



Climate, Nature and Sustainability  
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# Agenda

1. Introduction: UK climate and sustainability reporting requirements
2. Upcoming regulations and frameworks summary
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  - Anti-greenwashing rule
  - Sustainability Reporting Standards
  - Nature-related risks
3. Q&A

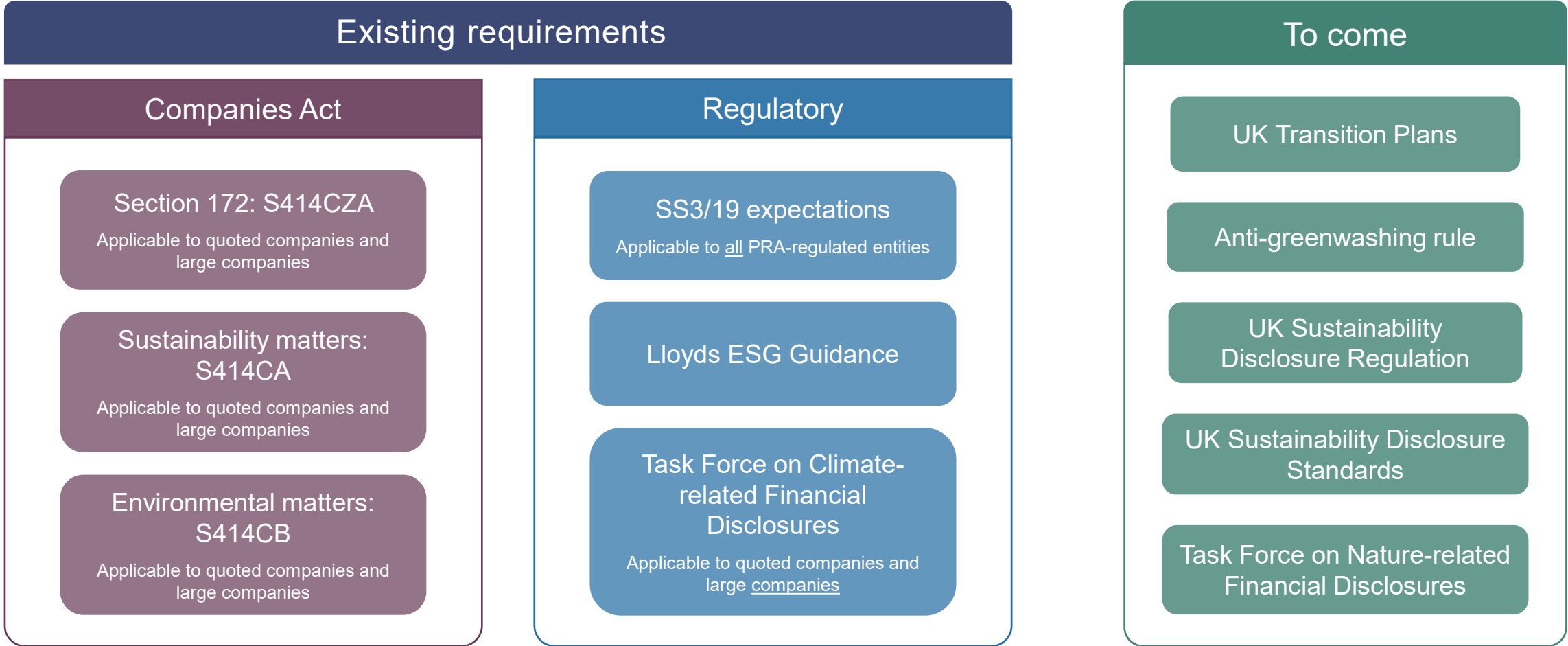
# 01

Introduction

**UK climate and sustainability  
reporting requirements**

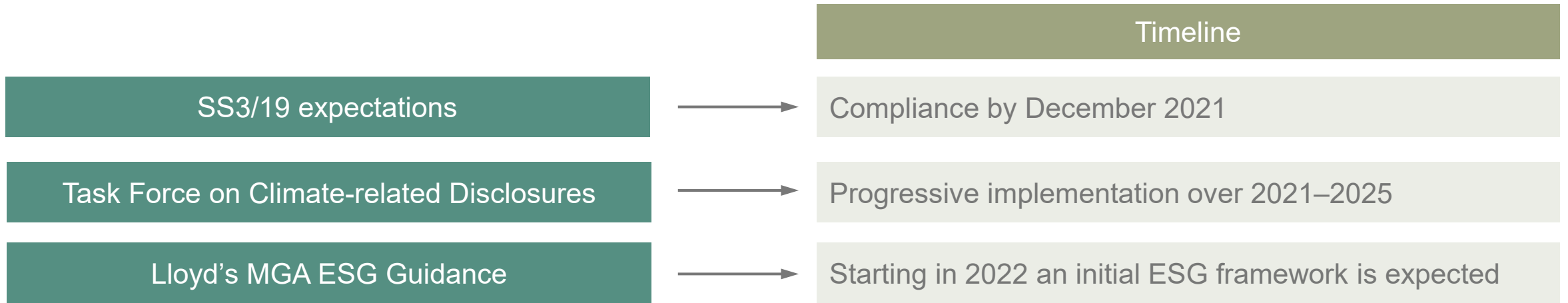
# Introduction

## UK climate and sustainability reporting requirements



# Introduction

## UK climate and sustainability reporting requirements



- In complying with **SS3/19**, PRA-regulated entities should demonstrate progress made in embedding climate risk within their overall risk management frameworks including steps being taken to address gaps in data, tools and expertise.
- Firms starting on their **TCFD reporting** journey may consider work done in complying with **SS3/19** and identify gaps in meeting the disclosure requirements in line with the TCFD framework.
- Lloyd's MGA's are expected to deliver on expectations set out in their ESG framework covering policy on sustainable insurance, policyholder practice, sustainable insurance products and governance, and responsible investment policy.

# 02

Upcoming regulations and frameworks summary

