features of greenwashing that are listed below. These features are only illustrative and are not meant to set out a framework that the ESAs have approved or endorsed; they are only meant to help structure the analysis of the greenwashing phenomenon. Sectorial differences may exist.

14. Greenwashing is a complex phenomenon which can involve or impact a multitude of financial market participants and potentially affects all sectors in the sustainable value chain.

15. The drivers of greenwashing are multifaceted and may include demand for sustainability-related products, data-related issues, the need to build expertise and skills, challenges in the application of new rules, inconsistent interpretations of the legal regime and financial literacy gaps, etc. In order to address the causes, it is therefore necessary to understand more clearly the phenomenon and arrive at a shared

understanding of greenwashing issues.

16. Greenwashing could be analysed through four main dimensions:

a) **The role market participants can play in greenwashing, which could include three possible categories: trigger, spreader and receiver of a sustainability-related claim.** These three categories represent three potential roles that stakeholders across the sustainable value chain can have in any given occurrence of greenwashing.

b) **The actual topics on which the sustainability-related claims are made.** These topics can be cross-sectoral, can apply at entity- and product-level and can be grouped into 3 broad categories. This does not however mean that all 3 categories necessarily lead to greenwashing in all sectors. The 3 categories are: (1) Claims about an entity's governance and remuneration around sustainability and about an entity or a product's dedicated resources to sustainability matters, (2) Claims about sustainability strategy, objectives, characteristics or qualifications of a product, an entity, or a service and (3) Claims about sustainability-related metrics based on historical data or future targets.

c) **The misleading qualities of a sustainability-related claim, which specify in which way a claim can be construed as misleading** (e.g. selective disclosure or hidden trade-off such as cherry-picking positive information and/or omitting relevant negative information; exaggerated claims and/or failure to deliver on such claims; omission or lack of disclosure; vagueness or ambiguity or lack of clarity; poor advice; etc).

d) **The channels through which the sustainability-related claims are communicated to other actors across the sustainable value chain** (e.g. regulatory documents, ratings/benchmarks/labels, product information, marketing materials) **or the various stages of the product lifecycle in which they occur** (e.g. product delivery, product manufacturing).

B. Background questions/contact information

* Country

BE

* Name of the respondent or organisation

ShareAction

* Email

Maria.vanderheide@shareaction.org

* Type of respondent or organisation

- Auditors and third-party verifier
- Bank association
- Benchmarks administrator
- Conglomerate
- Consultancy company

- Consumer association
- Credit institution
- Credit Rating Agency
- Data provider
- ESG ratings provider
- Institutional investor
- Insurance intermediary
- Insurance undertaking
- Investment firm
- Investment manager
- Issuer
- Market association
- Non-Governmental Organisation
- Occupational pension scheme(s) provider
- Other, please specify
- Payment service provider
- Pension fund
- PEPP distributor
- PEPP manufacturer
- Policymaker
- Regulator/Supervisor
- Retail investor/Consumer
- Think tank, academic
- Trade union

All contributions received will be published following the deadline, unless you request otherwise. Please tick this box if you want your contribution to remain confidential:

- I want my contribution to remain confidential

C. ESAs common section of the CfE

1. Possible features of greenwashing

1.1 Core features or greenwashing

This part of the survey enquires about the views of respondents on what can be seen as core characteristics of greenwashing, including:

1) Similarly with the communication of other **misleading** claims there are several ways in which sustainability-related statements, declarations, actions, omissions or communications may be misleading. On the one hand, communications can be misleading due to the omission of information that consumers or investors would need to take an informed transactional or investment decision (including but not limited to partial, selective, unclear, unintelligible, inconsistent, vague, oversimplistic, ambiguous or untimely information, unsubstantiated statements). On the other hand, communications can be misleading due to the actual provision of information, relevant to an informed transactional or investment decision, that is false, deceives or is likely to deceive consumers or investors (including but not limited to mislabelling,

misclassification, mis-targeted marketing);

2) Greenwashing can occur either **at entity level** (e.g. in relation to an entity's sustainability strategy or performance), **at product level** (e.g. in relation to products' sustainability characteristics or performance) or **at service level** including advice and payment services (e.g. in relation to the integration of sustainability-related preferences to the provision of financial advice).

3) Greenwashing can be either **intentional or unintentional** (e.g. resulting from negligence or from misinterpretation of the sustainable finance regulatory framework requirement).

4) Greenwashing can occur at any point where sustainability-related statements, declarations or communications are made, including **at different stages of the cycle of financial products/services** (e.g. manufacturing, delivery, marketing, sales, monitoring) **or of the investment value chain** (e.g. issuer, benchmark/rating provider, investment firms, etc.).

5) Greenwashing may occur in **specific disclosures required by the EU sustainable finance regulatory framework** (e.g. SFDR Article 9 product-level disclosure requirements). Greenwashing may also occur as a result of **non-compliance with general principles** – as featured either in general EU financial legislation or more specifically in EU sustainable finance legislation (e.g. the requirement to provide information that is fair, clear and not misleading). In that context, greenwashing may occur in relation to **entities that are currently outside of the remit of the EU sustainable finance legislation** as it currently stands (e.g. ESG ratings).

6) Greenwashing **can be triggered by the entity to which the sustainability communications relate** or by the entity responsible for the product, **or it can be triggered by third parties** (e.g., ESG rating providers or third-party verifiers).

7) If not addressed, greenwashing will **undermine trust in sustainable finance markets and policies**, regardless of whether immediate damage to individual consumers or investors (in particular through mis-selling) or the gain of an unfair competitive advantage has been ascertained.

Q A.1: Please provide your views on whether the above-mentioned core characteristics of greenwashing reflect your understanding of and/or experience with this phenomenon and whether you have anything to add/amend /remove.

4000 character(s) maximum

ShareAction considers the above-mentioned features of greenwashing as relevant characteristics. We would like to add the following comments:

ad 1) with regards to the “omission of information” we recommend to explicitly refer to all activities at entity level of a financial market participant. This is important as oftentimes when sustainability claims about certain activities are made, the financial market participant does not communicate about broader entity level activities that may be at odds with the sustainability claims.

ad 1) Greenwashing can also occur because assumptions of projections were not shared and the consequences of particular actions turn out different than expected. We would suggest that requiring a Theory of Change (see A.10.1) through a logic model whenever sustainability claims are made could help make those assumptions explicit ex ante.

ad 3) ‘unintentional’ can be further broken down into

a) deliberately excluded from focus;

b) accidental; or

c) due to consequences of actions diverging from expectations.

ad 5) Greenwashing occurs as part of SFDR disclosures. The legislation, although set up as a disclosure and not a labelling regime, creates conditions for greenwashing by the use of green colours which may be misinterpreted by retail clients.

ad 6) Collaborative initiatives and pledges by financial market participants are neither fully about the individual company level, nor third party. Nevertheless, such initiatives and pledges create a significant risk of greenwashing. Where pledges are made or high-level objectives communicated publicly that create the impression of participants’ ambition, but are not planned or intended to be followed up by adequate action, a false sense of stability is created which may lead to the underestimating of systemic risks to the financial system, the mispricing of securities, excessive risk-taking by institutional and retail investors and can impede the introduction of required (legislative) measures.

ad 7) Greenwashing can increase consumer distrust and act as a barrier to responsible consumption which prevents the mobilisation of consumers towards contributing to sustainability objectives. Beyond undermining trust, a major consequence of certain types of greenwashing is the delay of required action regarding sustainability objectives of individual actors, national (e.g. NDCs) or supranational authorities (e.g. EU Green Deal), which may increase systemic risk. Greenwashing obscures the urgency of required sustainability measures by creating the false impression of systemic risks being addressed, concealing counter-productive activities and sustaining unfair competition.

Q A.2: Do you have or use a specific definition of greenwashing as part of your activities? If so, please share this definition.

4000 character(s) maximum

Greenwashing means mis-representing a particular sustainability characteristic of an entity, activity, investment or product.

Greenwashing may occur when

- Making false or unsubstantiated sustainability claims about the past or present
- Making projections about the future without explaining the assumptions
- Adopting sustainability strategies that are not science-based
- Adopting sustainability strategies whose implementation is not supported by realistic measures
- Highlighting the positive characteristics of certain parts or aspects of an entity or activity while ignoring the harmful characteristics of other parts or aspects of the same entity or activity

1.2 Dimensions of greenwashing

1.2.1. The potential roles market participants can play in greenwashing

Q A.3: Market participants could potentially play three main different roles (trigger, spreader, receiver) in any given occurrence of greenwashing. For instance, a corporate issuer can trigger greenwashing by understating its carbon emissions. This misleading claim could be communicated to both investment managers, ESG data providers and/or other market participants some of whom might continue to spread the misleading claim to the end investors/consumers, who will be the receiver of greenwashing.

Q A.3.1: Do you agree that market participants could be involved in three different ways in greenwashing, as described above?

- a) Yes
- b) No

1.2.2. The topics of sustainability-related claims

Another dimension of greenwashing is the topic of a given sustainability-related claim, which can be grouped into 3 broad topics. These can be applicable to various sectors across the sustainable value chain and can be cross-cutting at entity- and product-level. However, this does not mean that all of these 3 categories necessarily lead to greenwashing in all sectors. Moreover, it is important to note that one given claim can fall under several topics, for instance an entity making claims about targeting positive impact on climate change can be split into its actual strategy around creating positive impact (falling under Topic 2), its governance around monitoring and implementing this strategy including dedicated staff composed of impact analysts (Topic 1), while the actual metrics referenced to measure the impact would fall under Topic 3. Furthermore, greenwashing can occur in relation to an isolated claim about one of the topics listed below or it may relate to a combination of claims which in aggregate constitute greenwashing.

Please note the enclosed document contains further explanations on the categories of topics listed below. We strongly encourage you to consult these in order to better understand the topics and sub-topics of sustainability-related claims listed below.

[ESAs CfE- footnotes topics.pdf](#)

- Topic 1: Claims about an entity’s governance and remuneration around ESG and about an entity or a product’s dedicated resources to sustainability matters:
 - i. Board and senior management's role in sustainability
 - ii. ESG corporate resources and expertise

- Topic 2: Claims about the sustainability strategy, objectives, characteristics or qualifications of a product, an entity, or a service:
 - i. ESG strategy, objectives, characteristics
 - ii. Sustainability management policies
 - iii. ESG qualifications / labels / certificates
 - iv. Engagement with stakeholders

- Topic 3: Claims about sustainability-related metrics based on historical data or future targets:
 - i. ESG performance to date (including metrics for impact claims)
 - ii. Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans)

Q A.4: Please indicate the degree to which you consider each topic described above, as prone to the occurrence of greenwashing. Please provide a score from 1 to 5 (where 1 = very low occurrence ; 2 = low occurrence ; 3 = neutral ; 4 = high occurrence ; 5 = very high occurrence).

