



# ESG Investing Conference 2022

09:00 - 15:30 | Wednesday 7th December, 2022

Kindly hosted by  
**NORTON ROSE  
FULBRIGHT**

# **FCA ESG strategy – post-COP reflections, progress and key priorities...**

**TISA ESG Investing Conference, 7 December 2022**

Mark Manning, Financial Conduct Authority

# COP27 reflections...

*Stark warning from IPCC: greenhouse gas emissions must peak within the next two years, and then reduce by some 43% by 2030...*

- **We need to move from climate ambition to climate action**
  - Transition planning
  - Standards
  - Markets and the ecosystem
- **We need to connect, collaborate and build global capacity to tackle the climate challenge**
  - ISSB Partnership Framework
  - Just Energy Transition Partnership
  - Blended finance
- **To finance the transition, we need to transition finance**



# Promoting transparency on climate change and wider sustainability along the value chain...

## Task Force on Climate-related Financial Disclosures

Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures

**“The government expects that ISSB standards will form a core component of the SDR framework, and the backbone of its corporate reporting element”**

Report on Sustainability-related Issuer Disclosures

Final Report



March 2022

Exposure Draft

IFRS® Sustainability Disclosure Standard

[Draft] IFRS S2 Climate-related Disclosures

Comments to be received by 29 July 2022



**“We... conclude that the ISSB’s Exposure Drafts will help to enhance market quality and integrity and we are strongly supportive of the proposals”**

## Greening Finance:

A Roadmap to Sustainable Investing

October 2021



Enhancing climate-related disclosures by standard listed companies



Policy Statement PS21/23

December 2021

Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers

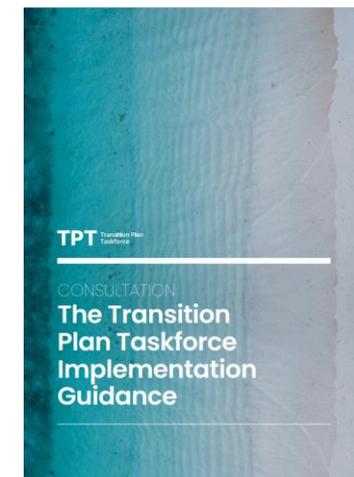
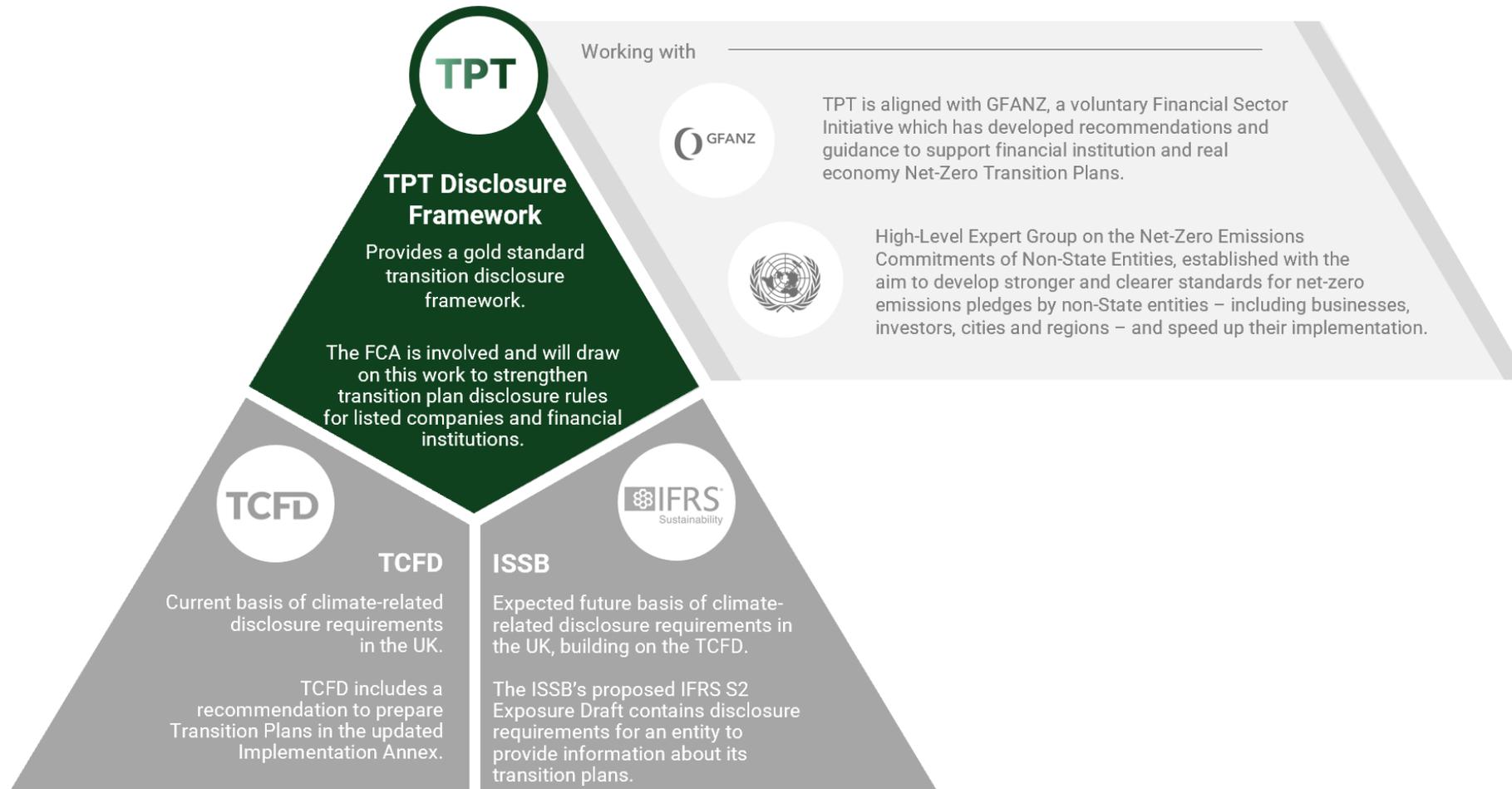
Policy Statement PS21/24

