

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

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Madrid, 04 December 2023

IOSCO publishes a final report presenting supervisory practices across its members to address greenwashing.

The Board of the International Organization of Securities Commissions (IOSCO) has published today a report on [*Supervisory Practices to Address Greenwashing*](#).

The Report provides an overview of initiatives undertaken in various jurisdictions to address greenwashing, in line with IOSCO recommendations published in November 2021^{1, 2} and the subsequent Call for Action³ in November 2022. The Report presents the challenges hindering the implementation of these recommendations, including data gaps, transparency, quality, and reliability of ESG ratings, consistency in labelling and classification of sustainability-related products, evolving regulatory approaches, and capacity building needs. While some of these challenges are currently being addressed, greenwashing remains a fundamental market conduct concern that poses risks to both investor protection and market integrity.

Jean Paul Servais, IOSCO Board Chair said *“In recent years, there has been a growing recognition of the economic and financial materiality of climate change and ESG considerations. But there is also a growing concern against misleading claims about ESG risks, opportunities, and impacts. Internationally, industry participants, investors, regulators, and policy makers have stepped up their efforts to address such risks of greenwashing. It is key to promote cultures that support good practices aimed at protecting investors and fostering market integrity. The Report supports regulators address greenwashing by outlining current regulatory best practices from around the world.”*

¹ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD688.pdf>

² <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>

³ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD717.pdf>

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Rodrigo Buenaventura, IOSCO Sustainability Task Force Chair and Chairman of CNMV Spain, said: *“Greenwashing can occur throughout the investment value chain, and any market participant – from issuers to asset managers to ESG ratings and data products providers – can engage in this behaviour. Taken more broadly, greenwashing undermines the fundamental trust in sustainable finance. To ensure a healthy global sustainable finance market, there is a need for reliable, consistent, and comparable sustainability related information, while related ESG products should be marketed and managed in a way that does not undermine investors’ trust.”*

The Report notes that most jurisdictions have in place supervisory mechanisms to address greenwashing in the area of asset management. Educational and capacity building activities are also used as proactive tools to prevent greenwashing. Furthermore, the Report refers to some enforcement measures which have been taken on a few greenwashing cases. The Report also notes that while the ESG ratings and data products market remains largely unregulated, some jurisdictions are currently developing policy frameworks for ESG ratings and data products providers. Finally, the Report refers to the cross-border nature of sustainability-related investments which requires adequate cooperation. Such cross-border cooperation, including sharing experiences and knowledge, as well as exchanging relevant information and data, is therefore necessary in ensuring market integrity and investor protection.

Grant Vingoe, CEO of the Ontario Securities Commission, Canada and STF Promoting Good Practices Co-Chair, said: *“Whether intentional or not, greenwashing negatively impacts investor confidence. Supervisors have a key role to play by ensuring that there are responsible risk monitoring and management processes in place, and by promoting decision-useful information for investors. In doing so, supervisors can help foster a culture that will prevent harm and promote investor confidence in sustainable finance.”*

Dr Mohamed Farid Saleh, Executive Chairman, Financial Regulatory Authority, Egypt and STF Promoting Good Practices Co-chair, said: *“The ability to address greenwashing is also a matter of capacity. Jurisdictions, notably from emerging markets, will require assistance for*

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both designing and executing their action plans towards any net zero commitment, and more concretely, for implementing new corporate sustainability requirements and new or enhanced supervisory practices. Greenwashing will remain to pose risks to the global sustainable finance markets until the quality and reliability of information available to investors improve. All stakeholders will therefore need to act in concert to combat greenwashing, building a more reliable ecosystem to ensure trust in sustainable finance markets.”

Notes to the Editor:

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, DIFC Dubai, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, Oman, Ontario, Peru, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including 10 of the G20 members. Dr. Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focussed, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
4. IOSCO aims through its permanent structures:

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- to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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