	1	2	3	4	5	Don't know
* Board and senior management's role in sustainability (Topic 1, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG corporate resources and expertise (Topic 1, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG strategy, objectives, characteristics (Topic 2, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Sustainability management policies (Topic 2, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG qualifications / labels / certificates (Topic 2, iii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Engagement with stakeholders (Topic 2, iv)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG performance to date (including metrics for impact claims) (Topic 3, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Q A.4.1: Please specify the underlying drivers of greenwashing in relation to the topics you scored higher.

4000 character(s) maximum

1. Desire to market products or services
 2. Desire to avoid responsibility for conducting or financing economic activities

3. Desire to favourably present an entity to shareholders/stakeholders
4. Desire to save costs
5. Lack of expertise
6. Lack of sustainability ambition
7. Desire to avoid additional regulatory burden/scrutiny

Q A.5: For the same list of topics listed in the previous question, please provide a score from 1 to 5 on the potential harm/impact of a misleading claim made on that topic (where 1 = very low impact ; 2 = low impact ; 3 = neutral ; 4 = high impact ; 5 = very high impact).

	1	2	3	4	5	Don't know
* Board and senior management's role in sustainability (Topic 1, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG corporate resources and expertise (Topic 1, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG strategy, objectives, characteristics (Topic 2, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Sustainability management policies (Topic 2, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG qualifications / labels / certificates (Topic 2, iii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Engagement with stakeholders (Topic 2, iv)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* ESG performance to date (including metrics for impact claims) (Topic 3, i)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Q A.5.1: Please explain what types of impacts or harm and their consequences you anticipate as a result of greenwashing practices.

4000 character(s) maximum

1. Deception of retail investors/consumers resulting in unsuitable product choice by overestimating expected returns or underestimating risk at either the product or systemic level
2. Underestimating financial risks from sustainability factors for a product or entity, i.e. misunderstanding financially material information, at investor and systemic level
3. Distorting market prices at asset or market level through inaccurate/insufficient information about company activity and risk, leading to misallocation of capital and sub-optimal investment decisions for both institutional and retail investors
4. Overestimating positive sustainability effects (impact) for a product or entity, i.e. misunderstanding sustainability-material (doubly material) information
5. Masking detrimental effects on certain sustainability factors (e.g. harm to communities) by focussing and communicating exclusively on selective other sustainability factors (e.g. certain environmental benefits)
6. Slowing down required systemic change by presenting action as best practice that effectively isn't, thus increasing systemic stability risk
7. Obscuring the urgency of required (policy) action, creating the false impression that action is being taken of a systemically relevant magnitude, obscuring the fact that counter-productive action is ongoing that contributes to building up systemic stability risk

Q A.6: In addition to the three topics and eight sub-topics above, do you identify any additional topics which would be relevant to potential greenwashing issues?

- a) Yes
- b) No

Q A.6.1: If yes, please provide below more information on your answer including, if possible, a short example.

4000 character(s) maximum

Add Topic 2.v.: Engagement with investee companies
 Add Topic 2 vi.: Collaborative Initiatives and lobby groups
 Add Topic 4: Omissions; negative sustainability aspects that are not talked about and lie outside of the claim

Q A.7: Please indicate below if you have any additional comments regarding the relevance of the above topics on which sustainability-related claims are made in the context of a given sector or entity.

4000 character(s) maximum

1.2.3 The way in which a claim can be misleading

Q A.8: On a scale from 1 (i.e. “not at all relevant”) to 5 (“very relevant”), please indicate the extent to which you find each of the misleading qualities of a sustainability-related claim listed below relevant to greenwashing practices.

	1	2	3	4	5	Don't know
* Selective disclosure or hidden trade-off (cherry-picking positive information and/or omitting relevant negative information)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Empty claims (exaggerated claims and/or failure to deliver on such claims)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Omission or lack of disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Vagueness or ambiguity or lack of clarity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Inconsistency across various disclosures and communications (marketing, regulatory, website, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Lack of fair and meaningful comparisons, thresholds, scenarios and/or underlying assumptions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* No proof (unsubstantiated)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Misleading /Suggestive non-textual imagery and sounds (including the use of specific colours like green)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Irrelevance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Outdated information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*						

Misleading / suggestive use of ESG-related terminology (naming-related greenwashing)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Outright lie (falsehood)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q A.8.1: Please provide further comments to the identified misleading qualities of communication in the context of greenwashing. In particular, should any of the qualities be added, amended or deleted from the list and if so, why?

4000 character(s) maximum

A way to spot greenwashing

Financial Regulators do not allow promises regarding the expected returns of financial products and insist on clarifying that “shares may go up as well as down.” This is because the causal relationship between investment activity and financial returns is complex and uncertain. The same is true for sustainability effects of (investment) action: consequences of investment decisions for real-world activity at investee-company level are often uncertain because a) they lie in the future, b) causalities are complex or not well understood. However, were financial regulators to prohibit projections regarding sustainability effects of financial products as well, sustainable finance would not be possible, innovation would be stifled, and necessary capital flows into sustainable economic activity would be difficult to obtain.

ShareAction therefore proposes an alternative way of analysing greenwashing risk: Through logic models investment activity can be broken down and analysed. Where the future is concerned, assumptions can be checked for plausibility. Logic models, often called ‘theories of change’, have long been used by charities and NGOs to explain the impact they expect to have, but cannot strictly promise or evidence.

Using a Logic Model

INPUT --> ACTIVITY --> OUTPUT --> OUTCOME --> IMPACT

A logic model provides two kinds of components: Elements that are within the control of the investor and can (in principle) be evidenced; and elements that lie in the future or rely on complex causal chains. The former - input, activity and output - can be evidenced by regulators; the latter, outcome and impact - cannot be evidenced easily or at all. Therefore, determining what is and what isn't greenwashing becomes challenging without being able to look at assumptions. We recommend that for every financial product, a Theory of Change (ToC) in form of a logic model is created. With this ToC, retail investors and regulators can form a view on the plausibility of sustainability claims.

By comparing the model steps Input, Activity and Output with available evidence and probing the assumptions for Outcome and Impact, it will be possible to identify greenwashing in a comprehensive way.

Examples of Greenwashing at each of the model steps

Input: Creating misleading impressions on what resources are available

Fund provider claims to employ sustainability experts when no-one at the firm has had any relevant training /knowledge

Activity: Misleading impressions on investment process

Fund provider claims to be doing research into environmental impacts of all portfolio holdings, when in fact this is only done for 30% of holdings

Output: Creating misleading impressions on how the portfolio looks

Fund provider claims that fund has a significantly better ESG score than the benchmark, when in fact the difference is insignificant

Outcome: Creating misleading impressions about what the portfolio's design will achieve

Fund provider claims that engagement with investee companies will result in change to those companies' GHG emissions, but is unable to quantify what changes are expected and in which time-frame

Impact: Creating misleading impressions about the outcome's effect on planet and people

Fund provider claims that exclusion of fossil fuel companies will result in less carbon being put into the atmosphere, when in fact the link is not direct and requires assumptions on the effect of not buying particular securities

1.2.4 Which communication channel

Another dimension of greenwashing is represented by the channels through which sustainability-related claims are communicated to other actors in the sustainable value chain.

These channels include, but are not limited to, the following: (1) Regulatory documents (including Key Investor Documents or Key Information Documents (KIDs), prospectuses, financial statements, management reports, non-financial statements, benchmark statements and methodology documents, insurance—product information documents, pension benefit statements, etc.) or regulatory disclosures, (2) Ratings[1]/benchmarks/labels, (3) Product information (including internal classifications and internal target market, product testing and distribution strategy related documentation), (4) Intermediary/advice information, (5) Marketing materials (including website, social media), (6) Voluntary reporting, falling outside previous categories as reported on a voluntary basis.

Q A.9: Regarding the above dimension and the list of channels through which misleading claims can be communicated to other segments of the sustainable value chain, please indicate the likelihood that a given channel serves to communicate misleading sustainability claims made at entity level and/or at product/service level. Please score each channel from 1 (rather unlikely) to 5 (very likely):

	1	2	3	4	5	Don't know
* a) Regulatory documents (including Key Investor Documents or Key Information Documents, Prospectuses, Financial statements, Management Reports, Non-Financial Statements, Benchmark statements and methodology documents, insurance-product information documents, pension benefit statements, etc.) and/or any mandatory disclosures	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Ratings (ESG ratings and/or other ESG data products)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* c) Benchmarks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Labels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Product information (including internal classifications, and internal target market, product testing and distribution strategy related documentation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Intermediary/advice information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

* g) Marketing materials (including website, social media, advertising)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* h) Voluntary reporting, falling outside previous categories as reported on a voluntary basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q A.9.1: Please indicate below if you have any comments regarding the communication channels of potentially misleading sustainability-related claims?

4000 character(s) maximum

1.2.5 At which stage of the lifecycle and where in the business model/management does greenwashing occur

In addition to the different channels of transmission of claims, greenwashing can also occur at various stages of the product lifecycle, including: the product manufacturing stage (product development, product design, market targeting), the product delivery stage (marketing, product-related disclosure, distribution, sales), the product management stage (product monitoring/review, ongoing product-related disclosure). Beyond the product lifecycle, greenwashing can occur at the entity-level: in the business model (value chains, group structures, innovation and technology, outsourcing) or in the business management (culture, governance arrangements, systems and processes).

Q A.10: For each of the stages of product lifecycle and with regard to the business model and management, please indicate the likelihood of the occurrence of greenwashing. Please provide scores ranging from 1 (rather unlikely) to 5 (very likely):

	1	2	3	4	5	Don't know
* a) Product manufacturing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* b) Product delivery – marketing: advertisements, non-regulatory information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* c) Product delivery – regulatory disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* d) Product delivery – distribution channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* e) Product delivery – sales: information asymmetry (this includes under or over emphasis of certain product features)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* f) Product delivery – sales: misselling due to misleading information/disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* g) Product delivery – sales: misselling due to unsuitable product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* h) Product delivery – sales: incentives at point of sale	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* i) Product management – product monitoring, product review, ongoing product disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

* j) Business model at entity level – value chain, group structure, innovation/digitalization, outsourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* k) Business management at entity level – culture, governance arrangements, systems and processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Q A.10.1: Please indicate below if you have any comments on the above question

4000 character(s) maximum

1.2.6 Further considerations

Q A.11: Are there any relevant elements or features of greenwashing which have not been referenced in the questions above?

