



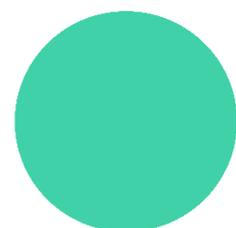
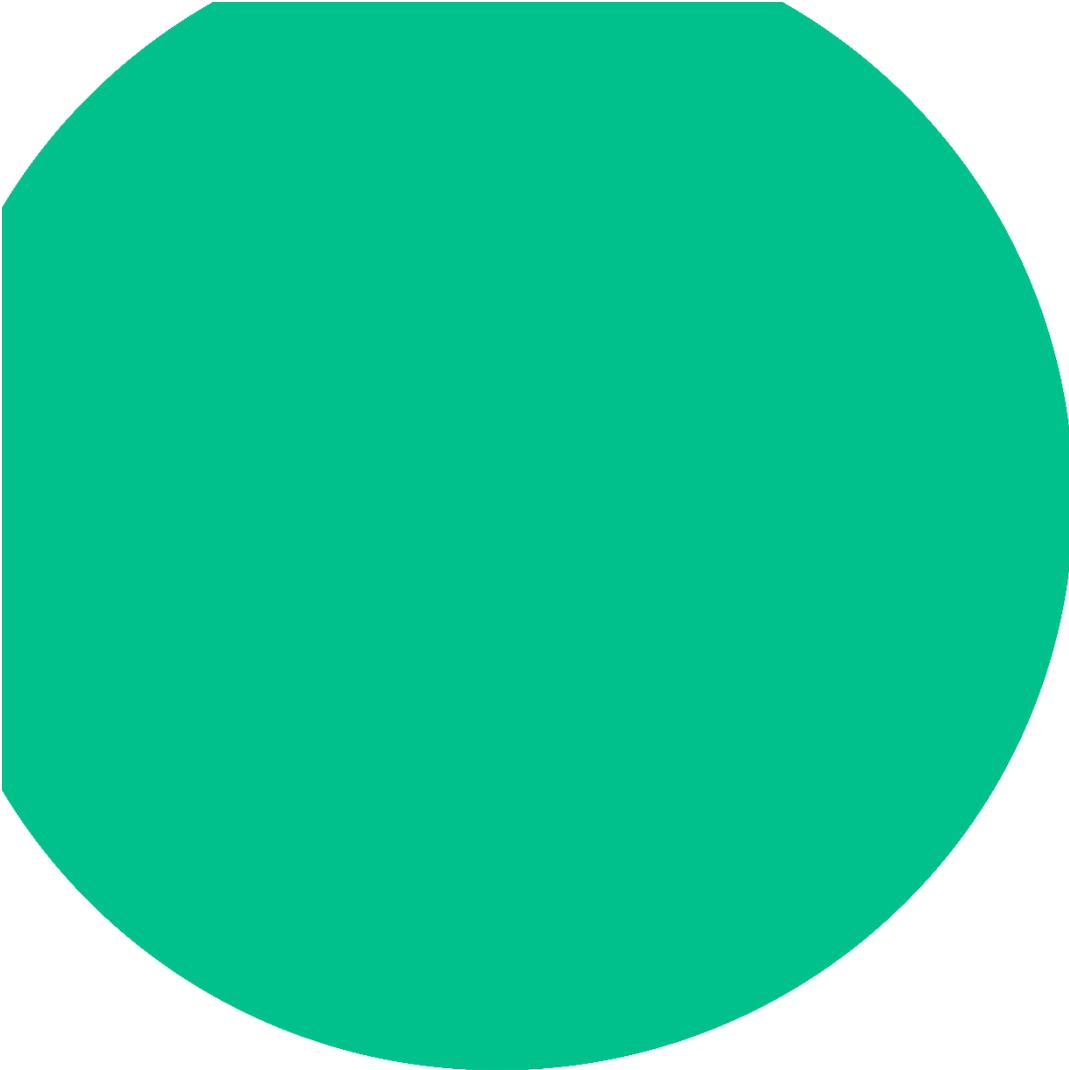
ACCOUNTANCY
EUROPE.

