

Session 10: Greenwashing in climate change action

2023 Frontier Advisors Annual Conference

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Greenwashing defined

A major focus of regulators, consumers and the finance industry - for good reason.

“Greenwashing’ is the practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical.

... It can erode investor confidence in the market for sustainability-related products and poses a threat to a fair and efficient financial system.”

– INFO 271, ASIC

“Greenwashing is a corrosive agent to carbon abatement”

– Karen Chester, Deputy Chair, ASIC



Deterring greenwashing misconduct

ASIC's recent interventions include infringement notices and fines



Source: ASIC REP 763 ASIC's recent greenwashing interventions



Case studies

Potentially meaningful impacts on investors' reputation and behaviour.



- Alleged to overstate ESG-integrated FUM
- Investigated by both BaFin and SEC
- CEO resigns after police raid HQ

German police raid DWS and Deutsche Bank over greenwashing allegations



- Reporting of exclusions allegedly inconsistent with Mercer Super holdings
- Current misconduct case in Federal Court
- First action of this kind by ASIC

ASIC sues Mercer Super

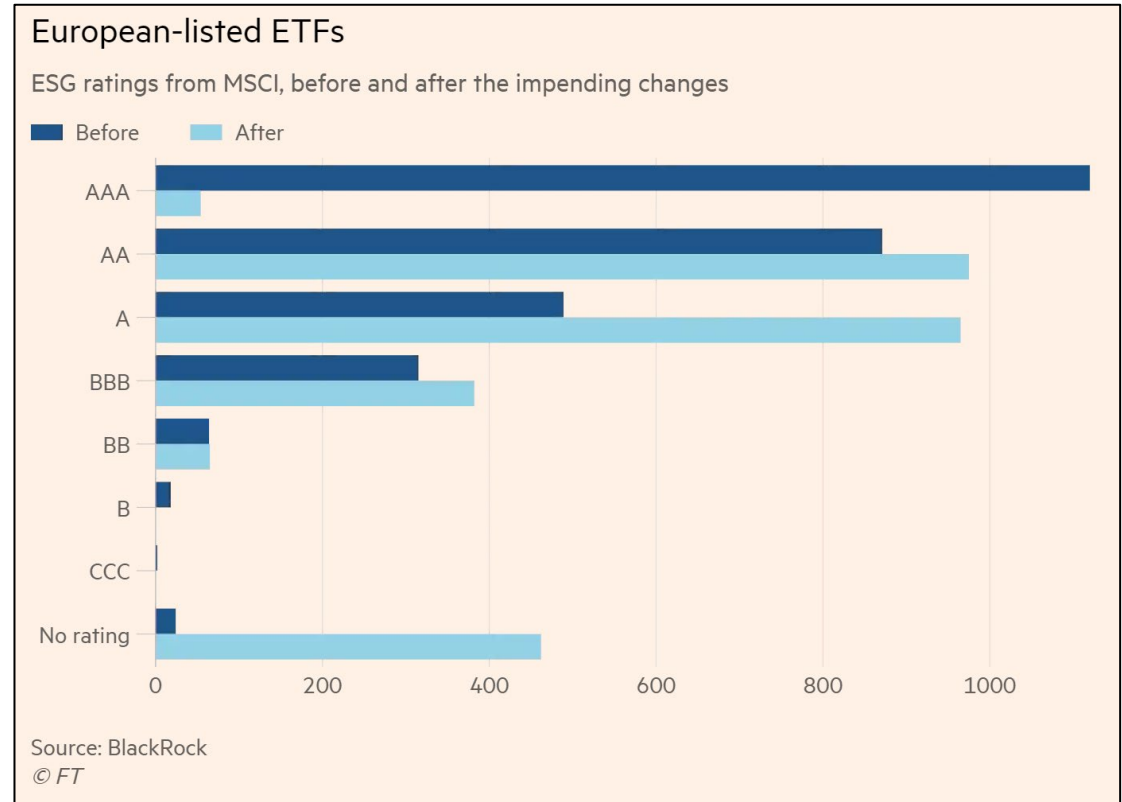


FEDERAL COURT
OF AUSTRALIA

Third party verifiers

Scrutiny rising on outsourced ESG assessors

- MSCI changed its ESG rating methodology – downgraded 31,000 exchange traded funds (ETFs).
- Regulators and investors are increasing their scrutiny on ESG ratings globally
 - Japan, UK, Europe.



Questions?

Thank you for joining us.

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