# Upcoming regulations and frameworks summary

## Transition plans

### What are they?

A transition plan lays out an entity's **strategy, targets, actions** and **resources** for its transition towards a lower-carbon economy, including what actions to reduce its greenhouse gas (GHG) emissions.

#### Key observations

- Transition plans are more than a regulatory disclosure exercise.
- Transition plans will help investors distinguish between those firms that do have a coherent strategy and supporting actions to decarbonise and those firms that don't.
- Embedding climate plans into the business and financial planning process.

# Upcoming regulations and frameworks summary

## Transition plans

### UK adoption

Q4 2023 TPT Recommendations and Sector guidance published

Q4 2023 UK government will consult on TPs for the UK's largest companies

Implementation date TBC

H1 2024 FCA will consult on TPs for listed companies

Anticipated to come into force for accounting periods on or after 1 January 2025 and reporting beginning in 2026

### International alignment

- **TPT framework** designed to be consistent with the **IFRS S2** Climate-related Disclosures
- TPT has provided technical mapping documents with **TCFD** and **IFRS S2** as well as a comparison with the European Sustainability Reporting Standards (**ESRS**).



# Upcoming regulations and frameworks summary

## FCA anti-greenwashing rule

*“Greenwashing is sustainability-related statements, declarations, actions or communications that do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This may be misleading to consumers, investors or other market participants “ - European Supervisory Authorities (ESAs)*