December 2021

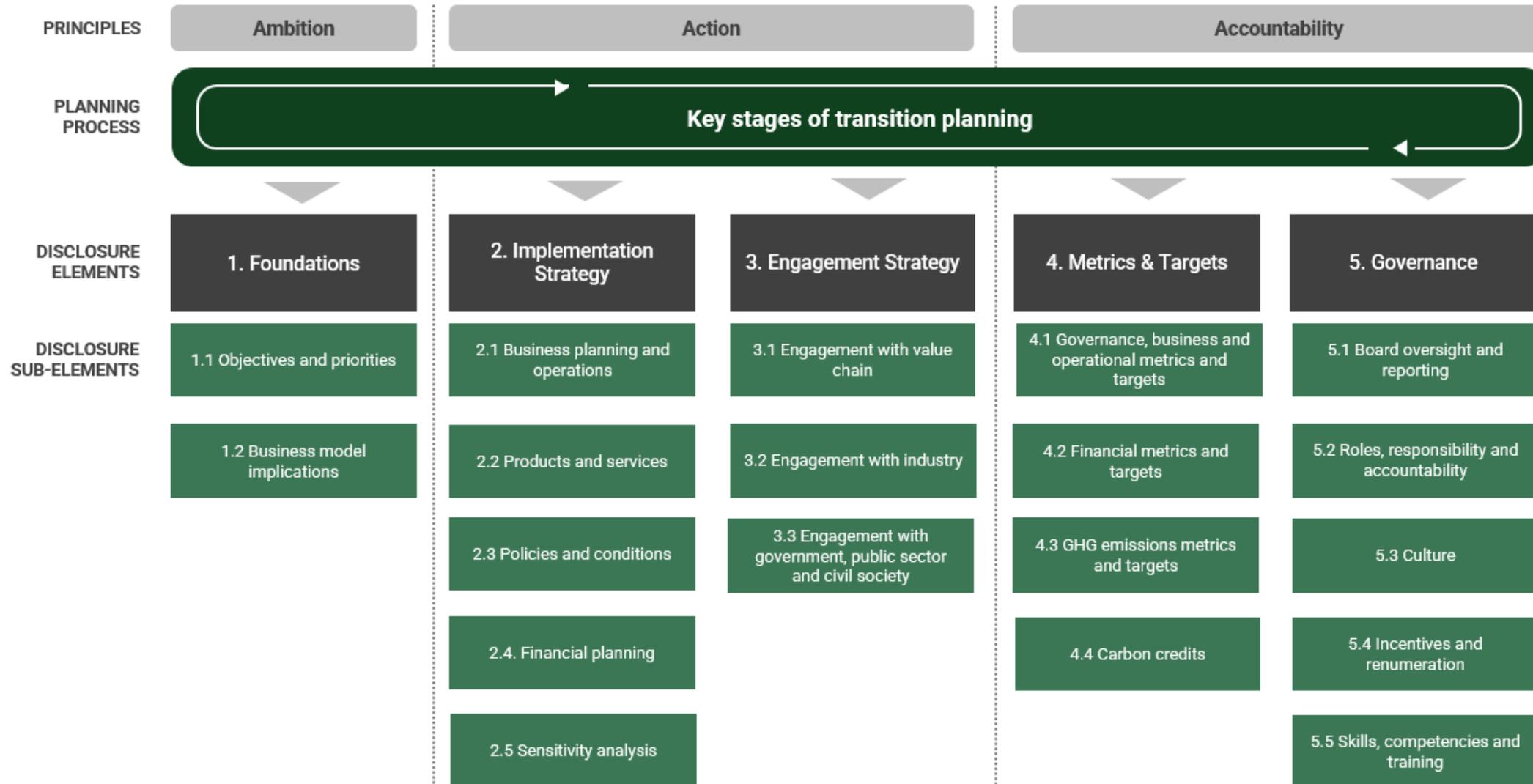
THE UK WILL BECOME THE FIRST NET ZERO FINANCIAL CENTRE



