

## SUSTAINABILITY COMMUNICATIONS – ESMA NOTE ON ESG CREDENTIALS

On 1 July 2025, the European Securities and Markets Authority (“**ESMA**”) released its first **thematic note** (the “**Note**”) in a series clarifying ESMA's expectations for sustainability communications made by financial institutions and asset managers. The Note aims to provide clarity on how sustainability claims should be communicated in financial markets, with a view to creating a standard across the market.

The Note forms part of wider efforts to reduce greenwashing risks in financial services and is influenced by the publication of various progress reports by ESMA, including the “**Final Report on Greenwashing**” and “**Opinion on sustainability claims and greenwashing in the insurance and pensions sectors**”. It also follows the May 2024 publication of ESMA's new **names guidelines** for all funds marketed in the EU using environmental, social and governance (“**ESG**”) or sustainability-related terms (see our Briefing “**ESMA Guidelines for Funds Marketing with ESG and Sustainability Related Terms**” for more information).

### KEY PRINCIPLES

The Note is targeted at European banks, including in relation to issuance of green products, and asset managers. It focuses on ESG credentials, setting out four key principles:

#### 1. Accurate

- Sustainability claims should be fairly and accurately representative.
- There should be no omission and/or cherry-picking of information.
- ESG terminology and imagery or sounds should be consistent with the sustainability profile of the entity/product.

#### 2. Accessible

- Sustainability claims should be based on easily accessible information that is understandable, but not oversimplistic.
- Layering and/or linking further information is acceptable.

#### 3. Substantiated

- Sustainability claims should use clear and credible reasoning, facts and processes.
- Fair, proportionate and meaningful methodologies should be the basis of substantiations.
- Comparisons must make clear what is being compared.

#### 4. Up-to-date

- Sustainability claims should be based on up-to-date information, and any material change disclosed in a timely manner.
- Clear indication of analysis' date and permitter may be useful.

## DO'S AND DON'TS

The table below sets out examples of communication-related do's and don'ts provided in the Note. It is not exhaustive:

	Do	Don't
<b>1. Claims about all forms of ESG credentials</b>	Clarify how ESG credentials are met and how they are material	Don't reference ESG credentials for products that do not consider sustainability
	If linked to third-party assessments, include details of the meaning of the credential given, date of the assessment and the scope and basis for the assessment	Don't exaggerate the meaning of a sustainability credential
<b>2. Claims about industry initiatives</b> (e.g. net zero alliances)	Clarify what belonging to the initiative means and if it requires delivering on any targets	Don't continue referencing a relevant initiative once your entity/product has left it
		Don't cherry-pick information provided on what it means to be a signatory
<b>3. Claims about labels and awards</b>	Clarify label criteria – is it focused solely on having processes in place or does it also require measurable outcomes?	Don't use regulatory disclosures (such as EU SFDR product-level disclosures) as labels
	Be transparent about eligibility criteria, date of different versions and subcategories	Don't claim compliance with regulatory disclosures if the product is not subject to such disclosures
<b>4. Claims about comparisons to peers</b>	Disclose peer group name, and for funds and benchmarking also the coverage ratio of the credentials, date of portfolio holdings and date of assessment	Don't compare entities/products without disclosing sources and key assumptions used
		Don't reference and clarify limitations of peer groups that are too small or not relevant

## THE UK POSITION

In May 2024, the Financial Conduct Authority's ("FCA") introduced a new **anti-greenwashing rule** ("AGR") and **supplemental guidance** for FCA-authorized entities, including any asset manager marketing in the UK. The AGR is contained in the ESG Sourcebook of the FCA Handbook (**ESG 4.3.1R**) and contains a set of principles which overlap with those in the Note. Claims must be: accurate and verifiable; clear and understandable; comprehensive; and fair and meaningful in comparisons.

The FCA works with the Competition and Markets Authority ("CMA") and the Advertising Standards Authority ("ASA") to address greenwashing and protect consumers.

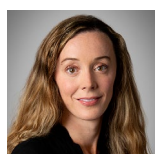
## WHAT NEXT?

European and UK-based financial market participants should assess their greenwashing risk in the context of the latest guidance and regulatory framework, with a view to adopting appropriate strategies into ESG governance and compliance processes. They should also consider the need for internal training and due diligence materials on point.

More thematic notes are expected from ESMA in the coming months, each addressing different aspects of sustainability-related disclosures.

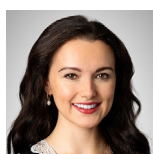
## For More Information

For further information, including how Weil can support with next steps and compliance and / or to be notified of future Weil ESG publications, please contact any of the authors below.