- a) Yes
 b) No

Q A.11.1: If yes, please provide below more information on your answer including, if possible, a short illustration:

4000 character(s) maximum

- Highlighting particular products or assets while ignoring others
- Making sustainability claims while engaging in counterproductive lobbying

2. Examples of potential greenwashing practices

This section of the survey relates to the collection of examples of potential greenwashing practices that you may have encountered that we would like to encourage you to describe below. These examples can be within or outside the current scope of the EU sustainable finance legislation and should refer to the financial sector within the remit of at least one of the ESA's. This CfE does not seek input in relation to sustainability-related claims made regarding entities, products or services not under the scope the ESAs, like sustainability-related claims regarding non-financial products (e.g. consumer goods). Please make sure to provide examples for which you can answer at least some of the below questions. Please provide the details of the described cases to the best of your knowledge.

Please bear in mind that the purpose of this survey is to gather useful and concrete examples that will help the ESAs to better understand greenwashing. Greenwashing cases reported in this CfE are mainly sought for the purpose of informing the advice which the ESAs would provide to the European Commission. Therefore, you may either give full details about the actual names of the entities or products involved in a potential greenwashing practice, or you may refer to them as 'entity X', 'product Y'.

Respondents can provide up to 5 examples of greenwashing in this survey. If you are able to identify more examples of greenwashing, please choose those cases which are the most relevant in your view, and the most likely to occur.

Q A.12: Are you able to identify and characterize at least one example of potential greenwashing practice?

- a) Yes, I can provide at least one example of potential greenwashing practice
- b) No, I cannot identify a specific example of potential greenwashing practice

Q A.12.2: (If yes) if you have, briefly describe this example of potential greenwashing practice, including the potentially misleading sustainability-related claims identified, a short description of the product, service or entity (as applicable) and of the claim. Please also provide information on how you identified / found out about this case.

Focussing on carbon intensity

While committing to Net zero by 2050, for members of the Net-zero Banking alliance, intensity metrics – rather than absolute emission metrics – are becoming the norm in setting emission reduction targets, as ShareAction research shows. This misses the point of the carbon budget, as reductions in emissions intensity can be achieved while absolute emissions continue to grow. Banks may therefore be deceiving stakeholders if they claim to be reducing their financed emissions using intensity metrics. (Read more in our research on the Net-Zero Banking Alliance here: <https://shareaction.org/reports/nzba-round-1-an-assessment-of-banks-decarbonisation-targets>)

Q A.12.3: Please indicate if you consider this as an example of potential entity-level or product/service-level greenwashing practice

- a) Entity level
- b) Product / service level
- c) Both entity and product / service level
- d) Not enough information to determine this

Q A.12.5: Please indicate the sectors by which this example of potential greenwashing practice was triggered:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.6: According to you, was the entity triggering this potential greenwashing practice acting:

- a) Intentionally
- b) Non-intentionally
- c) I do not know

Q A.12.7: If applicable, please indicate the stakeholders which acted, intentionally or non-intentionally, as spreader:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.8: Please indicate the stakeholders which were the receivers of this example of potential greenwashing practice

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Corporates
- p) Retail investors/Consumers
- q) General public
- r) Not enough information to determine this
- s) Other (please specify)

Q A.12.9: Please identify the most relevant topic(s) in this example of potential greenwashing practice:

- a) Board and senior management's role in sustainability (Topic 1, i)
- b) ESG corporate resources and expertise (Topic 1, ii)
- c) ESG strategy, objectives, characteristics (Topic 2, i)
- d) Sustainability management policies (Topic 2, ii)
- e) ESG qualifications / labels / certificates (Topic 2, iii)
- f) Engagement with stakeholders (Topic 2, iv)
- g) ESG performance to date (including metrics for impact claims) (Topic 3, i)

- h) Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)

Q A.12.10: Please identify the most relevant misleading characteristics of communication in this example of potential greenwashing practice

- a) Selective disclosure or hidden trade-off
- b) Empty claims (exaggerated claims and/or failure to deliver on claims)
- c) Omission or lack of disclosure
- d) Vagueness or ambiguity or lack of clarity
- e) Inconsistency across various disclosures and communications (marketing, regulatory, website, etc)
- f) Lack of fair and meaningful comparisons, thresholds and/or underlying assumptions
- g) No proof (unsubstantiated)
- h) Misleading / suggestive non-textual imagery and/or sounds
- i) Irrelevance
- j) Outdated information
- k) Misleading / suggestive use of ESG-related terminology (naming-related greenwashing)
- l) Outright lie (false)
- m) Other (please specify)

Q A.12.11: Please identify the communication channels through which this example of potential greenwashing practice have been communicated

- a) Regulatory documents (including Key Investor Documents or Key Information Documents, Prospectuses, Financial statements, Management Reports, Non-Financial Statements, Benchmark statements and methodology documents, insurance-product information documents, pension benefit statements, etc.) and/or any mandatory disclosures
- b) Ratings (ESG ratings and/or other ESG data products)
- c) Benchmarks
- d) Labels
- e) Product information (including internal classifications, and internal target market, product testing and distribution strategy related documentation)
- f) Intermediary/advice information
- g) Marketing materials (including website, social media, advertising)
- h) Voluntary reporting, falling outside previous categories as reported on a voluntary basis
- i) Other, please specify

Q A.12.12: Please indicate below if the potential greenwashing practice relates to a stage of the product lifecycle or to business model/management:

- a) Product manufacturing
- b) Product delivery – marketing: advertisements, non-regulatory information
- c) Product delivery – regulatory disclosure
- d) Product delivery – distribution channels
- e) Product delivery – sales: information asymmetry (this includes under or over emphasis of certain product features)
- f) Product delivery – sales: misselling due to misleading information/disclosure
- g) Product delivery – sales: misselling due to unsuitable product
- h) Product delivery – sales: incentives at point of sale
- i) Product management – product monitoring, product review, ongoing product disclosure

- j) Business model at entity level – value chain, group structure, innovation/digitalization, outsourcing
- k) Business management at entity level – culture, governance arrangements, systems and processes)
- l) Not enough information to determine this
- m) Other (please specify)

Q A.12.13: Is the example of the potential greenwashing practice related to any of the following situations?

- a) Mis-selling (i.e. transaction or investment decisions not actually reflecting the actual preferences of the consumer or investor)
- b) Misclassification
- c) Mis-labelling
- d) Naming
- e) Market-abuse (typically consists of insider dealing, unlawful disclosure of inside information and market manipulation)
- f) Other, please specify

Q A.12.14: Is this example of potential greenwashing practice the result of a lack of compliance with current EU or national sustainable finance legislation requirements?

- a) Yes
- b) No
- c) Partially
- d) Do not know

Q A.12.15: Does this example of potential greenwashing practice relate to a third country entity providing financial services in the EU?

- a) Yes
- b) No

Q A.12.16: Please include references/links to supporting materials substantiating this example of potential greenwashing practice. As mentioned above, greenwashing cases reported in this CfE are mainly sought for the purpose of informing the advice which the ESAs would provide to the European Commission. Therefore, you may either give full details about the actual names of the entities or products involved in a potential greenwashing practice, or you may refer to them as 'entity X', 'product Y'. If the cumulated document size exceeds 5 MB, please send us the supporting documents by email (EBA: EBA.Greenwashing@eba.europa.eu, EIOPA: ESAsGreenwashingCfE2022@eiopa.europa.eu, ESMA: ESMA.Greenwashing@esma.europa.eu) by following the below naming convention: Q12.16_Respondent name_example_x, where x=1 to how many examples you choose to upload.

Q A.12.16.1: All examples received will be published following the deadline, unless you request otherwise. Please tick this box if you want this example to remain confidential:

- I want this example to remain confidential

Thank you for sharing this example of potential greenwashing practices.

Q A.12.17 Would you like to add another example of potential greenwashing practice?

- a) Yes
- b) No

Q A.12.2: (If yes) if you have, briefly describe this example of potential greenwashing practice, including the potentially misleading sustainability-related claims identified, a short description of the product, service or entity (as applicable) and of the claim. Please also provide information on how you identified / found out about this case.

Implying that strategic objectives will be followed up with adequate action
ShareAction research shows that there is no correlation between participation in banking industry initiatives and performance on climate strategy, indicating that voluntary action alone will not deliver what is needed to manage the environmental risks facing the banking sector, nor its impacts on people and planet. The same can be said for other industry initiatives, like in the insurance sector, where members of the initiative continue to insure and invest in fossil fuel activities at odds with explicit climate pathway objectives. Collectively communicating ambitious intentions that are not planned to be followed up with adequate actions is greenwashing in that it creates a false sense of sustainability risks being addressed at company or system level. What is more, such collective intentions can prevent the introduction of necessary legislation or regulation to control systemic risk, as legislators, regulators and the public are given an inaccurate picture of the voluntary action that is taken by financial market participants.
(More information here: <https://shareaction.org/reports/in-debt-to-the-planet>; <https://api.shareaction.org/resources/reports/Going-beyond-insurers-voluntary-initiatives.pdf>)

Q A.12.3: Please indicate if you consider this as an example of potential entity-level or product/service-level greenwashing practice

- a) Entity level
- b) Product / service level
- c) Both entity and product / service level
- d) Not enough information to determine this

Q A.12.5: Please indicate the sectors by which this example of potential greenwashing practice was triggered:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.6: According to you, was the entity triggering this potential greenwashing practice acting:

- a) Intentionally
- b) Non-intentionally
-

c) I do not know

Q A.12.7: If applicable, please indicate the stakeholders which acted, intentionally or non-intentionally, as spreader:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.8: Please indicate the stakeholders which were the receivers of this example of potential greenwashing practice

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Corporates
- p) Retail investors / Consumers
- q) General public
- r) Not enough information to determine this
- s) other (please specify)

Q A.12.9: Please identify the most relevant topic(s) in this example of potential greenwashing practice:

- a) Board and senior management's role in sustainability (Topic 1, i)
- b) ESG corporate resources and expertise (Topic 1, ii)
- c) ESG strategy, objectives, characteristics (Topic 2, i)
-

- d) Sustainability management policies (Topic 2, ii)
- e) ESG qualifications / labels / certificates (Topic 2, iii)
- f) Engagement with stakeholders (Topic 2, iv)
- g) ESG performance to date (including metrics for impact claims) (Topic 3, i)
- h) Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)

Q A.12.10: Please identify the most relevant misleading characteristics of communication in this example of potential greenwashing practice