TRUST AND INTEGRITY: THE ROLE OF CORPORATE ECOSYSTEM ACTORS IN PREVENTING GREENWASHING

Briefing paper

VIEWS.

**CORPORATE GOVERNANCE
FEBRUARY 2026**



HIGHLIGHTS

Greenwashing is a persistent concern that has evolved and gained prominence over the years due to evolving regulatory environment, increased investors' scrutiny and public expectations of business.

The paper examines how different actors in the corporate ecosystem can identify and mitigate greenwashing risks. It demonstrates that preventing greenwashing depends on the coordinated roles and responsibilities of corporate actors.



TABLE OF CONTENTS

Introduction	1
Objective.....	1
What is greenwashing?	1
Definitional limitations.....	1
Understanding greenwashing: causes and risks	1
Case studies	2
Corporate governance role in preventing greenwashing risks	3
The Three Lines of Defence: a framework for tackling greenwashing	3
Board members' role.....	4
CEO and management's role	4
Chief Sustainability Officer's (or equivalent) role.....	5
CFO's (or equivalent) role	5
Risk management/internal controls' role.....	5
Compliance professionals' role	6
Other internal stakeholders' role	6
Internal auditors' role.....	6
Audit committees' role.....	7
Role of external assurance	7
Risk-based assurance and greenwashing detection	8
Legal framework and beyond.....	8
Conclusion	9

INTRODUCTION

The term ‘greenwashing’ is relatively new, but the underlying conduct is not. It reflects long-established legal concepts, such as misrepresentation, deceit or fraud, applied in a sustainability context. Yet evolving regulation, increased investor scrutiny and heightened public expectations have transformed it into a complex issue for corporate governance, transparency and accountability that demands policymakers’ attention.

The latest changes in EU sustainability legislation under the simplification agenda shift greater reliance to voluntary sustainability reporting. This may raise risks such as ‘cherry-picking’. Demand for sustainability information will persist, as investors and other stakeholders continue to rely on it for capital allocation and decision-making.

High-quality voluntary reporting can build trust and reward responsible behaviour. Without clear standards and assurance, it risks being unreliable, incomparable, and vulnerable to greenwashing. With lighter regulation, clarifying good governance and the roles of Boards and other actors is more important than ever. Deepening understanding and guidance in this area remains critical.

OBJECTIVE

The publication aims to demonstrate to policymakers that mitigating greenwashing risks requires a systemic approach. We examine how different actors in the corporate ecosystem can identify and mitigate greenwashing risks, clarifying how each contributes to safeguarding the integrity of sustainability disclosures.

While the primary audience is policymakers, the paper also offers guidance for corporate actors in identifying and mitigating greenwashing risks in sustainability reporting. This paper primarily focuses on large companies with well-developed governance structures. Smaller companies can apply the same principles proportionately, adapting them to their circumstances. The core topics remain relevant even when internal controls and risk frameworks may be less developed.

WHAT IS GREENWASHING?

DEFINITIONAL LIMITATIONS

There is no binding definition of greenwashing at EU level¹. The lack of a commonly agreed-upon definition of greenwashing creates ambiguity that hinders effective regulation, weakens enforcement, and risks undermining sustainability efforts. Without a clear and consistent understanding, stakeholders interpret the concept differently, leading to fragmented approaches and loopholes that allow misleading practices to persist.

As a working definition for the purpose of this paper, we regard ‘greenwashing’ as an act or risk of misrepresenting or misstating – whether intentionally or unintentionally – the sustainability characteristics, performance, or impacts of an organisation, activity, or product, whether through omission, exaggeration, or inconsistency, in a way that could mislead stakeholders or distort decision-making.