# Implementing a framework to support transition planning and disclosure...



# Implementing a framework to support transition planning and disclosure...



# Building trust in the ESG ecosystem...

*June 2022*

Publication of **Feedback Statement** on ESG integration in capital markets

*Ongoing*

**Engagement with HM Treasury** on potential regulation

*November 2022*

Announcement **Code of Conduct** group  
**Voluntary Code of Conduct**

**Engagement with HM Treasury**

**Key messages on ESG data/ratings**

- Clear rationale for **regulatory oversight**
- Importance of aligning with **IOSCO recommendations** for global coherence
- FCA to continue to engage with HM Treasury and encourage a voluntary **Code of Conduct**

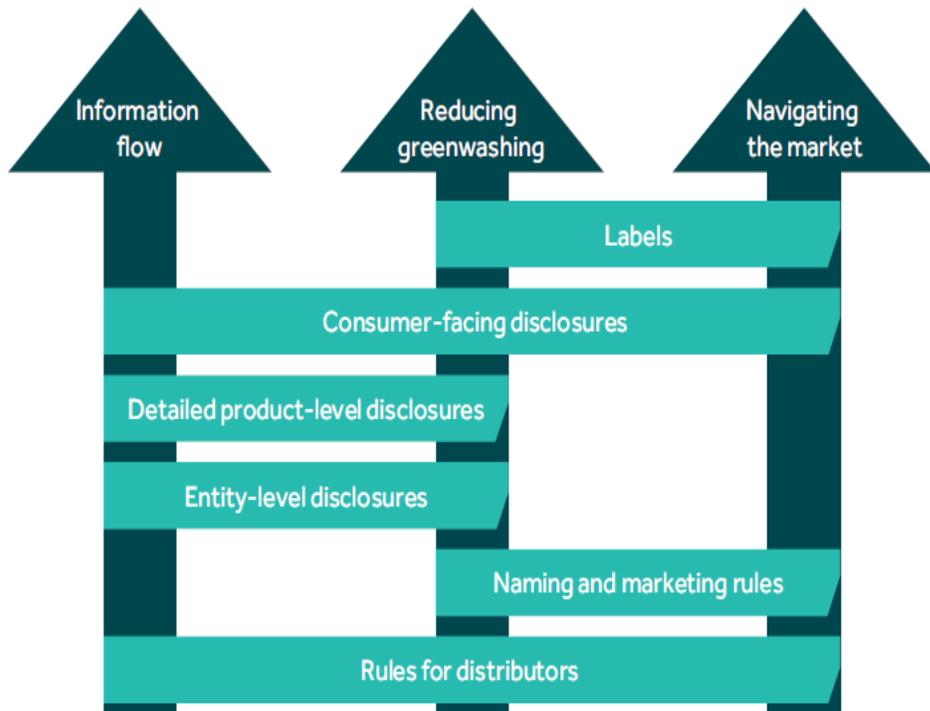
- Help promote rapid development of **best practice**
- **Industry-led and industry-owned:** IRSG/ICMA
- ToRs grounded in **IOSCO recommendations**

