

INVESTOR BRIEFING

INVESTOR SUSTAINABILITY DISCLOSURE FRAMEWORKS AND REGULATIONS: A GLOBAL OVERVIEW AND COMPARATIVE ANALYSIS

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To inform this paper, the following group has been consulted: Global Policy Reference Group.

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ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of sustainability issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating sustainability issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. More information: www.unpri.org

ABOUT THIS BRIEFING

This investor briefing summarises a landscape analysis of 169 investor disclosure frameworks analysed with the support of Canbury Insights. It aims to contribute to responsible investors' understanding of existing investor disclosure regulations and policy guidance established by governments and non-government bodies. It also aims to inform optimal pathways towards streamlining and enhancing the interoperability of investor requirements.

In identifying this list of instruments, the PRI prioritised frameworks that establish sustainability-related disclosure requirements for asset owners and/or investment managers at the level of the investment entity, product or asset class.¹

This briefing represents a component of our broader research project. The project is aimed at (i) identifying the essential elements of decision-useful investor sustainability disclosure for various users of the disclosure and (ii) supporting financial regulators and policymakers in enhancing the global interoperability of disclosure frameworks and streamlining disclosure requirements. The project has been informed by extensive desk research and engagement with 48 signatories and 13 stakeholders (including regulators and standard-setters) through a series of workshops and interviews.

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¹ A limited number of frameworks on the legal (or corporate) entity were included given their importance in the reporting landscape – for example IFRS S1 and S2.

EXECUTIVE SUMMARY

The global landscape of sustainability disclosure for investors has been evolving over the past two decades. It has transformed from a handful of voluntary initiatives to a complex ecosystem of mandatory regulations, quasi-mandatory guidelines and industry standards. Investors now navigate a web of requirements that vary substantially by jurisdiction, asset class and their position in the investment chain.

The review analysed 169 disclosure frameworks – 93 issued by governments and 76 by non-governmental organisations – and the results indicate that despite the complex landscape, common patterns are emerging.

- **Common policy drivers:** Most government-issued frameworks coalesce around a core set of objectives, including investor protection and market integrity, enhancing financial stability and supporting the economy-wide transition to a more sustainable future.
- **Varied responsible investment objectives:** Investor sustainability disclosure requirements increasingly reflect a spectrum of responsible investment objectives. These include managing risks, tackling drivers of system-level risks, and pursuing broader sustainability impacts.
- **Convergence on key disclosure topics:** Despite the fragmented regulatory landscape, disclosure frameworks consistently expect investors to disclose on key sustainability-related topics that include sustainability policies, governance, strategies, processes of considering material sustainability factors and risk management, and due diligence. Although governance and climate disclosures show strong alignment, standardisation across other environmental and social indicators remains limited.
- **Complementary role of non-government-issued frameworks:** A diverse range of non-government-issued frameworks play an important complementary role to government-issued disclosure requirements, filling gaps in the reporting landscape and establishing industry norms.

In addition to describing the emerging trends, this research outlines a structure that can help investors interpret the complex reporting landscape – irrespective of whether the frameworks are government-issued or non-governmental. Globally, disclosure frameworks involve a series of layers of disclosure requirements. Baseline requirements are complemented by requirements that are either voluntary or dependent on the investor's responsible investment objective.

This briefing ends with case studies comparing key government-issued frameworks. These include the UK Sustainability Disclosure Requirements (SDR), the EU Sustainable Finance Disclosure Regulation (SFDR) and the Hong Kong Securities and Futures Commission (HK SFC) disclosure requirements, as well as fund names rules in the UK, the EU and Singapore. Although these jurisdictions have taken substantially different approaches to governing investor sustainability disclosure, we identify several converging trends in terms of objectives, scope of application, structure and key topics to be disclosed.

This review was conducted to inform PRI's view on decision-useful investor disclosure as we continue to support accountability on responsible investment practices globally. We look forward to sharing further insights from the wider project in the coming months.

GOVERNMENT-ISSUED DISCLOSURE FRAMEWORKS AND REGULATIONS

The landscape of investor sustainability disclosure requirements established by governments has become increasingly fragmented. However, there are some common trends in the objectives, scope and disclosure requirements of the 93 government-driven disclosure rules, regulations or frameworks relevant to investors (referred to as disclosure frameworks for the rest of the briefing) reviewed in this research.

POLICY OBJECTIVES

Governments develop investor sustainability disclosure frameworks to achieve various policy objectives. Our analysis identified three main policy objectives: investor protection and market integrity, financial stability, and transition coordination. (Please note that frameworks can have more than one policy objective.)

■ Investor protection and market integrity

About 70% of investor sustainability disclosure frameworks explicitly aim to provide credible information for investors to monitor or choose investment products or managers and prevent greenwashing. Financial conduct regulators and pension regulators play a crucial role in these efforts. They are responsible for interpreting and providing guidance on the fiduciary and consumer duties that form the basis of the disclosure obligations. Examples of investor sustainability disclosure regulations and frameworks include the [SDR and investment labels](#) issued by the UK Financial Conduct Authority (FCA), the Sustainable Finance Disclosure Regulation ([SFDR](#)) and the Markets in Financial Instruments Directive ([MiFID II](#)) issued by the EU Commission, and the [Mutual Fund Schemes for ESG Investing](#) developed by the Securities and Exchange Board of India (SEBI).

