



# Principles to mitigate the Risk of Greenwashing in ESG labelled debt securities



IFSCA issued principles to be adhered by issuers of ESG labelled debt securities in IFSC

## Being True to Label - Avoid misleading labels and terminology

Issuers have to explain how the issue including use of proceeds aligns with the chosen framework and the specific environmental or social objectives it aims to achieve.

## Screen the Green - Transparency in methodology for project selection and evaluation

Disclosure on statement on ESG objectives, details of process followed for evaluating and selecting the project(s) and/or asset(s), proposed use of the proceeds and details of the systems and procedures for tracking the deployment of the proceeds, in the offer document.

## Walk the talk - Managing and tracking use of proceeds

The issuer shall outline procedures for ensuring funds are directed solely towards projects or activities as defined in the offer document and also disclose the internal control for managing and tracking the use of proceeds.

## Overall Impact - Quantification of Negative Externalities

Environmental data used in disclosures should be comprehensive, verifiable and the issuer must avoid selectively presenting data to create a misleading picture of the overall environmental impact.

## Be alert - Monitoring and Disclose

Qualitative performance indicators & where feasible, quantitative performance measures of the expected/achieved ESG impact of the project(s) shall be disclosed.

## Expected Impact

- ✓ To mitigate the risk of greenwashing
- ✓ Strengthen investor's confidence
- ✓ Quantification of targets
- ✓ Uniform rules and standards for companies
- ✓ Mobilise finance towards sustainability