UNDERSTANDING GREENWASHING: CAUSES AND RISKS

Greenwashing often emerges from a mix of definitional ambiguity, regulatory gaps, over-regulation, inappropriate or unethical corporate behaviour (see our annex on types of greenwashing). These factors are amplified by an increased demand for transparency in corporate sustainability practices. Even without binding obligations, companies are increasingly expected to align their sustainability narratives with actual business practices and strategy.

¹ At the European Commission’s (EC) request, the European Supervisory Authorities (ESAs) [provided](#) the following understanding of greenwashing: “*a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants*”

There is also a widespread belief that “green” automatically equals virtuous. In response, many companies may adjust their messaging to appear not only financially successful but also socially and environmentally responsible. This is intended to win stakeholders’ trust and attract consumers and investors.

Greenwashing can occur in sustainability reporting, marketing materials, product labelling, websites, advertising, investor roadshows, and other voluntary or informal narratives. It often takes the form of vague or exaggerated claims, suggestive imagery, ambitious sustainability targets without proper resource allocation, or selective disclosures. Such communication may mislead consumers, clients or trade partners, affecting the value chain and wider society.

Also, such practices can trigger serious business risks, including legal, financial, operational, and reputational harm. Misleading sustainability narratives, even if unregulated, may still expose companies to liability if such claims are inconsistent with corporate strategy or mislead stakeholders. Investors and civil society actors are increasingly scrutinising sustainability disclosures, identifying inconsistencies between public reports and broader corporate narratives.

As stewards of capital, investors are demanding reliable, comparable and assured information, especially on climate and biodiversity risks. Civil society actors are also using litigation and public campaigns to drive accountability.

One of the most damaging consequences is the erosion of stakeholder trust. Once credibility is lost, investors and clients disengage. Capital is misallocated, and the company’s ability to drive meaningful sustainability transformation is severely undermined.

CASE STUDIES

Several notable cases illustrate the spectrum of greenwashing from misleading marketing to misleading investment claims and the consequences that undertakings face when sustainability narratives do not align with reality.

- 1) The Italian Competition Authority imposed a [€1 million fine](#) on a major fast-fashion retailer after determining that environmental claims on the company’s website were vague, exaggerated or misleading. Assertions regarding product sustainability and recyclability were found to overstate the actual environmental benefits. The retailer faced similar enforcement in France the same year. French authorities [levied](#) a €40 million fine for deceptive commercial practices, including unsubstantiated environmental claims. In both cases, authorities also required revisions to environmental marketing communications.
- 2) The UK advertising [authority ruled](#) that a major banking group’s advertising was misleading. The ruling concerned a LinkedIn post and billboard promoting the bank’s climate credentials, which suggested substantial investment in renewable energy. The authority found the advert contradicted the company’s 2023 sustainability report, which showed continued financing of high-emission industries equivalent to 32.8 million tonnes of CO₂. By omitting this material information, the advertising gave a false impression of the bank’s contribution to the energy transition. The authority banned the misleading LinkedIn post, requiring the company to refrain from presenting unbalanced environmental claims in future advertising.
- 3) The [Paris Court ruled](#) that a major oil and gas company’s advertising was misleading towards its consumers. The company claimed to place “climate at the heart” of its strategy, also setting the ambition to achieve net zero by 2050. The Court found that those claims were inconsistent with the company’s continued increase in its production and investment in oil and gas. The ruling required the company to cease the unlawful advertising within one month and to display the judgment on its website for 180 days. Failure to do so would lead to a daily financial fine.
- 4) An energy company’s advertising campaign promoting its business-to-business (B2B) renewable energy services [faced a complaint](#) claiming it misled consumers about the company’s overarching environmental impacts. The UK advertising authority ruled that the ad was unlikely to be interpreted as representing the company’s wider operations, noting that it focused on a single client and the ad details could only be accessed by business decision-makers. The complaint was therefore not upheld. This case illustrates the complexity of greenwashing, showing how context, audience, and messaging nuance can influence

whether a claim is considered misleading. It highlights that assessing greenwashing is not always straightforward.

