



SDR and labels policy  
FCA  
12 Endeavour Square  
London E20 1JN

By email

20 January 2023

Dear Sir/Madam,

**CP22/20: Sustainability Disclosure Requirements (SDR) and investment labels**

The Panel welcomes the intentions of the FCA's work on sustainable disclosure requirements and investment labels. It is important that products labelled as sustainable meet the required standards and that consumer trust is not eroded by greenwashing.

Our primary concern is to ensure there is coherence and alignment to enable smooth operations with the EU and other international markets. We have considerable reservations that the complexity and cost of the prospective product labelling regime, and the difficulties of interpreting the proposed labels, would likely limit the possible benefits. There is also a risk of confusion for firms operating across multiple jurisdictions with the adoption of a divergent approach.

Further work is also needed to resolve the question of what comprises a credible reference standard for assets to meet the required environmental and/or social sustainability standards. This needs to be clear and workable for all providers.

We strongly encourage the FCA to continue to focus its efforts on providing clarity around definitions (particularly noting the difficulties of adding labels to existing funds structures), promoting common global standards and developing a proportionate, outcomes-based regime that does not restrict the flow of capital. This approach is vital to maximise the opportunity for the UK to become the leading centre for ESG-aligned capital markets.

We would be happy to discuss these points further if required.

Yours faithfully,

[signed]

Penny James  
Chair, FCA Practitioner Panel