- FCA supports regulatory focus on
  - **transparency,**
  - **good governance**
  - **management of conflicts of interest**
  - **robust systems and controls**
- HM Treasury considering the case for regulation

# Building trust in the funds market...

*"There are growing concerns that firms may be making **exaggerated, misleading or unsubstantiated** sustainability-related claims..."*

*"The market is **difficult** for consumers to navigate."*



## Areas of intervention

Classification/labelling of sustainable investment products

Consumer-facing disclosures

Detailed entity- and product-level disclosures

Naming and marketing rules

Distributor rules

# Building trust in the funds market...



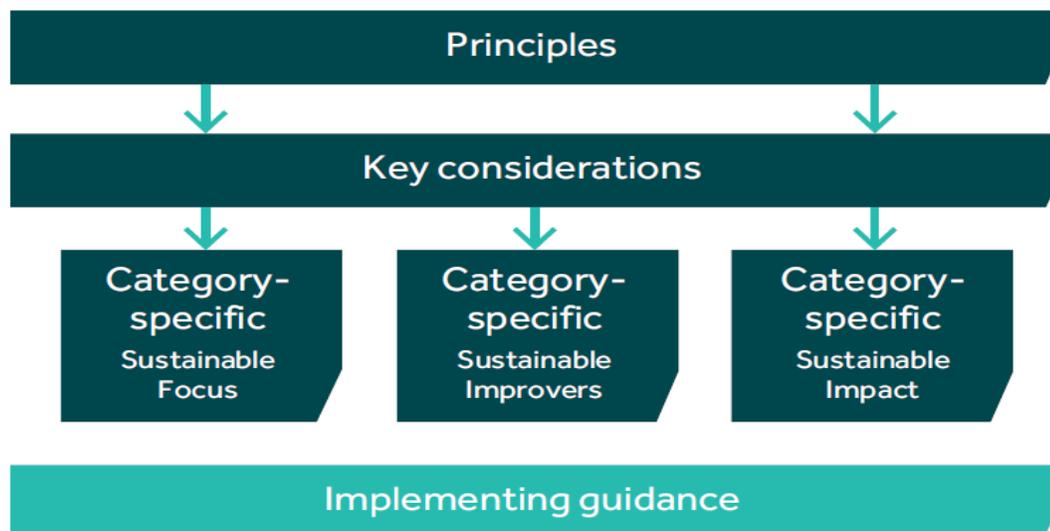
**“Invests mainly in assets that are sustainable for people and/or planet”**

**“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”**

## ***Some common questions so far on fund classification/labelling...***

- What is a ‘credible reference standard’ for Sustainable Focus?
- Is the 70% threshold too low/high?
- Do the proposed criteria for Sustainable Improvers impose sufficient discipline?
- Do the criteria for Sustainable Impact in practice rule out impact investing in listed markets?
- Should factual information on ESG strategies be permitted in marketing materials for non-labelled funds?
- Is there too much deviation from SFDR?





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# Principles For Responsible Investment 'PRI'

The world's leading proponent of responsible investment

Rose Easton, Senior Director, Global Signatory Relations



# ESG in a fast-changing landscape



# Agenda

- The PRI - who are we and what do we do?
- Stock take on responsible investment to date
- 'PRI in a Changing World' consultation
- Key themes identified so far
- Q&A

# The PRI – who are we and what do we do?

Investor-led, supported by the United Nations since 2006

- 1** We will incorporate ESG issues into investment analysis and decision-making processes.
- 2** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** We will promote acceptance and implementation of the Principles within the investment industry.
- 5** We will work together to enhance our effectiveness in implementing the Principles.
- 6** We will each report on our activities and progress towards implementing the Principles.