CORPORATE GOVERNANCE ROLE IN PREVENTING GREENWASHING RISKS

Safeguarding the integrity of sustainability-related statements and preventing greenwashing is a shared responsibility across the company. The board, CEO, CFO, executive management, internal control and risk functions, compliance teams, internal audit, and audit committee each have distinct yet interconnected roles in overseeing, managing, and mitigating greenwashing risks. These responsibilities are structured through the Three Lines of Defence model, which clarifies accountability across these functions and supports the delivery of reliable, consistent, and credible sustainability disclosures.

THE THREE LINES OF DEFENCE: A FRAMEWORK FOR TACKLING GREENWASHING

In the first line, the CEO and executive management are responsible for implementing strategy, ensuring cross-functional coordination, and embedding a culture of integrity throughout the company. The CFO, working with other functions, is typically responsible for ensuring that sustainability disclosures are underpinned by robust systems, accurate data, and verifiable evidence.

The second line – comprising risk, compliance, and [internal control functions](#) – supports management by monitoring compliance with policies and regulations, identifying vulnerabilities, and ensuring consistency between sustainability disclosures and actual practices.

The third line, through internal audit and the audit committee, provides independent oversight and assurance on governance and control effectiveness, and the reliability of sustainability disclosures.

The board sets the overall tone and direction, defines purpose and strategy, and exercises oversight across all three lines. External assurance further strengthens credibility and stakeholder confidence.

Effective governance operates as an integrated system, with all actors working together to manage risks and maintain trust across every form of disclosure. Sustainability reporting brings additional focus for cross-functional collaboration and extended, shared responsibility.

Three *lines* of defence: a framework for tackling greenwashing



Executive management

Provides leadership and oversight to ensure sustainability goals are met.



Risk management, internal controls & compliance functions

Supports management by monitoring compliance, managing risks, and ensuring consistency between sustainability disclosures and actual practices.



Internal audit

Provides independent, objective review and assurance of sustainability claims and practices.



Board

Sets tone and direction, defines purpose and strategy, and oversees all three lines. External assurance reinforces credibility and stakeholder trust.

BOARD MEMBERS' ROLE²

Greenwashing is an increased risk for boards because oversight of sustainability information remains less mature than financial reporting, although this is improving. Boards must look beyond traditional financial disclosures and treat sustainability as an integral part of the company's overall risk and opportunity landscape.

In this context, boards are responsible for exercising effective oversight by challenging and supporting management to implement effective processes and controls to ensure sustainability claims are accurate, consistent with the company's conduct and objectives, and not misleading to stakeholders. While execution rests with management, boards must actively oversee, question, and seek assurance that these safeguards are operating effectively.

This oversight extends beyond mandatory sustainability reporting to cover voluntary disclosures and other sustainability claims, which must equally be credible, evidence-based, and verifiable. Where companies claim compliance with established reporting frameworks, boards should ensure that management has implemented the necessary processes and controls so that such disclosures are supported by robust systems and reliable data.

Mitigating greenwashing risks in areas such as marketing and product labelling requires boards to understand how sustainability narratives are developed, coordinated, and controlled across functions. Achieving this may involve direct engagement with executives such as the Chief Marketing Officer or Chief Product Officer to understand how claims are developed, verified, and communicated. This requires asking the right [questions of management](#) to identify potential vulnerabilities.

Boards can further strengthen governance and trust by seeking internal or external assurance over sustainability disclosures, including where sustainability reporting is voluntary, thereby reinforcing both credibility and resilience³.

CEO AND MANAGEMENT'S ROLE

Under the three lines of defence model, the CEO and executive management collectively form the first and second lines of defence. As the first line, management owns and manages risks arising from day-to-day operations, including those related to sustainability and greenwashing. As the second line, management establishes and oversees risk management, compliance, and internal control frameworks to ensure sustainability objectives are operationally feasible, effectively monitored, and accurately reported.