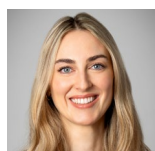
AMY WADDINGTON

+44 20 7903 1469  
amy.waddington@weil.com



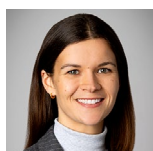
BRYONY PEARSON

+44 20 7903 1683  
bryony.pearson@weil.com



KATE BYSTRYK

+44 20 7903 1171  
katarzyna.bystryk@weil.com



IMOGEN WATERS

+44 20 7903 1188  
imogen.waters@weil.com

# Sustainability & ESG Contacts

## CORPORATE:

MURRAY COX  
[murray.cox@weil.com](mailto:murray.cox@weil.com)

SIMON LYELL  
[simon.lyell@weil.com](mailto:simon.lyell@weil.com)

BRENDAN MOYLAN  
[brendan.moylan@weil.com](mailto:brendan.moylan@weil.com)

AMY WADDINGTON  
[amy.waddington@weil.com](mailto:amy.waddington@weil.com)

## SUSTAINABILITY AND IMPACT FUNDRAISING (INCL. ENERGY TRANSITION):

JAMES BROMLEY  
[james.bromley@weil.com](mailto:james.bromley@weil.com)

JAMES SARGENT  
[james.sargent@weil.com](mailto:james.sargent@weil.com)

JACQUELYN VOLPE  
[jacquelyn.volpe@weil.com](mailto:jacquelyn.volpe@weil.com)

SOPHIE SMITH  
[sophie.smith@weil.com](mailto:sophie.smith@weil.com)

MARC SCHUBERT  
[marc.schubert@weil.com](mailto:marc.schubert@weil.com)

HANNAH LAURIE  
[hannah.laurie@weil.com](mailto:hannah.laurie@weil.com)

BRYONY PEARSON  
[bryony.pearson@weil.com](mailto:bryony.pearson@weil.com)

KATE BYSTRYK  
[katarzyna.bystryk@weil.com](mailto:katarzyna.bystryk@weil.com)

## SUSTAINABILITY LINKED / GREEN FINANCE:

SIMON CARIDIA  
[simon.caridia@weil.com](mailto:simon.caridia@weil.com)

ALEX EAGLE  
[alex.eagle@weil.com](mailto:alex.eagle@weil.com)

ANDREW HAGAN  
[andrew.hagan@weil.com](mailto:andrew.hagan@weil.com)

JACKY KELLY  
[jacky.kelly@weil.com](mailto:jacky.kelly@weil.com)

ALASTAIR MCVEIGH  
[alastair.mcveigh@weil.com](mailto:alastair.mcveigh@weil.com)

STEVEN ONG  
[steven.ong@weil.com](mailto:steven.ong@weil.com)

## DISPUTES AND ANTITRUST:

JENINE HULSMANN  
[jenine.hulsmann@weil.com](mailto:jenine.hulsmann@weil.com)

HAYLEY LUND  
[hayley.lund@weil.com](mailto:hayley.lund@weil.com)

JAMIE MAPLES  
[jamie.maples@weil.com](mailto:jamie.maples@weil.com)

NAFEES SAEED  
[nafees.saeed@weil.com](mailto:nafees.saeed@weil.com)

SARAH CHAPLIN  
[sarah.chaplin@weil.com](mailto:sarah.chaplin@weil.com)

CHRIS CHAPMAN  
[chris.chapman@weil.com](mailto:chris.chapman@weil.com)

## OTHER SUBJECT MATTER EXPERTISE:

JENNY DOAK  
Tax  
[jenny.doak@weil.com](mailto:jenny.doak@weil.com)

KEVIN DONEGAN  
Tax  
[kevin.donegan@weil.com](mailto:kevin.donegan@weil.com)

BARRY FISHLEY  
Intellectual Property  
[barry.fishley@weil.com](mailto:barry.fishley@weil.com)

THOMAS WEATHERHILL  
Employment  
[thomas.weatherhill@weil.com](mailto:thomas.weatherhill@weil.com)

## GLOBAL KEY CONTACTS:

LYUBA GOLTSER  
[lyuba.goltser@weil.com](mailto:lyuba.goltser@weil.com)

REBECCA GRAPSAS  
[rebecca.grapsas@weil.com](mailto:rebecca.grapsas@weil.com)

SETH KERSCHNER  
[seth.kerschner@weil.com](mailto:seth.kerschner@weil.com)

MATTHEW MORTON  
[matthew.morton@weil.com](mailto:matthew.morton@weil.com)

ARIANNA SCAVETTI  
[arianna.scavetti@weil.com](mailto:arianna.scavetti@weil.com)

DAVID SINGH  
[david.singh@weil.com](mailto:david.singh@weil.com)

ROBERT STERN  
[robert.stern@weil.com](mailto:robert.stern@weil.com)

# WEIL.COM

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