**2**

**UN PARTNERS:**  
UNEP FINANCE INITIATIVE  
UN GLOBAL COMPACT



**5200+**

**SIGNATORIES:**  
ASSET OWNERS  
INVESTMENT MANAGERS  
SERVICE PROVIDERS



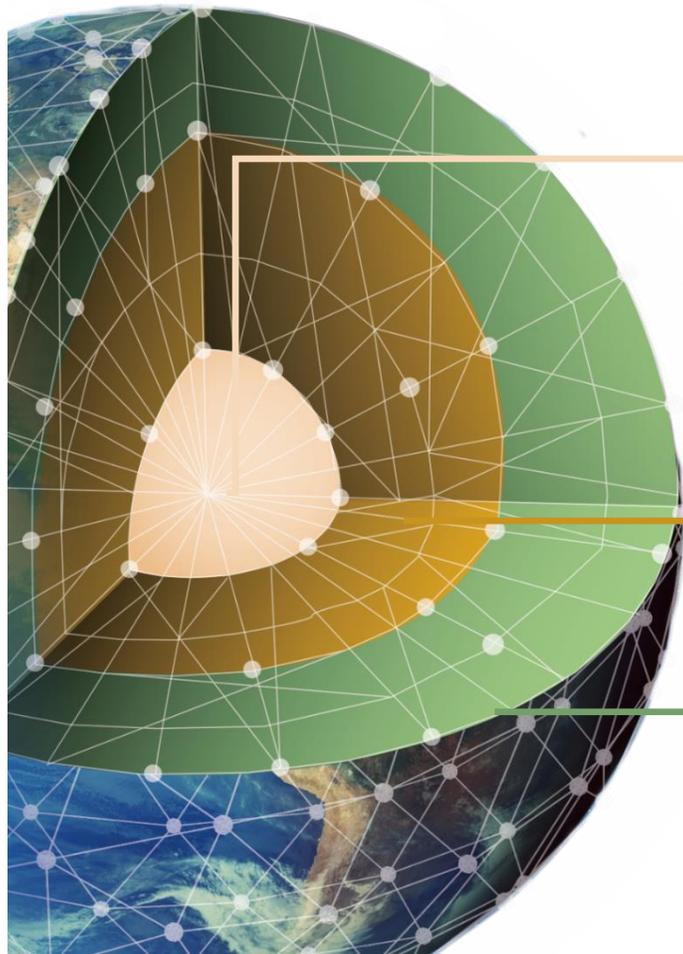
**121+**

**US\$ trn**  
ASSETS UNDER  
MANAGEMENT



# The Blueprint vision

Launched in 2017 to set the direction of our work for the 10 years ahead



## Responsible investors

- Empower asset owners
- Support investors incorporating ESG issues
- Create an industry of active owners
- Showcase leadership and increase accountability
- Convene and educate responsible investors

## Sustainable markets

- Challenge barriers to a sustainable financial system
- Drive meaningful data throughout markets

## A prosperous world for all

- Champion climate action
- Enable real-world impact aligned with the SDGs

# 2021-24 Strategy map

Building a bridge between financial risk, opportunities and real-world outcomes

## STRATEGIC DRIVERS



BIG TENT	ACCOUNTABILITY	SCALABILITY
<p>We welcome a diverse and global signatory base. Diversity gives us strength. We aim to provide value for all.</p>	<p>Accountability is critical for signatory credibility and drives progress.</p>	<p>Scale leverages signatories' responsible investment effort and impact. We aim to support signatory learning and collaboration at scale.</p>

