

Sustainability Disclosure Requirements (SDR) service offering

Deloitte service offering for the FCA's SDR including the Investment Label Framework covering the end-to-end implementation lifecycle from Design, Build, Review & Recommend and Assurance.

1 Anti-greenwashing rule¹

- **Define and agree scope of review:** This may include a firms' key greenwashing risk areas and related materials such as marketing materials, green credentials and claims, product documentation, companywide strategy documentation, data production and usage, and wider key sustainability governance processes and committee structures.
- **Approach and methodology:** Carry out a review of the firms' greenwashing risk exposures within the materials per the scope of the review against the expectations set out in the Policy Statement 23/16. AI monitoring capabilities are available for use as part of this review.
- **Output:** A written report describing the potential greenwashing risks identified as well as recommendations for filling any potential gaps identified within the materials assessed as part of the review.

2 Naming and marketing rules

- **Define and agree scope of work:** This may include a review of firms' systems, controls, policies and procedures that govern the choice of each products' underlying assets; the characteristics of the funds' assets versus that of any claims made in conjunction with the assets, including within the product name.
- **Approach and methodology:** Carry out a review against the expectations set out in the Policy Statement 23/16 in respect of the agreed scope areas.
- **Output:** A written report which will describe all of the key findings identified as well as a list of detailed recommendations that will describe areas for improvement against the expectations set out in the Policy Statement 23/16.

3 Product labelling and the independent assessment of the set standard for sustainability

- **Define and agree scope of work. Possible scope areas:**
 - Current fund/s and alignment with labels;
 - The evidence-based standard;
 - The set KPI's and their ability to track progress towards the products sustainability objective;
 - The individual underlying assets alignment with the sustainability objective;
 - The theory of change as is defined;
 - The design, build, and review of the independent assessment framework, and/or, supporting the carrying out of the independent assessment;
 - The design and build or review of an escalation plan where assets may not be demonstrating sufficient progress towards the

- objective; and
- A review of work completed against all of the general and specific criteria set out in the Policy Statement 23/16.
- **Approach and methodology:** Provide support to firms' internal business team/s in designing and building internal governance elements, and/or carry out a review of existing internal governance and/or materials against the expectations set out in the Policy Statement 23/16 in respect of the agreed scope areas.
- **Output:** Impromptu SME support, and/or a written report describing the key findings, and any gaps identified in reference to product labelling requirements set out in the Policy Statement 23/16.

4 Disclosures

- **Define and agree scope of work. Possible scope areas:**
- The consumer-facing disclosure and the description of its contents including, the products sustainability objective, product label, the investment policy and strategy, relevant metrics and other key sustainability information.
- The pre-contractual and ongoing product-level disclosures and the description of their contents including the products label, sustainability objective, investment policy and strategy, policies and procedures to monitor performance against the objective, KPI's, stewardship strategy, and escalation plans.
- The entity-level disclosure and the description of its contents including the displayed details related to governance, strategy, risk management, and metrics and targets in relation to managing sustainability-related risks and opportunities. Depending on entity size, it may include resources,

governance and organisational arrangements in relation to the product, and any cross-referencing to disclosures made in a group, parent-level or other relevant reports, too.

- **Approach and methodology:** Carry out an assessment against the expectations set out in the Policy Statement 23/16 in respect of the agreed scope areas.
- **Output:** A written report describing the key findings, and any gaps identified, in reference to the rules set out in the Policy Statement 23/16.

5 Next Steps

Deloitte have industry leading ESG and Sustainability experts with the knowledge, skills and experience in new regulation, able to provide the professional expertise needed at this stage of your implementation journey.

Please get in touch with the team noted below, should you require support and/or want an initial chat.

¹ Deloitte have a separate anti-greenwashing proposition which can be provided

Key SDR dates



Key SDR contacts:



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