- a) Selective disclosure or hidden trade-off
- b) Empty claims (exaggerated claims and/or failure to deliver on claims)
- c) Omission or lack of disclosure
- d) Vagueness or ambiguity or lack of clarity
- e) Inconsistency across various disclosures and communications (marketing, regulatory, website, etc)
- f) Lack of fair and meaningful comparisons, thresholds and/or underlying assumptions
- g) No proof (unsubstantiated)
- h) Misleading / suggestive non-textual imagery and/or sounds
- i) Irrelevance
- j) Outdated information
- k) Misleading / suggestive use of ESG-related terminology (naming-related greenwashing)
- l) Outright lie (false)
- m) Other (please specify)

Q A.12.11: Please identify the communication channels through which this example of potential greenwashing practice have been communicated

- a) Regulatory documents (including Key Investor Documents or Key Information Documents, Prospectuses, Financial statements, Management Reports, Non-Financial Statements, Benchmark statements and methodology documents, insurance-product information documents, pension benefit statements, etc.) and/or any mandatory disclosures
- b) Ratings (ESG ratings and/or other ESG data products)
- c) Benchmarks
- d) Labels
- e) Product information (including internal classifications, and internal target market, product testing and distribution strategy related documentation)
- f) Intermediary/advice information
- g) Marketing materials (including website, social media, advertising)
- h) Voluntary reporting, falling outside previous categories as reported on a voluntary basis
- i) Other, please specify

Other, please specify

4000 character(s) maximum

Collaborative Initiatives

Q A.12.12: Please indicate below if the potential greenwashing practice relates to a stage of the product lifecycle or to business model/management:

- a) Product manufacturing

- b) Product delivery – marketing: advertisements, non-regulatory information
- c) Product delivery – regulatory disclosure
- d) Product delivery – distribution channels
- e) Product delivery – sales: information asymmetry (this includes under or over emphasis of certain product features)
- f) Product delivery – sales: misselling due to misleading information/disclosure
- g) Product delivery – sales: misselling due to unsuitable product
- h) Product delivery – sales: incentives at point of sale
- i) Product management – product monitoring, product review, ongoing product disclosure
- j) Business model at entity level – value chain, group structure, innovation/digitalization, outsourcing
- k) Business management at entity level – culture, governance arrangements, systems and processes)
- l) Not enough information to determine this
- m) Other (please specify)

Q A.12.13: Is the example of the potential greenwashing practice related to any of the following situations?

- a) Mis-selling (i.e. transaction or investment decisions not actually reflecting the actual preferences of the consumer or investor)
- b) Misclassification
- c) Mis-labelling
- d) Naming
- e) Market-abuse (typically consists of insider dealing, unlawful disclosure of inside information and market manipulation)
- f) Other, please specify

Q A.12.14: Is this example of potential greenwashing practice the result of a lack of compliance with current EU or national sustainable finance legislation requirements?

- a) Yes
- b) No
- c) Partially
- d) Do not know

Q A.12.15: Does this example of potential greenwashing practice relate to a third country entity providing financial services in the EU?

- a) Yes
- b) No

Q A.12.16: If available, please include references/links to supporting materials substantiating this example of potential greenwashing practice. As mentioned above, greenwashing cases reported in this CfE are mainly sought for the purpose of informing the advice which the ESAs would provide to the European Commission. Therefore, you may either give full details about the actual names of the entities or products involved in a potential greenwashing practice, or you may refer to them as 'entity X', 'product Y'.

If the cumulated document size exceeds 5 MB, please send us the supporting documents by email (EBA: EBA.Greenwashing@eba.europa.eu, EIOPA: ESAsGreenwashingCfE2022@eiopa.europa.eu, ESMA: ESMA.Greenwashing@esma.europa.eu) by following the below naming convention: Q12.16_Respondent name_example_x, where x=1 to how many examples you choose to upload.

Q A.12.16.1: All examples received will be published following the deadline, unless you request otherwise. Please tick this box if you want this example to remain confidential:

- I want this example to remain confidential

Thank you for sharing this example of potential greenwashing practices.

Q A.12.17 Would you like to add another example of potential greenwashing practice?

- a) Yes
 b) No

Q A.12.2: (If yes) if you have, briefly describe this example of potential greenwashing practice, including the potentially misleading sustainability-related claims identified, a short description of the product, service or entity (as applicable) and of the claim. Please also provide information on how you identified / found out about this case.

Colloborative engagement without action

Multiple shareholder resolutions in 2022 flagged by Climate Action 100 plus (CA100+) on decarbonisation issues at energy companies did not receive majority support. ShareAction research shows that five CA100+ members, including four of the five largest asset managers in the world, voted against the majority of these resolutions. Common justifications given for voting against these resolutions include that they are not in shareholders' best interests or that the company already provides sufficient disclosure. However, all seven resolutions were on climate-related issues that pose material transition risks to energy company and therefore to the managers' clients. If CA100+ does not ask tougher questions of its members to remain signatories, the initiative risks enabling laggard managers to greenwash their performance. The progress report 2021 of CA100+ itself shows that after 4 years of engagement, only 19% of 166 target companies (i.e. 23 companies) has a satisfactory de-carbonisation strategy, while 1% had aligned their capital allocation plans. For CA100+ to claim that members are "driving faster corporate climate action in line with the global goal of reaching net-zero emissions by 2050 or sooner" can be seen as a form of greenwashing. (More information in forthcoming ShareAction publication "Voting Matters", to be published in Q1 2023.)

Q A.12.3: Please indicate if you consider this as an example of potential entity-level or product/service-level greenwashing practice

- a) Entity level
 b) Product / service level
 c) Both entity and product / service level
 d) Not enough information to determine this

Q A.12.5: Please indicate the sectors by which this example of potential greenwashing practice was triggered:

- a) Issuers (other than credit institutions)
 b) ESG data and rating providers
 c) Credit rating agencies
 d) Benchmark administrators
 e) Investment services providers
 f) Investment managers
 g) Insurance undertakings
 h) Insurance intermediaries
 i) Occupational pension schemes providers
 j) Pension funds

- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.6: According to you, was the entity triggering this potential greenwashing practice acting:

- a) Intentionally
- b) Non-intentionally
- c) I do not know

Q A.12.7: If applicable, please indicate the stakeholders which acted, intentionally or non-intentionally, as spreader:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.8: Please indicate the stakeholders which were the receivers of this example of potential greenwashing practice

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
-

- o) Corporates
- p) Retail investors / Consumers
- q) General public
- r) Not enough information to determine this
- s) other (please specify)

Q A.12.9: Please identify the most relevant topic(s) in this example of potential greenwashing practice:

- a) Board and senior management's role in sustainability (Topic 1, i)
- b) ESG corporate resources and expertise (Topic 1, ii)
- c) ESG strategy, objectives, characteristics (Topic 2, i)
- d) Sustainability management policies (Topic 2, ii)
- e) ESG qualifications / labels / certificates (Topic 2, iii)
- f) Engagement with stakeholders (Topic 2, iv)
- g) ESG performance to date (including metrics for impact claims) (Topic 3, i)
- h) Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)

Q A.12.10: Please identify the most relevant misleading characteristics of communication in this example of potential greenwashing practice

- a) Selective disclosure or hidden trade-off
- b) Empty claims (exaggerated claims and/or failure to deliver on claims)
- c) Omission or lack of disclosure
- d) Vagueness or ambiguity or lack of clarity
- e) Inconsistency across various disclosures and communications (marketing, regulatory, website, etc)
- f) Lack of fair and meaningful comparisons, thresholds and/or underlying assumptions
- g) No proof (unsubstantiated)
- h) Misleading / suggestive non-textual imagery and/or sounds
- i) Irrelevance
- j) Outdated information
- k) Misleading / suggestive use of ESG-related terminology (naming-related greenwashing)
- l) Outright lie (false)
- m) Other (please specify)

Q A.12.11: Please identify the communication channels through which this example of potential greenwashing practice have been communicated

- a) Regulatory documents (including Key Investor Documents or Key Information Documents, Prospectuses, Financial statements, Management Reports, Non-Financial Statements, Benchmark statements and methodology documents, insurance-product information documents, pension benefit statements, etc.) and/or any mandatory disclosures
- b) Ratings (ESG ratings and/or other ESG data products)
- c) Benchmarks
- d) Labels
- e) Product information (including internal classifications, and internal target market, product testing and distribution strategy related documentation)
- f) Intermediary/advice information
- g) Marketing materials (including website, social media, advertising)
- h) Voluntary reporting, falling outside previous categories as reported on a voluntary basis

- i) Other, please specify

Other, please specify

4000 character(s) maximum

Membership of collaborative initiative

Q A.12.12: Please indicate below if the potential greenwashing practice relates to a stage of the product lifecycle or to business model/management:

- a) Product manufacturing
- b) Product delivery – marketing: advertisements, non-regulatory information
- c) Product delivery – regulatory disclosure
- d) Product delivery – distribution channels
- e) Product delivery – sales: information asymmetry (this includes under or over emphasis of certain product features)
- f) Product delivery – sales: misselling due to misleading information/disclosure
- g) Product delivery – sales: misselling due to unsuitable product
- h) Product delivery – sales: incentives at point of sale
- i) Product management – product monitoring, product review, ongoing product disclosure
- j) Business model at entity level – value chain, group structure, innovation/digitalization, outsourcing
- k) Business management at entity level – culture, governance arrangements, systems and processes)
- l) Not enough information to determine this
- m) Other (please specify)

Q A.12.13: Is the example of the potential greenwashing practice related to any of the following situations?

- a) Mis-selling (i.e. transaction or investment decisions not actually reflecting the actual preferences of the consumer or investor)
- b) Misclassification
- c) Mis-labelling
- d) Naming
- e) Market-abuse (typically consists of insider dealing, unlawful disclosure of inside information and market manipulation)
- f) Other, please specify

Q A.12.14: Is this example of potential greenwashing practice the result of a lack of compliance with current EU or national sustainable finance legislation requirements?

- a) Yes
- b) No
- c) Partially
- d) Do not know

Q A.12.15: Does this example of potential greenwashing practice relate to a third country entity providing financial services in the EU?

- a) Yes
- b) No

Q A.12.16: Please include references/links to supporting materials substantiating this example of potential greenwashing practice. As mentioned above, greenwashing cases reported in this CfE are mainly sought for the purpose of informing the advice which the ESAs would provide to the European Commission. Therefore, you may either give full details about the actual names of the entities or products involved in a potential greenwashing practice, or you may refer to them as 'entity X', 'product Y'. If the cumulated document size exceeds 5 MB, please send us the supporting documents by email (EBA: EBA.Greenwashing@eba.europa.eu, EIOPA: ESAsGreenwashingCfE2022@eiopa.europa.eu, ESMA: ESMA.Greenwashing@esma.europa.eu) by following the below naming convention: Q12.16_Respondent name_example_x, where x=1 to how many examples you choose to upload.