A core responsibility of the CEO is to safeguard the company's credibility and integrity. Companies face external pressures to present themselves as sustainability leaders, while internal narratives may overemphasise achievements and underplay challenges. Both dynamics can lead to communications that are overly optimistic or misleading. It is therefore the role of the CEO and management to ensure that sustainability narratives are balanced, credible, and aligned with actual performance.

² Board structures may vary across jurisdictions — for example, between one-tier (unitary) and two-tier systems — depending on national legislation and the applicable corporate governance framework. For the purposes of this publication, the term “board” is used as a general descriptor and does not differentiate between executive and non-executive functions. Readers should be aware that national legal frameworks and market practices may influence the practical operation of corporate governance, and are therefore encouraged to interpret the paper's observations in the context of their respective jurisdictions.

While this paper refers to the board in general terms, it is important to acknowledge the distinct and increasingly influential role of non-executive directors (NEDs) in advancing environmental, social and governance (ESG) priorities. The appointment of NEDs with specific ESG expertise can strengthen board oversight, enhance the quality of challenge on sustainability matters, and help mitigate risks related to greenwashing. In addition, through their engagement with external stakeholders, NEDs can contribute to greater investor confidence and reinforce the organisation's overall ESG credibility.

³ Krasodomska, J., Zarzycka, E., Street, D.L., Grabowski, W.; The impact of companies' trust-building efforts on sustainability reporting assurance quality: insights from Europe. *Meditari Accountancy Research* 15 December 2025; 33 (7): 246–279. <https://doi.org/10.1108/MEDAR-05-2024-2496>; Venter, E. R., & Krasodomska, J. (2024). Research on extended external reporting assurance: An update on recent developments. *Journal of International Financial Management & Accounting*, 35, 390–428. <https://doi.org/10.1111/jifm.12200>

Authenticity requires acknowledging both successes and limitations, as well as the challenges in reconciling business objectives with sustainability commitments. By presenting a narrative that is transparent about the trade-offs, risks, and difficulties, management builds stakeholder trust and avoids reputational risks linked to greenwashing.

The CEO and executive management have primary responsibility for ensuring that sustainability commitments are operationally supported, adequately controlled, and subject to appropriate assurance processes. This integrated approach embeds sustainability within the company's broader risk management and internal control systems, providing a solid foundation for oversight by the board, the audit committee, and independent assurance practitioners.

CHIEF SUSTAINABILITY OFFICER'S (OR EQUIVALENT) ROLE

The Chief Sustainability Officer (CSO) role is increasingly recognised as strategically important, though not yet universal across organisations and has pros and cons. In smaller companies or those at an early stage of their sustainability journey, responsibilities are often distributed across existing functions. Where a CSO (or equivalent) exists, the role provides clear accountability and strengthens coherence in managing sustainability-related opportunities and risks.

The CSO plays a critical role in managing a company's exposure to greenwashing risks. Beyond compliance, the CSO acts as a strategic leader ensuring that sustainability commitments are credible, evidence-based, and consistent with both business conduct and stakeholder expectations.

Sitting on the executive committee and engaging directly with business lines – from sales and marketing to product development – the CSO is uniquely positioned to detect where overstated or misleading claims might arise. This cross-functional perspective enables the CSO to challenge narratives early and address potential greenwashing risks.

At the governance level, the CSO's regular interaction with audit, risk, remuneration, and nomination committees ensures that boards receive accurate insight into the management of sustainability risks and incentives. In this way, the CSO acts as a critical bridge between management and oversight, strengthening the board's ability to guard against misleading disclosures.

CFO'S (OR EQUIVALENT) ROLE

The CFO's role is expanding, with many now responsible not only for financial reporting but also for sustainability disclosures. As expectations grow around the accuracy and reliability of all material reporting, the CFO is increasingly seen as the gatekeeper, responsible for ensuring that corporate statements are accurate, verifiable, and aligned with actual performance across both financial and sustainability contexts.

