

ESG for financial services firms: Pillar 5 – Disclosures and reporting



Environmental, Social and Governance (ESG) and sustainability obligations and expectations now extend beyond climate-related risks and encompass governance and social considerations such as diversity, equity & inclusion (DE&I) and tackling non-financial misconduct. Our multidisciplinary financial services team is well-placed to advise clients on responding to the latest ESG developments and meeting the expectations of both regulators / law enforcement agencies and other market participants. We can also help clients to evaluate opportunities and advise them on how to most effectively manage emerging risks.

Our ESG offering for financial services firms

To help our financial services clients navigate the complexities associated with embedding ESG considerations and compliance into their businesses, we have designed our ESG offering around the following 6 “Pillars”:

1. Governance.
2. Risk identification, assessment and mitigation.
3. Policies and procedures.
4. Product design, labelling, manufacturing and distribution.
5. Disclosures and reporting.
6. Regulatory interventions, investigations and disputes.

This brochure sets out our approach in relation to disclosures and reporting (“Pillar 5”).

Our services in relation to disclosures and reporting

There is a range of support which we can offer to clients in relation to ESG disclosures and reporting. This includes:

- Advising clients on the full suite of disclosure and reporting obligations including in relation to:
 - SFDR and SDR.
 - The Benchmark Regulation.
 - The use of green taxonomies.
 - The TCFD Recommendations.

- The FCA Handbook including the UK’s Anti-Greenwashing Rule.
- The IFRS Sustainability Disclosure Standards.
- Advising on the delta between the SFDR and SDR regimes and the Overseas Funds Regime.
- Advising on the collection of ESG and DE&I data, and relevant disclosures to the public and regulatory authorities. We have practical experience of helping clients to navigate some of the practical and legal complexities in this regard.

Our tools and products

In addition to providing bespoke advice, we have developed a number of tools and products to support clients. These include:

- **ESG Updater.** Our multi-jurisdictional ESG updater keeps clients informed of the latest developments and best practices in ESG globally, including from regulators in the UK, US, Australia and EU. Receiving this updater service can help clients ensure that their ESG strategies remain aligned with standards and expectations as they evolve.
- **Anti-Greenwashing Tool.** In light of the FCA’s Anti-Greenwashing Rule, we have developed an anti-greenwashing tool to assist clients in identifying potential greenwashing risks within their financial products and promotional materials.
- **Tailored Training Programmes.** Working with our clients, we can design a tailored internal training programme to address specific needs and concerns amongst different populations of staff and provide practical guidance on managing ESG-related matters and risks.

- **Podcasts and Blogs.** Our series of podcasts and blog posts on Global Regulation Tomorrow can serve as an invaluable tool for clients navigating the ESG landscape by providing timely and accessible insights into key issues and developments.

Why instruct Norton Rose Fulbright?

Instructing Norton Rose Fulbright provides access to:

- **A multidisciplinary team of experts.** Our team comprises a blend of contentious and advisory lawyers and risk advisory experts, enabling us to provide a broad range of advice across all key jurisdictions.
- **A team with a depth of experience.** We have a broad understanding of how financial services firms operate. We understand the issues which arise when managing regulatory risks and balancing internal sensitivities and can help clients to navigate these complexities.
- **A team that can provide market insights.** We have a broad view of common practices across the professional services market due to our diverse client base.
- **Advice which can benefit from legal privilege.** Provided certain steps and protocols are followed, it may be possible for a client to assert privilege over advice that we provide, which has a number of benefits including protecting such advice from disclosure.
- Advising a global bank on the requirements of SFDR and the Taxonomy Regulation and provided support in drafting the mandated disclosures for a climate technology fund.
- Advising an asset and wealth manager on the impact of legislative proposals under the EU's sustainable finance action plan as well as the impact of the FCA's and other international standards on climate-related financial disclosures.
- Advising a client on the FCA's guiding principles on ESG fund design, delivery and disclosure and assisting the firm to engage with the FCA to influence policy development.
- Counselling a fund specialising in renewables infrastructure on the requirements of SFDR and assisting in drafting the mandated disclosures.
- Delivering training sessions on ESG corporate disclosures and human rights due diligence laws.

Our experience

Our team has extensive experience of advising financial services firms on ESG issues. Some of our recent experience includes:

- Advising an international bank on integrating considerations of climate-related financial risks into governance, risk management and disclosure frameworks in line with relevant prudential regulatory guidance and the TCFD Recommendations.
- Reviewing a global bank's external websites across several jurisdictions and advising on ESG disclosure obligations to ensure compliance with relevant regulatory standards and to mitigate greenwashing risks.

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