Q A.12.16.1: All examples received will be published following the deadline, unless you request otherwise. Please tick this box if you want this example to remain confidential:

I want this example to remain confidential

Thank you for sharing this example of potential greenwashing practices.

Q A.12.17 Would you like to add another example of potential greenwashing practice?

- a) Yes
 b) No

Q A.12.2: (If yes) if you have, briefly describe this example of potential greenwashing practice, including the potentially misleading sustainability-related claims identified, a short description of the product, service or entity (as applicable) and of the claim. Please also provide information on how you identified / found out about this case.

Avoiding problems instead of addressing them

Many sustainability labelled funds have their biggest holdings in tech or services sector stocks, with the rationale that they don't have emissions. However, an ordinary investor trying to ensure their capital is doing some good might reasonably assume a "sustainable" fund is one that invests in companies that are trying to advance sustainability, either through developing sustainable solutions or deploying those solutions (high-carbon companies wanting to transition). Instead, their capital is being invested in stocks (eg Microsoft Corp) that do nothing to advance sustainability. They are inherently sustainable-agnostic. So instead of being invested to "address the problem", so-called sustainable funds are investing to "avoid the problem".

Q A.12.3: Please indicate if you consider this as an example of potential entity-level or product/service-level greenwashing practice

- a) Entity level
 b) Product / service level
 c) Both entity and product / service level
 d) Not enough information to determine this

Q A.12.4: In case of product / service level example, what was the asset class/ type of financial product in question?

- a) Equity (Common shares, other equity instruments)
 b) Fixed income (Green Bonds, Social Bonds and other Use of Proceeds (UoP) bonds, Sustainability-linked bonds, Common corporate bonds, Common government bonds or other fixed income securities)
 c) Derivatives (ESG derivatives including those with an ESG underlying and with an ESG performance target, other derivatives)

- d) Alternative investments (infrastructure, private equity)
- e) Funds, such as UCITS funds and AIFs (excluding ETFs), ETFs, Private Equity funds or other funds (e.g. Hedge Funds, ELTIFs); Benchmarks, such as PAB and CTB Climate Benchmarks, other climate benchmarks or ESG benchmarks
- f) Other MiFID II instruments (Securitisations)
- g) Insurance-based investment products (IBIPs) (including those with sustainability features)
- h) Other life insurance products
- i) Non-life insurance products
- j) Pan-European personal pension product (including those with sustainability features)
- k) Occupational pension scheme
- l) Corporate finance including project finance or specialised lending
- m) Loan to retail and SMEs including consumer loans, mortgages,) credit cards
- n) Payment services (including online)
- o) Other products or services (please specify)
- p) Not enough information to determine this

Q A.12.5: Please indicate the sectors by which this example of potential greenwashing practice was triggered:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.6: According to you, was the entity triggering this potential greenwashing practice acting:

- a) Intentionally
- b) Non-intentionally
- c) I do not know

Q A.12.7: If applicable, please indicate the stakeholders which acted, intentionally or non-intentionally, as spreader:

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
-

- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Not enough information to determine this
- p) Other (please specify)

Q A.12.8: Please indicate the stakeholders which were the receivers of this example of potential greenwashing practice

- a) Issuers (other than credit institutions)
- b) ESG data and rating providers
- c) Credit rating agencies
- d) Benchmark administrators
- e) Investment services providers
- f) Investment managers
- g) Insurance undertakings
- h) Insurance intermediaries
- i) Occupational pension schemes providers
- j) Pension funds
- k) PEPP manufacturers
- l) PEPP distributors
- m) Credit institutions
- n) Payment service providers
- o) Corporates
- p) Retail investors / Consumers
- q) General public
- r) Not enough information to determine this
- s) other (please specify)

Q A.12.9: Please identify the most relevant topic(s) in this example of potential greenwashing practice:

- a) Board and senior management's role in sustainability (Topic 1, i)
- b) ESG corporate resources and expertise (Topic 1, ii)
- c) ESG strategy, objectives, characteristics (Topic 2, i)
- d) Sustainability management policies (Topic 2, ii)
- e) ESG qualifications / labels / certificates (Topic 2, iii)
- f) Engagement with stakeholders (Topic 2, iv)
- g) ESG performance to date (including metrics for impact claims) (Topic 3, i)
- h) Pledges about future ESG performance (ESG targets, including net-zero commitments; transition plan, taxonomy alignment plans) (Topic 3, ii)

Q A.12.10: Please identify the most relevant misleading characteristics of communication in this example of potential greenwashing practice

- a) Selective disclosure or hidden trade-off

- b) Empty claims (exaggerated claims and/or failure to deliver on claims)
- c) Omission or lack of disclosure
- d) Vagueness or ambiguity or lack of clarity
- e) Inconsistency across various disclosures and communications (marketing, regulatory, website, etc)
- f) Lack of fair and meaningful comparisons, thresholds and/or underlying assumptions
- g) No proof (unsubstantiated)
- h) Misleading / suggestive non-textual imagery and/or sounds
- i) Irrelevance
- j) Outdated information
- k) Misleading / suggestive use of ESG-related terminology (naming-related greenwashing)
- l) Outright lie (false)
- m) Other (please specify)

Q A.12.11: Please identify the communication channels through which this example of potential greenwashing practice have been communicated

- a) Regulatory documents (including Key Investor Documents or Key Information Documents, Prospectuses, Financial statements, Management Reports, Non-Financial Statements, Benchmark statements and methodology documents, insurance-product information documents, pension benefit statements, etc.) and/or any mandatory disclosures
- b) Ratings (ESG ratings and/or other ESG data products)
- c) Benchmarks
- d) Labels
- e) Product information (including internal classifications, and internal target market, product testing and distribution strategy related documentation)
- f) Intermediary/advice information
- g) Marketing materials (including website, social media, advertising)
- h) Voluntary reporting, falling outside previous categories as reported on a voluntary basis
- i) Other, please specify

Q A.12.12: Please indicate below if the potential greenwashing practice relates to a stage of the product lifecycle or to business model/management:

- a) Product manufacturing
- b) Product delivery – marketing: advertisements, non-regulatory information
- c) Product delivery – regulatory disclosure
- d) Product delivery – distribution channels
- e) Product delivery – sales: information asymmetry (this includes under or over emphasis of certain product features)
- f) Product delivery – sales: misselling due to misleading information/disclosure
- g) Product delivery – sales: misselling due to unsuitable product
- h) Product delivery – sales: incentives at point of sale
- i) Product management – product monitoring, product review, ongoing product disclosure
- j) Business model at entity level – value chain, group structure, innovation/digitalization, outsourcing
- k) Business management at entity level – culture, governance arrangements, systems and processes)
- l) Not enough information to determine this
- m) Other (please specify)

Q A.12.13: Is the example of the potential greenwashing practice related to any of the following situations?

- a) Mis-selling (i.e. transaction or investment decisions not actually reflecting the actual preferences of the consumer or investor)
- b) Misclassification
- c) Mis-labelling
- d) Naming
- e) Market-abuse (typically consists of insider dealing, unlawful disclosure of inside information and market manipulation)
- f) Other, please specify

Q A.12.13.1: If yes, please explain in further details how:

4000 character(s) maximum

Instead of being invested to "address the problem", so-called sustainable funds are investing to "avoid the problem".

Q A.12.14: Is this example of potential greenwashing practice the result of a lack of compliance with current EU or national sustainable finance legislation requirements?

- a) Yes
- b) No
- c) Partially
- d) Do not know

Q A.12.14.1: If a) or c), please explain below

4000 character(s) maximum

The EU Sustainable Finance Disclosure regulation, aimed at combatting greenwashing, was clearly constructed as a disclosure regime, but in its implementation and interpretation turned into a de facto labelling regime, hereby creating conditions for continued misrepresentation of sustainability claims.

The often used references to "light green" and "dark green" can easily be misinterpreted as under the SFDR rules funds are able to brand themselves green despite having for instance exposure to fossil fuels, or as described in the above example not actually trying to advance sustainability.

The mislabelling and misclassification predate the SFDR implementation, but have also manifested as part of SFDR disclosures.

Q A.12.15: Does this example of potential greenwashing practice relate to a third country entity providing financial services in the EU?

- a) Yes
- b) No

Q A.12.16: Please include references/links to supporting materials substantiating this example of potential greenwashing practice. As mentioned above, greenwashing cases reported in this CfE are mainly sought for the purpose of informing the advice which the ESAs would provide to the European Commission. Therefore, you may either give full details about the actual names of the entities or products involved in a potential greenwashing practice, or you may refer to them as 'entity X', 'product Y'. If the cumulated document size exceeds 5 MB, please send us the supporting documents by email (EBA: EBA.Greenwashing@eba.europa.eu, EIOPA:

ESAsGreenwashingCfE2022@eiopa.europa.eu, ESMA: ESMA.Greenwashing@esma.europa.eu) by following the below naming convention: Q12.16_Respondent name_example_x, where x=1 to how many examples you choose to upload.

Q A.12.16.1: All examples received will be published following the deadline, unless you request otherwise. Please tick this box if you want this example to remain confidential:

- I want this example to remain confidential

Thank you for sharing this example of potential greenwashing practices.

Q A.12.17 Would you like to add another example of potential greenwashing practice?

- a) Yes
- b) No

Q A.13: Do you want to raise any additional points that was not included in this survey?

There is a danger that anti-greenwashing efforts are focussed too much at the product level. Focussing an organisation’s communication exclusively on offering sustainable products (even if those products are beyond any greenwashing doubt) might in itself be an act of greenwashing at entity level if – intentionally or unintentionally – attention is deflected from other products that undermine sustainability objectives.

D. EBA section of the CfE

Greenwashing in the context of credit institutions, investment firms and payment service providers’ activities

Types and forms of greenwashing

The questions below aim at identifying the most common forms and types of greenwashing that may occur within **credit institutions, investment firms and payment service providers**. For some of the items listed, please provide a score from 1 (i.e. 'Very unlikely') to 5 (i.e. 'Very likely'), a brief explanation of the score when deemed relevant as well as some examples of how greenwashing may occur. Respondents are encouraged to provide a score to each item but may choose not to respond to some items (by reporting 0 'Don't know') if they consider themselves not in a position to express view.

