

Environmental, Social, and Governance (ESG) Division,
Financial Conduct Authority,
12 Endeavour Square
London
E20 1JN



By email

2 May 2023

Dear Sir/ Madam,

SMALLER BUSINESS PRACTITIONER PANEL RESPONSE TO DP23/1: FINANCE FOR POSITIVE SUSTAINABLE CHANGE

The Panel is pleased to respond to this discussion paper and supports the aims of this important work. We have one over-arching caution which relates to taking a realistic approach to what can be achieved, bearing in mind the abundance of regulatory change under way and the limited resources of smaller firms.

We welcome that learnings from the 2020 PRA Dear CEO letter on managing climate-related financial risk have been taken on board in this discussion paper, and support that the initial focus of this work is on encouraging larger firms to implement the ideas outlined in transition plans, which can then act as role models for smaller firms. This is an appropriate approach. Best practice guidance for ESG governance, remuneration, incentives and training/ certification could then be helpfully developed, rather than definitive targets with hard deadlines.

In this context we also caution against 'scope creep'. The ambition to look at inter-related sustainability topics, such as human rights, diversity and inclusion, nature and biodiversity is laudable, but it is important to be realistic about timescales and capacity for change, particularly being mindful of the burden on smaller businesses.

We would be happy to discuss any of these points further.

Yours sincerely,

[signed]

Andy Mielczarek
Chair, FCA Smaller Business Practitioner Panel