This expanded remit reflects the CFO's role in translating sustainability metrics into financial terms, integrating ESG data into enterprise-wide planning, and ensuring that robust systems underpin financial and sustainability reporting. As reporting increasingly includes forward-looking disclosures, such as transition plans or net-zero commitments, CFOs face new challenges in assessing assumptions and projections, which could amplify risks of misrepresentation or greenwashing.

In many organisations, the CFO is viewed by boards and external stakeholders as the sign-off authority on the quality and integrity of corporate reporting.

RISK MANAGEMENT/INTERNAL CONTROLS' ROLE

Effective risk management, as part of the second line of defence, is central to preventing and mitigating greenwashing. Risk management functions are therefore expected to integrate greenwashing risks into the enterprise-wide risk framework, supporting management while providing oversight and challenge.

This means that greenwashing must be identified, assessed, and monitored in the same way as other material risks. Risk registers should capture the potential impact of overstated sustainability commitments, and

mitigation strategies should address weaknesses in controls, data quality, or disclosure practices. Risk managers are expected to work closely with business lines, compliance, and sustainability teams to ensure sustainability-related risks are consistently mapped across operations.

Risk teams contribute to the evaluation of assurance needs and define controls to mitigate risks across reporting and the product lifecycle. Some companies proactively address greenwashing through specific policies⁴ and formalised controls.

In this way, risk management and internal controls act as a critical safeguard, ensuring sustainability claims are credible, evidence-based, and supported by robust systems, and thereby enhancing the verifiability of sustainability information and assurance of sustainability reports.

COMPLIANCE PROFESSIONALS' ROLE

Compliance professionals, as part of the second line of defence, also play an important role in addressing greenwashing. Within the internal governance framework, they ensure that mandatory or voluntary disclosures comply with laws and regulations, and the organisation's policies and procedures.

Compliance teams also help ensure the organisation has an effective risk management and internal control system and is not exposed to regulatory or legal risk. Coordination with legal and audit functions strengthens the company's control environment.

Importantly, compliance helps ensure that external communications align with the company's internal processes and decisions. Public disclosures are substantiated through integration with core mechanisms such as risk management, management reports, internal controls, and budgeting, enhancing credibility, verifiability, and robust governance.

OTHER INTERNAL STAKEHOLDERS' ROLE

Beyond the executive leadership, functions such as marketing, communications, public affairs, and investor relations play a key role in ensuring that sustainability claims in external messaging are compliant, credible, and aligned with internal processes. Their responsibilities go beyond regulatory requirements, encompassing awareness of reputational and legal consequences from exaggeration or overly optimistic narratives.

Functions involved in product development, particularly regarding communications on packaging, specifications and sales materials, must ensure that their products and claims are thoroughly tested and substantiated before reaching the market.

Clear accountability across these functions helps companies reduce greenwashing risks and ensures that external communications are backed by internal processes and performance.

INTERNAL AUDITORS' ROLE

As part of the third line of defence, internal auditors play a crucial role in ensuring a credible sustainability control environment. They evaluate the design and effectiveness of sustainability-related internal controls, identify inconsistencies between policy and practice, assess reporting maturity, and support compliance with frameworks like ESRS.

To fulfil this role effectively, internal auditors must have appropriate sustainability expertise and keep up to date with emerging sustainability standards, risks, and best practices. Their work not only strengthens assurance efforts but also reinforces governance processes, helping boards and management address greenwashing and other sustainability-related risks.

⁴ see Section 2.4 <https://aib.ie/content/dam/frontdoor/sustainability/Sustainable-Lending-Framework.pdf>

AUDIT COMMITTEES' ROLE

As part of the third line of defence, audit committees' work provides independent oversight over management and assurance functions. Their core responsibilities – overseeing risk management, internal controls, internal audit, and company reporting integrity – remain unchanged. What has shifted is their significance in the sustainability context: as greenwashing risks crystallise, the potential legal, financial, and reputational consequences have raised the stakes for effective oversight.