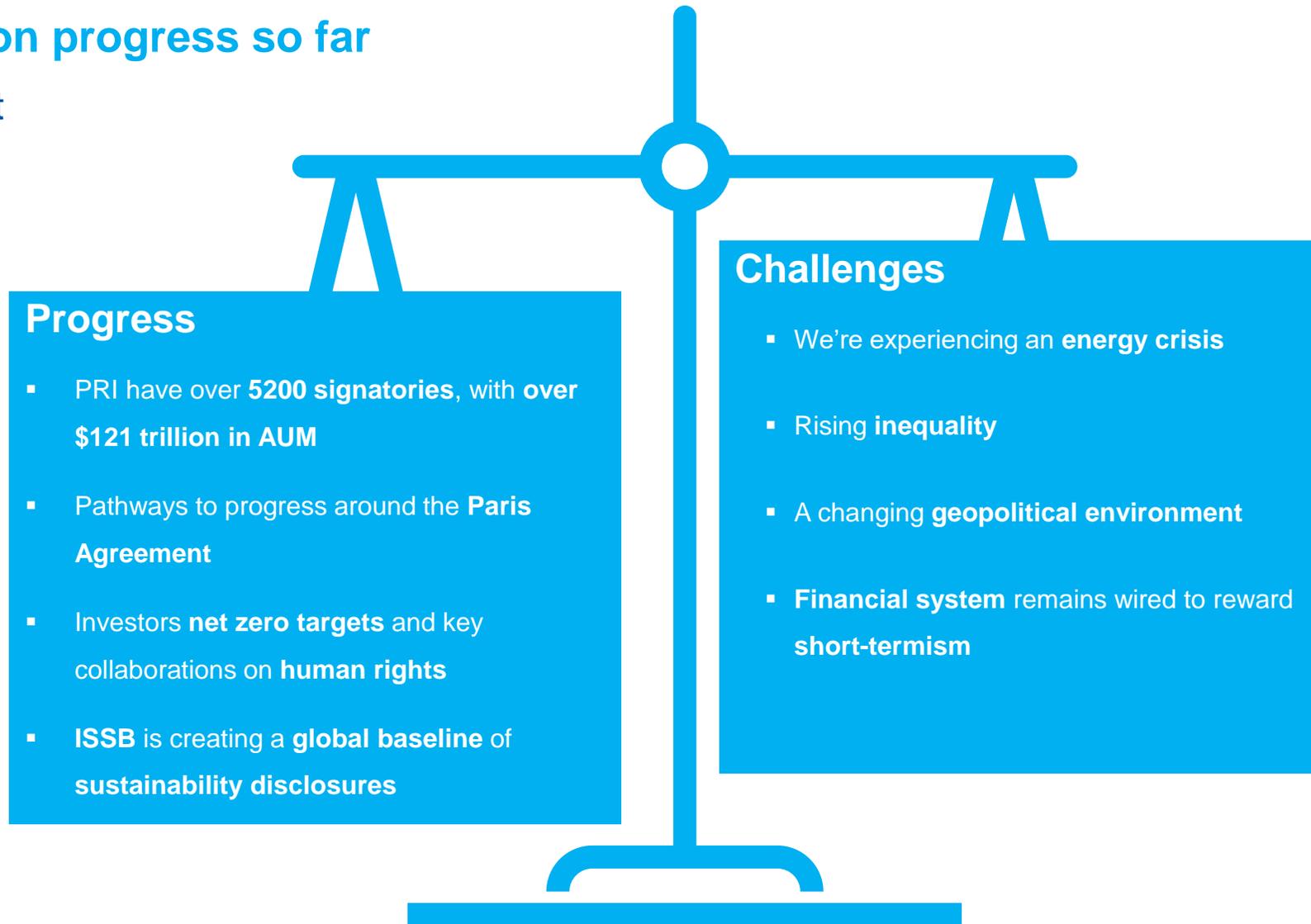
# How we support our signatories



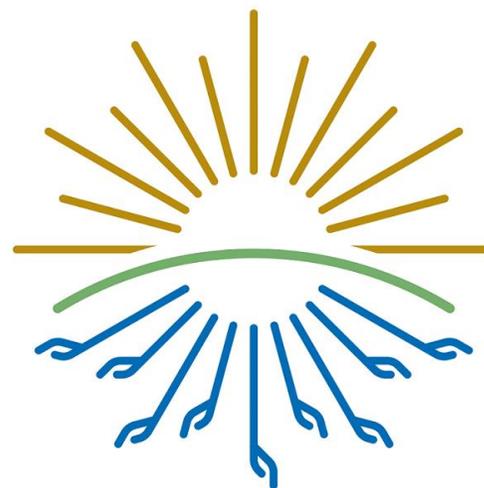
PRI in a Changing World:  
signatory consultation

