

ESG Reporting and Regulation: A View from the FCA

November 2022

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The UK's Sustainable Finance Ambitions



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News story

Chancellor: UK will be the world's first net zero financial centre



Findings and Observations

- **80%** of consumers would like their money to 'do some good' as well as providing a return – *Financial Lives Survey, 2020*
- Market research shows that first time investors are driving some of the growth of sustainable investments
- Inflows into 'responsible funds' hit record levels in 2021 at **£16bn** for the year – *Investment Association, 2021*



How do we think about ESG, and why it is important at the FCA?



The 5 T's of Our ESG Strategy

Transparency



- Promoting transparency on climate and sustainability along the value chain

Trust



- Building trust and integrity in sustainable finance instruments, products and the supporting ecosystem

Transition



- Supporting the role of finance in delivering a market-led transition to a more sustainable economy

Tools



- Working with others to enhance industry capabilities and support firms' management of climate and sustainability risks, opportunities and impacts

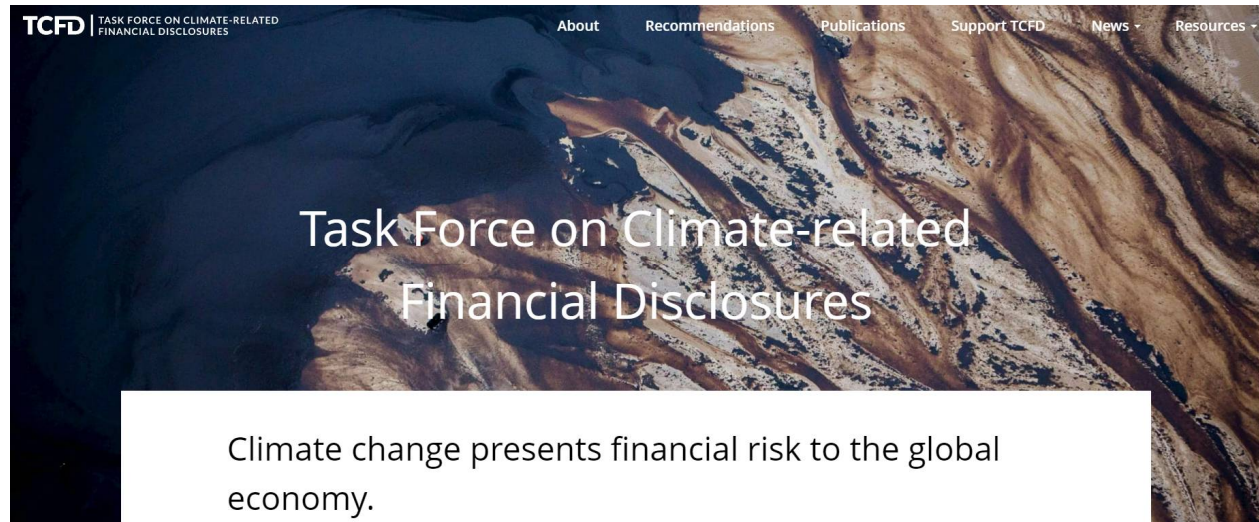
Team



- Developing strategies, organisational structures, resources and tools to support FCA regulation of sustainable finance

ESG Reporting & Disclosure Requirements in the UK

Taskforce on Climate-Related Financial Disclosures (TCFD)



A Roadmap towards mandatory climate-related disclosures



November 2020

ESG Reporting & Disclosure Requirements in the UK

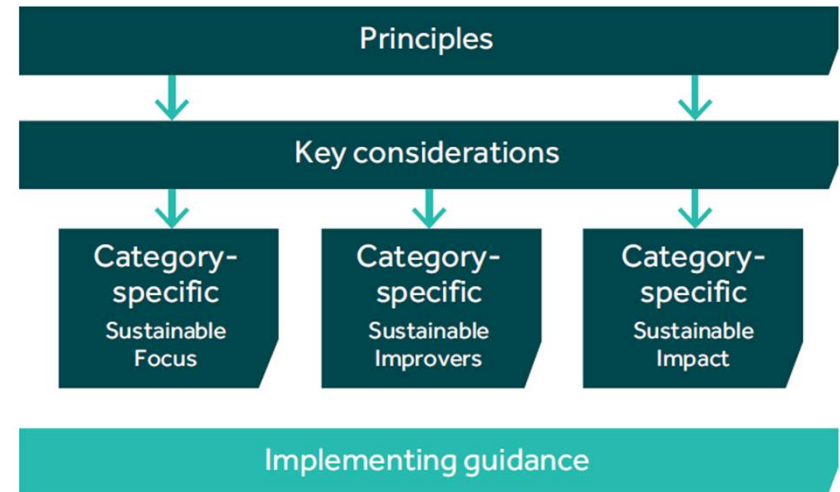
Sustainability Disclosure Requirements (SDR)



“Invests mainly in assets that are sustainable for people and/or planet”

“Invests in assets that may not be sustainable now, with an aim to improve their sustainability for people and/or planet over time”

“Invests in solutions to problems affecting people or the planet to achieve real-world impact”



“The labels will be underpinned by a set of clear, objective criteria that set a high bar for quality and integrity”

“Any products that are not labelled must meet our naming and marketing rules”

ESG and Data Ratings



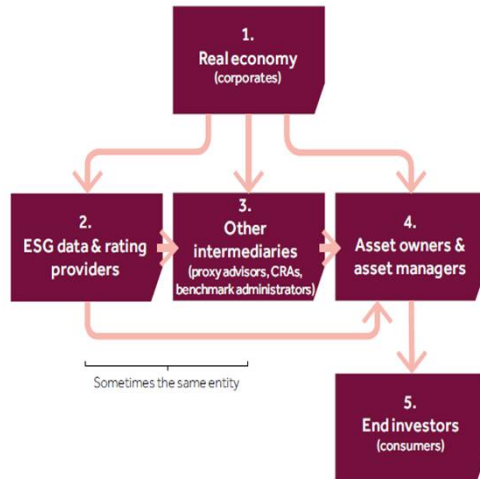
ESG integration in UK capital markets:
Feedback to CP21/18

Feedback Statement

"We see a **clear rationale for regulatory oversight** of certain ESG data and rating providers – and for a **globally consistent regulatory approach** informed by the recommendations... developed by IOSCO..."

"We therefore **support the Government's consideration** of bringing ESG data and ratings providers within our regulatory perimeter..."

Figure 4: Key information flows and interactions in the ESG data ecosystem



FCA, Feedback Statement 22/4, June 2022

Green FinTech and Innovation

FCA Sustainability TechSprint

ESG data and disclosures



Supporting innovation in ESG data and disclosures:
the digital sandbox sustainability pilot

Green FinTech Challenge



The Value of International Collaboration



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