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European Regulators  
Seeking Evidence of  
Greenwashing

November 2022

The European Supervisory Authorities (“**ESAs**”) have issued a **Call for Evidence on Greenwashing** to gather information to enable them to understand the key features, drivers and risks associated with greenwashing and to collect examples of potential greenwashing practices. The ESAs are looking at practices across the whole EU financial services sector, including banking, insurance and financial markets and the call for evidence includes a common part applicable to all areas together with ESA-specific sections.

The ESAs note the growing demand for sustainability-related products and the rapidly evolving regulatory regimes and sustainability-related product offerings and have identified a need to better understand the areas most prone to greenwashing risks. This will inform policy making and supervision and will support the reliability of sustainability-related claims. The term “greenwashing” is used in the call for evidence in a broad sustainability context to refer to environmental, social or governance matters. The ESAs are also seeking evidence of potential greenwashing both within and outside the scope of the current EU sustainable finance legislation.

The focus of the call for evidence is on the following main areas:

- clearly defining greenwashing and better understanding the phenomenon, its scale and potential related risks;
- taking stock of the implementation of the relevant sustainable finance legislation with the remit of the ESAs and identifying challenges for both regulators and stakeholders;
- examining the supervisory response and assessing its adequacy from both a legal and practical perspective;
- issuing recommendations based on the findings within these areas.

To assist stakeholders in providing feedback, the ESAs seek to identify some possible features of greenwashing, which are stated to be purely illustrative and not intended as a framework that the ESAs have approved or endorsed. The ESAs outline the role the market participants can play in greenwashing, noting that they can be the trigger, spreader or receiver of a sustainability-related claim. The actual topics on which claims may be made include:

- claims about an entity’s governance and remuneration around sustainability or a product’s dedicated resources to sustainability matters;
- claims about sustainability strategy, objectives, characteristics or qualifications of a product, entity or service; and
- claims about sustainability-related metrics based on historical data or future targets.

The misleading qualities of a particular claim could include selective disclosure such as cherry-picking positive information and / or omitting negative information; exaggerated claims; omission or lack of disclosure; vagueness, ambiguity or lack of clarity; or poor advice. The ESAs suggest that greenwashing may be intentional or unintentional and can result from negligence or from a misinterpretation of the sustainable finance regulatory framework requirements.

The ESAs aim to gather useful and concrete examples of greenwashing to inform the advice that the ESAs will provide to the European Commission ("**Commission**"). Stakeholders may either provide full details of the actual names of the entities or products involved in a potential greenwashing practice or may prefer to use references such as "entity X" or "product Y". Respondents may provide up to five examples of greenwashing.

Responses to the call for evidence are requested by **10 January 2023**. The information gathered will feed into the ESAs' findings for their progress reports due in May 2023 and final reports due in May 2024, which the ESAs have been requested to provide to the Commission.



### Tara Doyle

Partner

**T** +353 1 232 2221

**E** tara.doyle@matheson.com



### Michael Jackson

Managing Partner

**T** +353 1 232 2000

**E** michael.jackson@matheson.com



### Dualta Counihan

Partner

**T** +353 1 232 2451

**E** dualta.counihan@matheson.com



### Shay Lydon

Partner

**T** +353 1 232 2735

**E** shay.lydon@matheson.com



### Philip Lovegrove

Partner

**T** +353 1 232 2538

**E** philip.lovegrove@matheson.com



### Liam Collins

Partner

**T** +353 1 232 2195

**E** liam.collins@matheson.com



### Elizabeth Grace

Partner

**T** +353 1 232 2104

**E** elizabeth.grace@matheson.com



### Oisín McClenaghan

Partner

**T** +353 1 232 2227

**E** oisín.mcclenaghan@matheson.com



### Michelle Ridge

Partner

**T** +353 1 232 2758

**E** michelle.ridge@matheson.com



### Barry O'Connor

Partner

**T** +353 1 232 2488

**E** barry.oconnor@matheson.com



### Donal O'Byrne

Partner

**T** +353 1 232 2057

**E** donal.o'byrne@matheson.com



### Catriona Cole

Partner

**T** +353 1 232 2458

**E** catriona.cole@matheson.com



### Anthony Gaskin

Partner

**T** +353 1 232 3043

**E** anthony.gaskin@matheson.com



### Brónagh Maher

Professional Support Lawyer

**T** +353 1 232 3757

**E** bronagh.maher@matheson.com

*Please get in touch with your usual Asset Management and Investment Funds Department contact or any of the contacts listed in this publication should you require further information in relation to the material referred to in this update.*

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## **DUBLIN**

70 Sir John Rogerson’s Quay,  
Dublin 2  
Ireland

T: +353 1 232 2000  
E: [dublin@matheson.com](mailto:dublin@matheson.com)

## **CORK**

Penrose One,  
Renrose Dock,  
Cork, T23KW81

T: +353 21 465 8200  
E: [cork@matheson.com](mailto:cork@matheson.com)

## **LONDON**

Octagon Point,  
5 Cheapside,  
London EC2V 6AA

T: +44 20 7614 5670  
E: [london@matheson.com](mailto:london@matheson.com)

## **NEW YORK**

200 Park Avenue  
New York, NY 10166  
United States

T: +1 646 354 6582  
E: [newyork@matheson.com](mailto:newyork@matheson.com)

## **PALO ALTO**

530 Lytton Avenue  
Palo Alto, CA 94301  
United States

T: +1 650 617 3351  
E: [paloalto@matheson.com](mailto:paloalto@matheson.com)

## **SAN FRANCISCO**

156 2nd Street  
San Francisco CA 94105  
United States

T: +1 650 617 3351  
E: [sf@matheson.com](mailto:sf@matheson.com)