# Stock take on progress so far

## Balance sheet

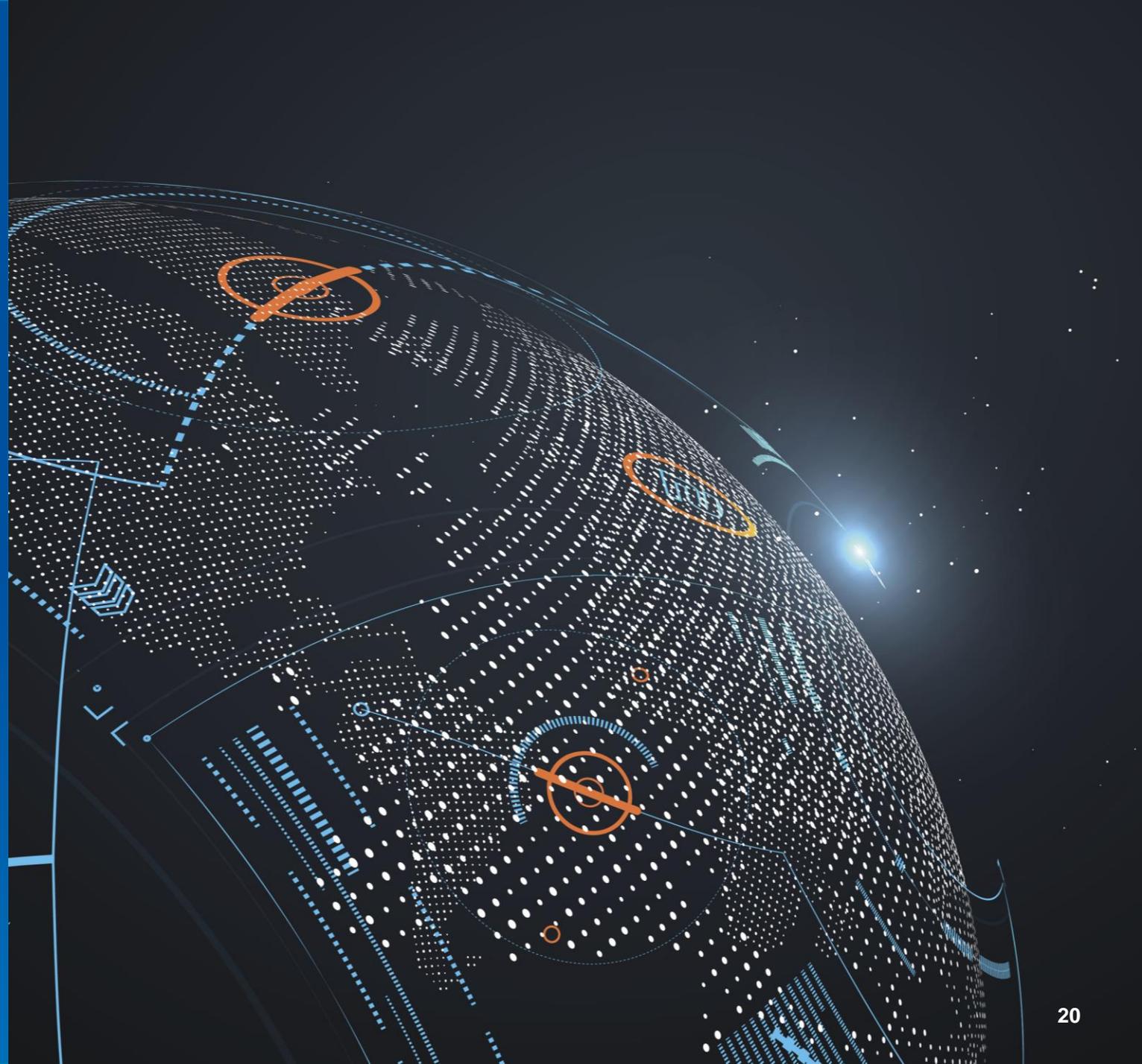


**Power of the  
global responsible  
Investment  
community**



**COP27**  
SHARM EL-SHEIKH  
**EGYPT 2022**

# PRI in a Changing World World consultation



# PRI in a Changing World Consultation

We have been looking at six overarching themes

- 1 Expectations of responsible investors today
- 2 Expectations of the PRI to ensure accountability of all signatories
- 3 The PRI's response to signatory needs
- 4 The PRI's role on advocating for responsible investment policy
- 5 The PRI's governance approach and processes
- 6 The PRI's Vision, Purpose and Mission statements

## Key Themes identified so far

- Our **global** perspective remains valued such as our work in **harmonising regulation**
- A need to balance that with **local** access and **regional** insight
- The PRI should have stronger feedback loops on **regional input** into our priority setting
- Importance of our role in creating an **enabling environment**
- Support and ability to track **progression** is important
- A strong sense of urgency around **climate**
- Social impacts are intensifying including threats to fundamental **human rights**

We all have an important role to play



# Thank you

# TISA



[www.tisa.uk.com](http://www.tisa.uk.com)



Tisa UK

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