Question D.1: In the context of ESAs’ work on greenwashing, claims on environmental (e.g., climate-related) and /or social (e.g., human rights) and/or governance (e.g. director’s duties) topics are considered. Based on your experience/knowledge, please indicate which of the following topics may be prone to the occurrence of greenwashing practices by EU banks, investment firms and payment service providers. [For each of the following items, please provide a score from 1 (i.e. 'Very unlikely') to 5 (i.e. 'Very likely'), or 0 ('Don't know')]:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Misleading claim on E topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

2. Misleading claim on S topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
3. Misleading claim on G topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
4. Misleading claims on combined E and S topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
5. Misleading claims on combined S and G topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
6. Misleading claims on combined E and G topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
7. Misleading claims on combined ESG topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please briefly elaborate on your assessment:

4000 character(s) maximum

Both claims regarding environmental and social objectives are frequently made by banks, investment firms and payment service providers regarding their products and entities.

ShareAction research shows that while 20 of Europe's 25 largest banks have pledged to reach net-zero emissions by 2050 at the latest, none have matched these long-term ambitions with comprehensive plans to avert climate change and biodiversity loss. Read more in our report here: <https://shareaction.org/news/new-research-puts-big-banks-sustainability-claims-in-doubt>

Question D.2: In the context of **credit institutions**, please indicate which of the following areas may be prone to the occurrence of greenwashing practices? [For each of the following items, please provide a score from 1 (i.e. 'Very unlikely') to 5 (i.e. 'Very likely') or 0 ('Don't know')].

D.2.1. Institution level:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely/likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Green/ sustainability-related claim on the business strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Green/ sustainability-related claim on the corporate governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Green/ sustainability-related claim on other entity-specific aspects (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify 'other entity specific aspects' (referred to in point 3) here:

50 character(s) maximum

D.2.2. Product and service level:

D.2.2.1. Green/ sustainability-related claim on retail and SME banking products and services including the following:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely/likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Consumer loans	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Mortgages	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Deposits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

D.2.2.2. Green/ sustainability-related claims on corporate and investment banking products and services including the following:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely/likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Specialised lending and project finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Venture capital and private equity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Corporate bonds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
4. Sustainability bonds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
5. Portfolio management and investment advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
6. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

D.2.2.3. Green/ sustainability-related claims on own funds, funding and liquidity instruments, including the following:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Capital instruments (common equity, other equity)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Bonds of which proceeds are used to finance green or social projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Sustainability-linked bonds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
4. Regular bonds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Securitisations	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Covered bonds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

D.2.2.4. Green/ sustainability-related claims on the financing of governments, regional authorities, and public sector entities

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
Claims on financing of governments, regional authorities, and public sector entities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D.2.2.5. Green/ sustainability-related claims on payment account and (online) payment services

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
Claims on payment account and (online) payment services	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D.2.2.6. Green/ sustainability-related claims on other products and services

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
Claims on other products and services (please specify below)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other products and services' here:

50 character(s) maximum

Please elaborate on your assessment to any points of Question D.2:

4000 character(s) maximum

Sustainability-Linked bonds that a) have features (e.g. coupon step-ups) that are too insignificant to credibly motivate action and/or fail to quantify the contribution they expect to make to the ultimate problem should be considered as greenwashing activity. Also, KPIs that coupons are linked to may not relate to the most central sustainability concern associated with the company - e.g., operational improvements for oil & gas companies or board diversity for companies with huge environmental footprints – but give the impression of financial flows being re-routed to address these problems

By publishing sustainability objectives for particular forms of lending (e.g. project finance) without applying

the same objectives to other forms of lending (e.g. general purpose lending or arranging of corporate bonds to/for a corporate entity), the former may be greenwashing at the entity's strategy level. ShareAction's banking survey finds that no bank consistently reports on green/sustainable finance volumes, resulting in a possible inaccurate picture of the volume of financing dedicated to climate/environment (p68 - https://api.shareaction.org/resources/reports/ShareAction_Banking_Survey_2022-final.pdf)

Question D.3: In the context of **investment firms** please indicate which of the following areas may be prone to the occurrence of greenwashing practices? [For each of the following items, please provide a score from 1 (i.e. 'Very unlikely') to 5 (i.e. 'Very likely') or 0 ('Don't know')]

D.3.1. Institution level:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Green/ sustainability related claim on the business strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Green/ sustainability related claim on the corporate governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Green/ sustainability related claim on other entity-specific aspects (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'other entity specific aspects' (referred to in point 3) here:

50 character(s) maximum

D.3.2. Product and service level:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Green/ sustainability related claim on portfolio management activities and investment advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Green/ sustainability related claim on underwriting of financial products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
3. Green/ sustainability related claim on trading on own account activities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Green/ sustainability related claim on payment services (e.g. offsetting, clearing, reception transmission of orders)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Green/ sustainability related claim on other services and products (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'other services and products' (referred to in point 5) here:

50 character(s) maximum

Please elaborate on your assessment of any points of Question D.3:

4000 character(s) maximum

A lack of transparency around objectives, accountability and outcomes risks of sustainability-focused collaborative initiatives like Climate Action 100+ allow investors to greenwash their brands by signing up to the initiative, without using their influence to drive emissions reductions. A recent ShareAction study found that:

- Climate engagement strategies are often inadequately articulated, or not at all;
- Aggregate engagement reporting is inconsistent and vague;
- Climate engagement case studies are of low quality; and
- Signatories often highlight their involvement with CA100+, but rarely report -details of activities and outcomes.

Read more here: <https://shareaction.org/reports/power-in-numbers-an-assessment-of-ca100-engagement-on-climate-change>

Question D.4: In the context of **payment service providers** that are not credit institutions, please indicate which of the following areas may be prone to the occurrence of greenwashing practices? [For each of the following items, please provide a score from 1 (i.e., 'Very unlikely') to 5 (i.e., 'Very likely') or 0 ('Don't know')]

D.4.1. Institution level:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Green/ sustainability related claim on the business strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Green/ sustainability related claim on corporate governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Green/ sustainability related claim on other entity-specific aspects (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'other entity specific aspects' (referred to in point 3) here:

50 character(s) maximum

D.4.2. Product and service level:

	1 (Very unlikely)	2 (Unlikely)	3 (Neither unlikely /likely)	4 (Likely)	5 (Very likely)	0 (Don't know)
1. Green/ sustainability related claim on online payment services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Green/ sustainability related claim on crypto currencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Other products and services (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'other products and services' (referred to in point 3) here:

50 character(s) maximum

Please elaborate on your assessment of any points of Question D.4:

4000 character(s) maximum

Question D.5: Please fill-in the two tables below on a best effort basis with some illustrative examples of potential greenwashing (one cell can include several examples).

D.5.1. At product and service level:

	Retail banking	Corporate banking	Investment services	Payment services and electronic currencies	Own funds, funding and liquidity instruments
1. Misleading statements on the current sustainability characteristics (i.e. how sustainability is taken into account in the current objective, design, practice or strategy) <i>E.g., Incorrect disclosures on EU taxonomy alignment (green asset ratio) of mortgages and car portfolios.</i>		Showcasing the syndication of green or SLB bonds without mentioning the syndication of securities from fossil-heavy companies	Offering investment funds as sustainable that hold fossil fuel assets		
2. Misleading statements on the sustainability results and/ or 'real world' impact of a product, service, financial instrument, or entity. <i>E.g., Unsubstantiated claim that ascertains that a green loan/ investment (e.g., in energy improvement) will allow the customer to reduce home energy consumption by X%.</i>			Implying that ESG integration leads to more sustainable outcomes when it is only meant to mitigate financially material risk.		
3. Misleading statements on the future sustainability commitments relying on medium and/or long-term plan (e.g., future GHG emissions reduction, transition to carbon neutrality). <i>E.g., Companies making public commitments to reduce scope 3 emissions and/or reach net zero</i>		Misleading KPIs on SLLs to certain sectors give the impression that e. g., the bank is supporting key climate objectives of that sector when the KPIs are not disclosed alongside volumes. Inaccurate reporting on green finance			

emissions for a given retail portfolio (e.g., mortgages, car loans) but transition plan is not credible.

volumes may inflate an organisation's contribution to climate finance gap.

D.5.2. At entity level

	Business strategy	Internal corporate governance
<p>1. Misleading statements on the current sustainability characteristics (i.e. how sustainability is taken into account in the current objective, design, practice or strategy) <i>E.g., Incorrect disclosures on EU taxonomy alignment (green asset ratio) of mortgages and car portfolios.</i></p>	<p>Signing up to collaborative engagement initiatives that lack ambition sufficient to reach its objective.</p>	<p>Signing up to collaborative engagement initiatives that lack ambition sufficient to reach its objective.</p>
<p>2. Misleading statements on the sustainability results and/ or 'real world' impact of a product, service, financial instrument, or entity. <i>E.g., Unsubstantiated claim that ascertains that a green loan/ investment (e.g., in energy improvement) will allow the customer to reduce home energy consumption by X%.</i></p>		
<p>3. Misleading statements on the future sustainability commitments relying on medium and/or long-term plan (e.g., future GHG emissions reduction, transition to carbon neutrality). <i>E.g., Companies making public commitments to reduce scope 3 emissions and/or reach net zero emissions for a given retail portfolio (e.g., mortgages, car loans) but transition plan is not credible.</i></p>	<p>Signing up to collaborative Net-zero initiatives without engaging in the development of short-term targets for lending businesses' financed emissions</p> <p>Misleading KPIs on SLLs to certain sectors give the impression that e.g., the bank is supporting key climate objectives of that sector when the KPIs are not disclosed alongside volumes.</p> <p>Inaccurate reporting on green finance volumes may inflate an organisation's contribution to climate finance gap.</p>	<p>Signing up to collaborative Net- zero initiatives without engaging in the development of short-term targets for portfolios' financed emissions.</p>

Scale and prevalence of greenwashing

The questions below aim at assessing the overall materiality, understood as the scale and prevalence, of greenwashing practices by credit institutions, investment firms and payment service providers.

Please elaborate and provide any justification or evidence underlying your response, whenever possible.

Question D.6: In your view, the materiality of greenwashing by **credit institutions**, is:

	Low	Medium	High	Don't know
1. Currently	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Going forward	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please briefly elaborate on your assessment:

4000 character(s) maximum

As the controversy around the commitment to UN rate-to-zero targets by GFANZ showed, banks are paying lip service to sustainability objectives without being willing to commit to action required, e.g. stopping financing new oil & gas fields and coal expansion. (Source: <https://www.esgtoday.com/mark-carney-led-gfanz-drops-requirement-for-race-to-zero-commitment/>)

Question D.7: In your view, the materiality of greenwashing by **investment firms** is:

	Low	Medium	High	Don't know
1. Currently	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Going forward	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please briefly elaborate on your assessment:

4000 character(s) maximum

As the withdrawal of Vanguard from the Net-zero Asset Manager Initiative showed, investment firms are willing to pay lip service to sustainability objectives without being willing to commit to action required. (Source: <https://www.reuters.com/business/sustainable-business/vanguard-quits-net-zero-climate-alliance-2022-12-07/>)

Question D.8: In your view, the materiality of greenwashing by **payment service providers** is:

	Low	Medium	High	Don't know
1. Currently	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Going forward	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please briefly elaborate on your assessment:

4000 character(s) maximum

Question D.9: Greenwashing can also generate financial risks to institutions. For credit institutions, what would be the risks most impacted by greenwashing? [For each of the following items, please provide a score from 1 (i.e. 'Extremely irrelevant') to 5 (i.e. Extremely relevant') or 0 ('Don't know'), and elaborate if deemed appropriate].