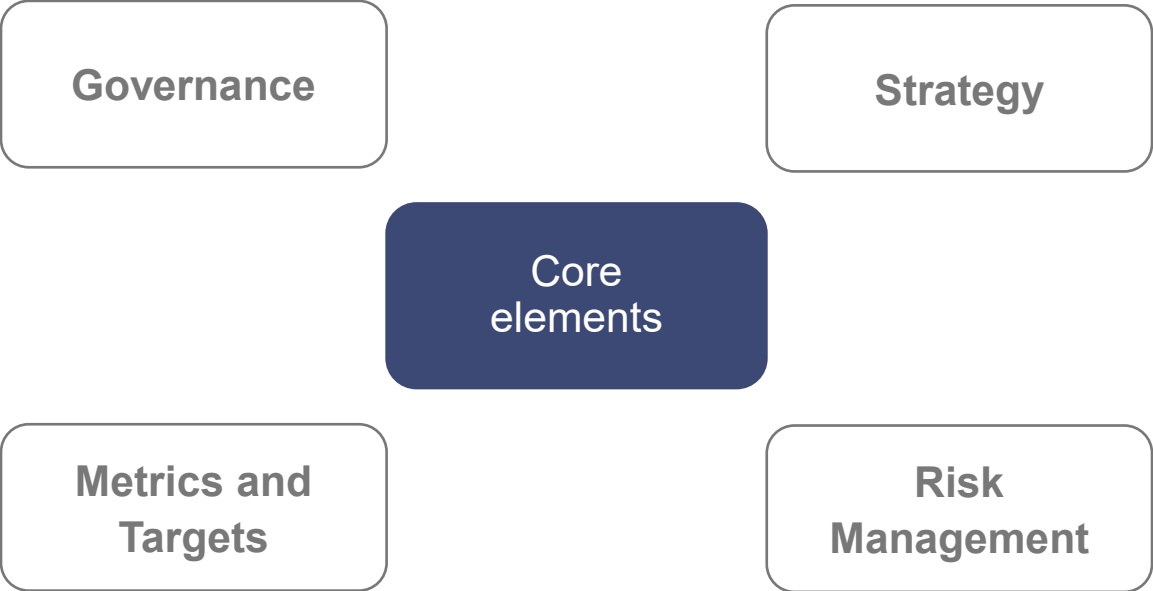
- The FCA is proposing to introduce an anti-greenwashing rule as part of the Sustainability Disclosure Requirements (SDR).
- Requires entities to ensure reference to sustainability of a product or service are:
  - Consistent with sustainability profile of the product or service.
  - Clear, fair and not misleading.
- Rules are applicable to **all** FCA-regulated entities.
- A Policy Statement is expected in **Q4 2023**, and the anti-greenwashing rule will apply on publication date.

**Ensure that public disclosures and commitments are substantiated with clear plans and actions.**

**Ensure consistent communications, for example, marketing materials and client communications.**

# Upcoming regulations and frameworks summary

## Sustainability Reporting Standards



- The UK sustainability disclosure standards (UK SDS) will be based on the International Sustainability Standards Board (ISSB) issued IFRS S1 – Sustainability Disclosure Standard and IFRS S2 – Climate-related Disclosures.
- The Financial Conduct Authority (FCA), will introduce the standards for listed companies by updating the existing ESG sourcebook. Expectation is for a consultation within the **first half of 2024**, and it is envisaged the rules will come into force for the **accounting period beginning on or after 1 January 2025**.
- Department for Business and Trade will introduce the standards for private companies.

**The ISSB standards can be voluntarily adopted by companies while in the transitioning phase for the UK.**

[UK Sustainability Disclosure Standards - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

# Upcoming regulations and frameworks summary

## Taskforce for nature-related risks



- The Taskforce on Nature-Related Financial Disclosures (TNFD) framework is a global, market-led initiative intended for use by corporates and financial institutions of all sizes. It follows on from the work of the Task Force on Climate-related Financial Disclosures (TCFD).
- The TNFD describes 14 specific recommended disclosures which are aligned to the TCFD's 11 recommendations plus three for nature.

**The TNFD framework can be voluntarily adopted by companies while in the transitioning phase for the UK.**

[The Taskforce on Nature-related Financial Disclosures \(tnfd.global\)](https://tnfd.global)



# Q&A

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