In the EU, audit committees now have explicit responsibilities regarding sustainability reporting and assurance, reflecting new regulatory requirements⁵. At the same time, their remit is also understood more broadly: good practice calls for applying the same diligence to sustainability-related disclosures beyond the mandatory reports – including voluntary reports, marketing materials, and other public communications. This expanded remit requires greater scrutiny of ESG data, reporting frameworks, and internal processes that underpin them.

Audit committees play a key role in challenging sustainability-related claims and disclosures and holding management accountable for identifying and managing related risks.

Applying the same rigour to sustainability data and disclosures as to financial reporting, they help ensure that claims of compliance with recognised frameworks are supported by robust evidence, systems, and controls. Although this varies by jurisdiction, companies generally carry responsibility for the accuracy and quality of all information released to the market, regardless of its format. This includes engaging with internal and external auditors as well as assurance practitioners to assess the credibility and reliability of sustainability information⁶.

Effective oversight requires strong coordination with other board committees, including those responsible for risk, remuneration, and nomination. Remuneration and nomination committees also play a critical role by aligning executive incentives with sustainability objectives, ensuring board competence on sustainability matters, and promoting consistent oversight across all governance functions.

ROLE OF EXTERNAL ASSURANCE

External assurance sits outside the Three Lines of Defence model and plays a key role in enhancing the credibility of sustainability reporting. Assurance practitioners provide an independent assessment⁷ of the reporting entity's adherence to a reporting framework or rules when preparing sustainability statements⁸ thereby reducing the risk of greenwashing.

⁵ The CSRD expanded the audit committee's role beyond traditional financial oversight. The Directive requires them to provide oversight over the integrity, process, risk, assurance, and reporting of sustainability. Their key responsibilities include:

- Oversight of the sustainability reporting process
- Monitoring internal risk, control and quality systems
- Oversee the assurance process, including selecting or interacting with assurance practitioners; assess the outcome of assurance; ensure independence of those providing assurance.
- Communication to the administrative/supervisory body (Board or equivalent)
- Materiality / double materiality oversight (CSRD, Article 3)

⁶ See Accountancy Europe Paper - [ESG Governance: Recommendations for Audit Committees](#)

⁷ Assurance practitioners conduct their work in line with established professional standards. The International Audit and Assurance Standards Board's (IAASB) [International Standard on Assurance engagements \(ISAE\) 3000 Revised](#) is currently used in practice widely. The ISAE 3000 (Revised) will no longer be allowed to use for engagements on sustainability information for financial years starting on or after 15 December 2026. The [International Standard on Sustainability Assurance 5000 \(ISSA 5000\)](#) which is a dedicated standard for sustainability assurance engagements is available for early adoption.

Looking ahead, the EC will adopt an EU limited assurance standard by 1 July 2027. The Committee of European Auditing Oversight Bodies (CEAOB) has been [requested](#) to provide a technical advice on EU specific add-ons and possible carve-outs to ISSA 500 to be used for the EU assurance standard development.

⁸ The CSRD requires assurance providers to express an opinion on whether the sustainability statement is adherent to the ESRS, on the process carried out to identify information reported pursuant to ESRS, on the compliance with a mark-up requirement as well as the EU Taxonomy Regulation Article 8 reporting requirements.

RISK-BASED ASSURANCE AND GREENWASHING DETECTION

Assurance practitioners will consider the overall business environment of the company. In this context, getting comfortable that the ‘tone at the top’ and overall control environment stimulates proper governance and controls for reporting and aligning the assurance approach to address potential greenwashing risks is critical.

Following a risk-based approach, assurance practitioners focus on potential biases, omissions or overstatements that would indicate greenwashing. The risk-based approach involves considering the fraud risk factors, i.e. pressure, opportunities and rationalisation⁹, and the fact that internal control over sustainability reporting may still need to evolve and mature in many companies.

The assurance practitioner's public assurance report should clearly express the conclusion on the sustainability information reported by a reporting entity. When relevant, the auditor also reports any significant issues for instance, weaknesses in internal controls, directly to a company's management, the audit committee, or the board in a separate, private report. This report, often referred to as a management letter, may include the CSRD-related findings, including how any greenwashing risks were detected and mitigated.