	1 (Extremely irrelevant)	2 (Irrelevant)	3 (Neither irrelevant /relevant)	4 (Relevant)	5 (Extremely relevant)	0 (Don't know)
1. Operational risk including losses related to litigation and liability risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. Conduct risk	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Reputational risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
4. Strategic and business risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
5. Funding risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
6. Liquidity risk	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Credit risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
8. Market risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
9. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other' here:

50 character(s) maximum

Please briefly elaborate on your assessment. On an optional basis, you may also indicate what types of risks other (non-credit) institutions would be most materially exposed to as a result of greenwashing in your opinion.

4000 character(s) maximum

Question D.10: In your view, the potential overall impact of greenwashing (understood here as any detriment that greenwashing may cause, including in terms of financial implications but not limited to) is:

	Low	Medium	High	Don't know
1. For the credibility of sustainable financial markets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2. For end-investors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
3. For individual customers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
4. For individual institutions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
5. For national (if applicable) financial stability	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
6. For the EU financial stability	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please briefly elaborate on your assessment:

4000 character(s) maximum

While the immediate risk appears to be to end investors, by misrepresenting sustainability efforts at entity and industry level and deceiving about levels of preparedness, the effects of climate emergency are inevitably going to surprise, thus leading to risks up to the EU systemic level.

Addressing greenwashing risks

The questions below aim at identifying the potential challenges to prevent greenwashing and at determining how greenwashing risk within EU credit institutions, investment firms and payment service providers could be further tackled. For some of the items listed, please provide a score from 1 (i.e., 'extremely irrelevant') to 5 (i.e., 'extremely relevant'), a brief explanation of the score as well as any justification or evidence underlying your response, whenever possible. Respondents are encouraged to provide a score to each item but may choose not to respond to some items (by reporting 0 ('Don't know')) if they consider themselves not in a position to express their view.

Question D.11: What are the main challenges to address greenwashing risk? [For each of the following items, please provide a score from 1 (i.e., 'Extremely irrelevant') to 5 (i.e., 'Extremely relevant'), or 0 ('Don't know')]

	1 (Extremely irrelevant)	2 (Irrelevant)	3 (Neither irrelevant /relevant)	4 (Relevant)	5 (Extremely relevant)	0 (Don't know)
1. Lack of relevant and reliable data on the sustainability credentials, performance and/or impact	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Uncertainty/ambiguity about sustainability standards, sustainability benchmarks, and sustainability eligibility criteria	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Lack of internal resources and knowledge to implement and monitor sustainability standards	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Lack of third-party verification or supervision	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Inappropriate legal basis and tool to investigate and take legal actions against greenwashing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
6. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

Please briefly elaborate on your assessment:

4000 character(s) maximum

A definition of greenwashing too narrowly focussed on evidencing positive 'real-world' impact of products, thus neglecting the negative impacts of entities' overall financed emissions.

Question D.12: For institutions, which of the following types of tools and processes are used internally to address greenwashing?

- Tools and processes for (only) greenwashing specifically
- Tools and processes related to regular business conduct, risk management and regulatory compliance
- None

Please briefly elaborate on your assessment:

4000 character(s) maximum

Question D.13: For institutions, what are the most important tools and processes you have in place (or are planning to put in place) to limit and address greenwashing risk. [For each of the following items, please provide a score from 1 (i.e., 'Extremely irrelevant') to 5 (i.e., 'Extremely relevant'), or 0 ('Don't know').

D.13.1. At institution level:

	1 (Extremely irrelevant)	2 (Irrelevant)	3 (Neither irrelevant/relevant)	4 (Relevant)	5 (Extremely relevant)	0 (Don't know)
1. Monitoring of factors and events that may give rise to reputational concerns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Code of conduct	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Remuneration policies for sales staff that aim at mitigating the risk of mis-selling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Prudent communication for all sustainability -related communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Internal control mechanism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

D.13.2. At product/service level:

	1 (Extremely irrelevant)	2 (Irrelevant)	3 (Neither irrelevant /relevant)	4 (Relevant)	5 (Extremely relevant)	0 (Don't know)
1. Applying market guidance and/or standards that contribute to anchor definitions and criteria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Using external reviews and third verification parties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Establishing a clear list of eligible projects and activities for sustainability lending/finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Clear new product approval process and policy that applies to sustainability products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other':

50 character(s) maximum

Please briefly elaborate on your assessment:

4000 character(s) maximum

Question D.14: In your opinion, to what extent is (or will) the EU regulations (or projects) on sustainable finance (e.g., Taxonomy regulation, EU Green Bond Standard, Eco-label project, SFDR and associated level 2 regulations, Pillar 3 ESG risks requirements under CRR, CSRD) help addressing greenwashing risk within EU banks, investment firms and payment service providers?

Please also comment on the expected benefits as well as on the potential shortcomings you may see in these regulations/projects presently?

4000 character(s) maximum

By requiring sustainability reporting through SFDR and CSRD, stakeholders and/or regulators can better form an opinion on the sustainability qualities of a particular financial product or entity which greatly enhances the ability to address greenwashing. At the same time, the sustainable finance package falls short of preventing greenwashing and making financial market participants operate in line with the EU's sustainability objectives. We recommend to:

- Review SFDR: There is no requirement for Article 8 and Article 9 products to reveal the intended investor impact, which opens the door for greenwashing. In addition, under Article 8, there are no regulatory criteria to specify eligible investment targets, investing styles, investing tools, strategies or methodologies to be employed. Article 9 merely refers to 'investing in an economic activity that has a positive impact.' As such, it fails to consider what role the investor may have played in bringing about or increasing this positive impact. We recommend to develop minimum criteria for both Article 8 and Article 9 products. Read our Joint NGOs and consumer recommendations for minimum criteria here: <https://shareaction.org/policies/joint-ngos-and-consumer-recommendations-for-minimum-criteria-for-sustainable-investments-and-products-with-esg-characteristics>
- Complete the EU Taxonomy: Taxonomy compliant investments reflect economic activities that are environmentally sustainable but do not necessarily bring about positive change. Most of the economy is not yet sustainable and needs to transition. Adding a transition ("amber") and harmful ("red") category, the extended taxonomy will provide a framework for investors to identify areas for urgent action in their portfolios and boost transition finance. The amber category will allow institutions to steer urgent investments toward transition finance. It also allows investors to understand where they should target engagement and escalation to incentivise companies to take action on climate.
- Go beyond disclosure: although various disclosure mechanisms allow investors and regulators to form an opinion on the sustainability qualities of a particular financial product or entity, we are of the opinion that the sustainable finance framework needs to be completed by adding stronger behavioural requirements, such as proposed by the European Commission in the Corporate Sustainability Due Diligence Directive. (Read more here: <https://shareaction.org/policies/the-role-of-financial-institutions-in-the-corporate-sustainability-due-diligence-directive>)
- Review the Shareholders Rights Directive: Engagement with companies is one of the most impactful tools to drive positive outcomes, but ShareAction research shows that investors are not making sufficient use of it, and that current EU policies fail to promote consistent and strong stewardship practices. Reviewing the Directive is an opportunity to set clear rules on what good engagement looks like, include details of any escalation actions taken, and tighten voting policies and the rules on disclosure of votes. Investors need to

scrutinise company actions and ensure they are genuinely driving a meaningful shift to net zero. (Read our full report on the topic here: <https://shareaction.org/policies/responsible-stewardship-how-the-eu-can-improve-the-shareholder-rights-directive>)

- Provide better guidance on taking a double materiality approach.
- Publish more guidance on the definition of “sustainable”
- Create Safe Harbours for interpretation of such guidance.
- Expand the focus from the risk to the end investor/consumer to the risk to the stability of the financial system stemming from a weakening of mitigation through entity-based greenwashing
- Demand that a Theory of Change in form of a logic model is created for every financial product that makes sustainability claims, providing a straightforward way of assessing greenwashing risk (see ESA Common Section Q.A.8.1)

Question D.15: Beyond the existing and forthcoming implementation of the EU sustainable finance regulations, what actions could be taken to further mitigate greenwashing risk? [For each of the following items, please provide a score from 1 (i.e., 'Extremely irrelevant') to 5 (i.e., 'Extremely relevant'), or '0' if you do not know].

	1 (Extremely irrelevant)	2 (Irrelevant)	3 (Neither irrelevant /relevant)	4 (Relevant)	5 (Extremely relevant)	0 (Don't know)
1. Develop further labels	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Improve supervisory oversight	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Develop regulatory guidance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Further increase transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify 'Other' here:

50 character(s) maximum

Move supervisory oversight from single materiality

Please briefly elaborate on your assessment:

4000 character(s) maximum

An increase in the level of disclosure will need to be matched by a corresponding increase in the level of enforcement. This will most likely be followed by a demand for more clarification by the financial industry.

On an optional basis, please upload any documents (reports, position papers, press articles...) you deem relevant for the purposes of EBA part of the survey on greenwashing:

[7a7d3099-52e6-4f6f-9fde-d6b71d601c7a/2022.02.21-Joint-NGOs-and-consumer-recommendations-for-minimum-criteria-for-Art.-8-9-products.pdf](#)

[ec4f2f88-d562-46e5-bbed-3daa26ec4eaf/Financial-Institutions-in-CSDDD_Joint-Statement.pdf](#)

E. EIOPA section of the CfE

Greenwashing and its risks in the insurance and pensions sectors

Question E.1: Please outline below whether the occurrence of greenwashing can also lead to other risks for insurance or pension providers (e.g., reputational risks, litigation risks, solvency risks):

4000 character(s) maximum

Greenwashing by insurance or pension providers is likely to lead to an underestimating of sustainability-related risks that may impact solvency. Claims by insurance companies and pension providers about the sustainability of their operations and investment could also lead to legal cases against them. In addition, legal action targeting non-financial corporations' greenwashing practices have repercussions for the insurers that provide them with insurance policies: insurers often cover insured's legal defence costs, and if increasing numbers of cases were won, this could lead to rising costs of directors and officers (D&O) liability insurance (which covers companies for such legal claims). In the past four years, D&O insurance prices have already risen because of increasing litigation costs.

