

# Chancellor sets new standards for environmental reporting to weed out greenwashing and support transition to a greener financial system

- Chancellor publishes roadmap setting out details on new Sustainability Disclosure Requirements
- Requirements will mean businesses must start disclosing their environmental impact
- Businesses and consumers will have a better understanding of whether their investments are aligned with net zero
- Rishi Sunak will call on the investment community to help cement UK's status as the best place in the world for green investment

The new requirements, which will also apply to pension schemes, investment products and asset managers and owners, are part of the government's landmark reforms to create a greener financial system.

Around 70 per cent of the UK public want their money to go towards making a positive difference to people or planet. But the lack of common definitions around environmental sustainability is leading to greenwashing, misleading investors and consumers about how green a product really is.

The new Sustainability Disclosure Requirements (SDR) will ensure investors have the information they need to make informed decisions about where to put their money.

**Following the publication of a new report setting out further details of how SDRs will work, the Chancellor said:**

We are already a world leader in green finance, and today's roadmap will give us the opportunity to set new global standards for sustainability that will boost the economy, protect the planet and support our net zero goals.

We want sustainability to be a key component of investment decisions, and our plans will arm investors with the right information to make more environmentally-led decisions

The report, entitled [Greening Finance: A Roadmap to Sustainable Investing](#), comes ahead of the UK hosting COP26 next month and is part of the Chancellor's plan for the UK to lead the world in green finance and sustainable investing.

The roadmap outlines the legislative and regulatory changes that will be made across the economy to arm investors and consumers with the right information

by setting world-leading standards on environmental sustainability reporting.

First announced at the Chancellor's Mansion House speech earlier in the year, the new integrated regime will bring together and streamline existing climate reporting requirements – such as the UK's commitment to implement mandatory reporting aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) – and go further.

This will ensure consumers and investors have all the information they need to make investment decisions that drive a positive environmental impact.

This includes requiring every investment product to set out – for the first time – the environmental impact of the activities it finances, and justify clearly any sustainability claims it makes. Asset managers will also need to set out how they incorporate sustainability into their investment strategy to allow consumers to make informed judgements about the kind of firms they want to invest in.

SDR will also set out expectations for certain firms around the publication of transition plans in the context of the UK's net zero commitment.

The Roadmap also sets out more details on a new green finance rulebook – the UK Green Taxonomy – which will create a shared understanding of which economic activities count as green. Relevant companies and financial products will be required to report their environmental impact against the UK Green Taxonomy.

The Roadmap also acts as a call to action for the pensions and investment sector, setting expectations that they will use the information generated by the SDR to start shifting financial flows to align with a net zero economy.

Specific reporting requirements, including scope, timing and detail, will be developed following public consultation.

**Further information:**

[Greening Finance: A Roadmap to Sustainable](#) has been published.