Finally, there is value in pursuing assurance beyond regulatory requirements. Voluntary assurance demonstrates proactive governance and strengthens stakeholder confidence, and supports risk mitigation, including reputational and regulatory risks.

LEGAL FRAMEWORK AND BEYOND

Assurance on sustainability reporting and greenwashing risk assessment should be considered within the applicable legal framework, which sets expectations for the tone, presentation and sustainability reporting content. In the EU, the CSRD establishes a legal framework requiring limited assurance¹⁰ over sustainability reporting and defines an assurance engagement's scope.

Under the CSRD, assurance practitioners express an opinion on the sustainability statement included within the annual management report. Other sustainability-related communications fall outside the scope of mandatory assurance, and practitioners do not automatically check every possible claim. Assurance thereby enhances trust in the sustainability information within assurance engagement scope, but does not guarantee that all corporate sustainability communications are accurate or free from greenwashing.

Beyond the CSRD legal requirement, statutory auditors, who may also conduct sustainability assurance engagements, express an opinion on financial statements and whether the management report is consistent with those statements. As part of this ‘consistency exercise’, auditors consider whether other information in the company's annual report is consistent with financial statements and flag any discrepancies with the audited material. This can also help identify discrepancies that may indicate misleading or inconsistent sustainability disclosures.

⁹ The ‘fraud triangle’ is a common conceptual framework in auditing

¹⁰ Assurance on sustainability reporting can be provided via either a limited or reasonable assurance engagement. In a **limited assurance engagement**, the practitioner performs procedures to understand the process used to compile the reported information and identify areas where a material misstatement may occur. The practitioner then conducts inquiries, and analytical procedures, e.g., analysing data at a more aggregated level. If the practitioner identifies a potential material misstatement, additional work is performed. As an outcome, the practitioner expresses a conclusion about the information in a negative form.

The primary difference between limited and reasonable engagements lies in **the work effort** undertaken by the assurance service provider. **Reasonable assurance**, typically obtained in an audit of financial statements, is a high level of assurance, but still not absolute. In **a reasonable assurance engagement**, assurance practitioners undertake different and more extensive procedures and require further evidence upon which to base their conclusion, for instance regarding testing on the company's internal controls, data sampling procedures and inspecting underlying evidence. See Accountancy Europe [FAQs: Fundamentals to assurance on sustainability reporting](#)

CONCLUSION

Preventing greenwashing is not the responsibility of only one actor. It requires a coordinated, system-wide effort across the entire corporate ecosystem. As this paper demonstrates, greenwashing is rarely the result of a single actor failure, but rather of fragmented governance, weak internal controls, unclear accountability, and pressures that incentivise overly optimistic narratives. Boards, executives, risk and compliance teams, internal audit, assurance practitioners, and many internal functions play interconnected roles in ensuring that sustainability information is accurate, balanced, and credible.

Stronger governance, clearer definitions, robust internal processes, and consistent regulatory frameworks are essential to preserving integrity in sustainability reporting. By adopting a holistic approach that embeds accountability across all lines of defence, companies can reinforce stakeholder trust, ensure that sustainability claims genuinely reflect real-world performance, and support effective capital allocation decisions.

Policymakers should prioritise a clear, coherent, and predictable regulatory environment that enables long-term planning, fosters trust and reinforces the integrity of sustainability initiatives. They should also promote alignment and capacity building amongst regulators, standards setters, legislators and other external governance mechanisms to enhance accountability and transparency.



Avenue d'Auderghem 22-28, Brussels, 1040, Belgium



accountancyeurope.eu



+32(0)2 893 33 60



[Accountancy Europe](https://www.linkedin.com/company/accountancyeurope)



accountancyeurope.bsky.social

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 49 professional organisations from 35 countries that represent close to 1 million professional accountants, auditors and advisors. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No. 4713568401-18).