Internal monitoring of greenwashing (Targeted stakeholders for this set of questions: insurance and pension providers)

Question E.2: Do you have governance processes to prevent and monitor greenwashing in your institution (e.g., sustainable finance committee)?

- Yes
- No, but you are planning to
- No

Question E.3: Do you have internal tools to monitor greenwashing in your institution (e.g., systems and controls and /or key risk indicators flagging potential greenwashing)?

- Yes
- No, but you are planning to
- No

Internal monitoring of greenwashing (Targeted stakeholders for this set of questions: insurance intermediaries)

Preventing and monitoring greenwashing:

Question E.4: Do you have governance processes to monitor greenwashing in your institution (e.g., sustainable finance committee)?

- Yes
- No, but you are planning to
- No

Other considerations related to the Insurance and Pensions sector

Question E.5: For the insurance and pensions sector, please indicate if the following types of claims can in your view give rise to greenwashing:

Question E.5.1: Misleading claims about the impact of an entity, product or service on environmental or social factors (example: misleading claim about the impact of an entity's activities on the environment)

- Yes
- No
- I don't know

Question E.5.2: Misleading claims about the financial impact of sustainability risks on the entity or on the performance of the product or service (example: misleading claim about the impact of a natural catastrophe on the financial performance of a product)

- Yes
- No
- I don't know

Question E.5.3: If you said yes or no to questions 5.1 and/or 5.2, please explain your reasoning below:

4000 character(s) maximum

Risk management is at the heart of insurers' business. Yet we find that insurers are still not adequately considering – and are in fact actively compounding – the greatest risk humanity faces today: climate change and its irreversible consequences. We find that too few insurers have robust fossil fuel exit policies, and even members of the voluntary initiative Net Zero Insurance Alliance (NZIA), who claim to be climate leaders, fall short of responsible investment and underwriting standards. Of the NZIA's 25 members, just a few have underwriting policies across all four fossil fuel (sub) sectors: coal, O&G, tar sands, and Arctic sources. And this isn't just troubling from a climate perspective, but from a financial perspective too. The value of insurers' assets could fall eight per cent in the most benign global warming scenario, but 15 per cent under the most extreme scenario. Read more here: <https://api.shareaction.org/resources/reports/Going-beyond-insurers-voluntary-initiatives.pdf>

Question E.6: In your view is this situation greenwashing: An insurance/pension provider says that it is improving environmental and social factors via its investments in companies. This insurance/pension provider has consequential voting shares in various companies, but it does not use these voting shares to push these companies to become more sustainable.

- Yes
- No
- I don't know

Question E.6.1: If you answered yes or no to question E.6 please explain your reasoning below:

4000 character(s) maximum

Yes, this situation is greenwashing. Not voting shares (whether on director reappointment or sustainability related shareholder resolutions) despite an entity's claim to pursue sustainability objectives is a clear example of greenwashing at the entity level. This is exemplified in provided EXAMPLE 3.

Question E.7: Are there any specificities related to greenwashing in the insurance sector that you would like to highlight? If so, please indicate them below:

4000 character(s) maximum

In spite of their vocal claims to be leaders in risk management, including climate change related risk management, the majority of the world's largest insurers are in fact not adequately addressing risks from climate change. Our 2021 benchmarking, *Insuring Disaster*, found that the majority of the world's largest insurers were not adequately addressing systemic threats, including the climate crisis. Most were also ill-equipped to deal with connected risks, like biodiversity and human and labour rights. (Read more here: <https://shareaction.org/reports/insuring-disaster-a-ranking>)

Question E.8: Are there any specificities related to greenwashing in the pension sector that you would like to highlight? If so, please indicate them below:

4000 character(s) maximum

F. ESMA section of the CfE

The ESMA-specific section of the survey below covers questions relevant to entities and products under ESMA's remit.

All financial market participants and issuers under the remit of ESMA are invited to provide answers to this section. Other stakeholders ranging from retail investors and consumers associations to NGOs and academia are also invited to participate to the extent the views and expertise provided are relevant to ESMA's activities.

Understanding the drivers and the scale of greenwashing risks

As stated previously, the drivers of greenwashing are multifaceted and better understanding them is critical to addressing the issue.

Question F.1. Which, of the elements listed below, do you consider to be the main driver(s) of greenwashing risks?
[multiple answers possible]

- a) New / innovative ESG products in rapidly evolving ESG markets
- b) Entry of new participants such as issuers of ESG products, ESG rating or data providers, etc.
- c) Lack of ESG expertise and skills of market participants
- d) A rapidly evolving regulatory framework
- e) Differing interpretations of the regulatory framework
- f) Desire to exaggerate the sustainability profile at entity/product or service level
- g) Competition (wanting to be better than a comparable issuer/product)
- h) Lack of reliable data
- i) Mismatch between retail investors' expectations and market participants' ability to deliver real-world impact
- j) Other, please specify below

Please elaborate briefly on the answer to question F.1

500 character(s) maximum

Through the questions below, we seek to better understand which ESG aspect(s), which segment(s) of the sustainable investment value chain, and which asset class(es) or product category(ies) may be more prone to greenwashing risks, in relative terms.

Question F.2. As stated before, this CfE uses the term greenwashing broadly, covering sustainability-related claims relating to all aspects of the ESG spectrum. While the sustainable finance legislation gives more prominence to environmental aspects, we would like to understand which aspects of the ESG spectrum may be more prone to greenwashing risks, at this stage. Please rate the three aspects below from 1 to 5 (where 1 = very low occurrence ; 2 = low occurrence ; 3 = medium occurrence ; 4 = high occurrence ; 5 = very high occurrence)

	1 = very low occurrence	2 = low occurrence	3 = medium occurrence	4 = high occurrence	5 = very high occurrence
a) Environmental aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b) Social aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c) Governance aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question F.3. Greenwashing may apply to claims at both entity- and/or product-level (including services). Based on your experience, we would like to understand which level may be more prone to greenwashing risks in various market segments. For each of the segments listed below, please select one of the four options.

	1) Greenwashing	2) ... more likely at	3) ... equally likely at entity and product	Not Applicable

	practices are... more likely at entity-level	product /service- level	/service levels	
Investment managers[1] <i>[1] For Investment Management, entity-level claims refer to claims made by asset managers under the scope of SFDR. Product-level claims refer to claims regarding investment products like investment funds.</i>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investment firms[2] <i>[2] For investment firms, entity-level claims refer mostly to claims made by product distributors and manufacturers. Product-level claims refer to claims regarding: a) products: all financial instruments (within the meaning of Article 4(1)(15) of MiFID II) (b) services: portfolio management and investment advice.</i>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Issuers [3] <i>[3] For Issuers' disclosure and governance, entity-level claims refer to claims made by issuers under the scope of NFRD, the upcoming CSRD and/or the Taxonomy Regulation (TR). Product-level claims relate to financial securities and instruments that fall under the remit of ESMA.</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benchmarks administrators[4] <i>[4] For Benchmarks, entity-level claims refer to claims made by benchmark administrators. Product-level claims refer to claims regarding benchmarks.</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please elaborate on the answer provided to question F.3

1000 character(s) maximum

An investment manager acts both through the design and marketing of products and as the entity continuously managing those products.

Question F.4. For market segments which you see as more prone to greenwashing risks, please provide below any quantitative or qualitative data (and relevant links) you may have and that could help inform our understanding of the scale and frequency of potential greenwashing practices. You may also upload files if relevant in the next field.

4000 character(s) maximum

Annex to question F.4 - please upload any file, if applicable.

Question F.5. With regards to product-level sustainability-related claims, we want to better understand which asset classes, financial products categories may be more prone to greenwashing risks. For each of the asset classes and/or financial products regarding which your expertise is relevant, please provide a score from 1 to 5 (where 1 = very low occurrence ; 2 = low occurrence ; 3 = medium occurrence ; 4 = high occurrence ; 5 = very high occurrence of greenwashing).

	1 = very low occurrence	2 = low occurrence	3 = medium occurrence	4 = high occurrence	5 = very high occurrence	Not applicable
a) Equity (common shares, other equity instruments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Fixed income (green bonds, social bonds and other use of proceeds (UoP) bonds, sustainability-linked bonds, common corporate bonds, common government bonds or other fixed income securities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Derivatives (ESG derivatives including those with an ESG underlying and with an ESG performance target, other derivatives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Alternative investments (infrastructure, private equity)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) Funds: UCITS funds, AIFs, ETFs, Private Equity funds or other funds (e.g. Hedge Funds, ELTIFs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
f) Benchmarks: Paris-aligned (PAB), Climate transitioning (CTB) Climate Benchmarks, other climate benchmarks or ESG benchmarks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
g) Other MiFID II instruments (e.g. securitisations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
h) Other products/services (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question F.6. Greenwashing practices can be transmitted over more than one segment of the sustainable finance value chain. Various options are described below representing various greenwashing transmission trajectories of sustainability-related claims, where the first entity is always the trigger with subsequent entities being either in the role of spreader and/or receiver of the claims. Based on your experience, we would like to understand which transmission trajectory may be more prone to greenwashing risks. For each trajectory listed below, please provide a score from 1 to 5 (where 1 = very low occurrence ; 2 = low occurrence; 3 = medium occurrence; 4 = high occurrence; 5 = very high occurrence)

	1 = very low occurrence	2 = low occurrence	3 = medium occurrence	4 = high occurrence	5 = very high occurrence	Not applicable
<p>a) Issuer X --> Issuer Y[1] --> Investor or benchmark administrator</p> <p><i>[1] At entity-level, Issuer Y might be claiming to engage with its suppliers, including Issuer X, about a given E or S topic (e.g. human rights violations). Assuming Issuer X makes misleading claims about this topic, these claims can thus be spread by Issuer Y</i></p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Issuer --> Benchmark administrator --> Investment manager --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Benchmark administrators --> MiFID II manufacturer (e.g. ETF provider) --> Investment manager --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Benchmark administrator --> Investment manager --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<p>e) Investment manager --> Institutional investment managers[2] --> Investor</p> <p><i>[2] The institutional investment managers could select the first asset manager as an underlying investment in their products (e.g. fund of funds), which are then sold to final investors</i></p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
f) Investment manager --> MiFID II Distributor (e.g. Investment firm) --> Retail Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

g) ESG ratings provider --> Investment manager --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
h) ESG ratings provider --> Benchmark administrator --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
i) Issuer --> Investment manager --> Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
j) Issuer --> MiFID II Distributor (e.g. Investment firm) --> Retail Investor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
k) Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Contact

[Contact Form](#)