■ Financial stability

Around half of investor sustainability disclosure frameworks were developed with the aim of enhancing financial stability. Microprudential supervisors develop these frameworks with the following objectives: (i) to encourage or guide financial institutions to develop greater resilience to (and management of) sustainability-related risks, particularly those related to climate and (ii) to establish an expectation that these institutions disclose accordingly to meet supervisory expectations.

For example, the Australian Prudential Regulation Authority (APRA) issued the [Prudential Practice Guide – CPG 229 Climate Change Financial Risks](#) to provide guidance for Australian financial institutions on managing climate-related risks and their associated financial disclosures. The [EU Commission Delegated Regulation \(EU\) 2021/1256](#) made changes to the Solvency II – which establishes the governance frameworks of insurance and reinsurance undertakings in the EU – to require regulated institutions to integrate and disclose sustainability risks.

In addition to improving the resilience and stability of individual financial institutions, macroprudential supervisors seek to create disclosure frameworks that provide information on how sustainability-related risks, especially those associated with climate change, may affect both individual financial institutions and the financial sector as a whole. For example, the Basel Committee developed a [framework for the voluntary disclosure of climate-related financial risks](#) as part of the committee's work to explore how a Pillar 3 disclosure framework would strengthen bank regulation, supervision and practices to enhance financial stability.

■ Transition coordination

Approximately 37% of investor disclosure frameworks express support for the transition to a sustainable economy. However, in the majority of frameworks, this consideration is secondary to objectives like investor protection and financial stability.

For example, the US Department of Treasury issued a voluntary framework outlining [9 principles](#) to promote consistency and credibility in financial institutions' approaches while supporting their transition to net-zero.

Similarly, the EU implemented the [SFDR](#) to help investors properly assess how sustainability risks are integrated into the investment decision process, with the intention that this could help attract private funding to support the transition to a net-zero economy. The Platform on Sustainable Finance has also [taken meaningful steps](#) in leveraging SFDR disclosure to evaluate how EU investment funds support sustainability by monitoring sustainable and taxonomy-aligned investments in portfolios.

The [UK SDR](#) introduced a Sustainability Improvers label to support the transition to a more sustainable future. The label indicates that the product invests in companies with robust, strategic transition plans that promote decarbonisation at both the organisational and broader economic level, including contributions to climate solutions.

RESPONSIBLE INVESTMENT OBJECTIVES

When designing investor sustainability disclosure regulations and frameworks, governments are increasingly considering the different responsible investment objectives that investors seek to adopt. Typical objectives include managing risks, addressing system-level risks, and pursuing impacts.

- **Managing risks:** Investors seeking competitive risk-adjusted financial returns by incorporating financially material sustainability-related risks and opportunities into investment and stewardship decisions.
- **Addressing system-level risks:** Investors seeking competitive risk-adjusted financial returns by incorporating financially material sustainability-related risks and opportunities into investment and stewardship decisions, which includes addressing drivers of financially material system-level sustainability-related risks that affect returns.
- **Pursuing impacts:** Investors seeking to meet risk-adjusted financial return objectives while pursuing a positive, measurable impact by incorporating financially material sustainability-related risks and opportunities into investment and stewardship decisions.

Among the 93 government-issued frameworks, the majority address multiple responsible investment objectives. Objectives and practices related to risk management are widely considered fundamental, as they are included in approximately 93% of these frameworks. Additionally, 62% include some expectations for sustainability goals to address system-level risks, while 40% pursue impact. Such objectives are typically not the sole focus of regulation but are covered alongside risk management. Only 25% of these regulations and frameworks cover all three responsible investment objectives and practices.

Table 1: RI objectives and disclosure requirements

Coverage of responsible investment objectives	Examples of disclosure regulations or frameworks	Examples of disclosure requirements
Managing risks	HK SFC Circular to Licensed Corporations: Management and Disclosure of Climate-Related Risks by Fund Managers	Disclose governance, investment management and risk management for the incorporation of relevant and material climate-related risks.
Addressing system-level risks	EBA Pillar III disclosure	Disclose actions that support counterparties in mitigating drivers of sustainability-related risk or enable adaptation to such risks, green asset ratio, etc.
Pursuing impacts	Australia Modern Slavery Act	Statements on modern slavery describe supply chains (including in the investment chain), outline modern slavery risks and document actions taken to address these risks.
All three objectives	EU SFDR (examples include Article 6, Article 8 and Article 9) UK SDR (primarily via its fund name rules and label regimes)	Separate disclosure expectations for financial products that pursue different responsible investment objectives. See the comparative analysis for more details.

DISCLOSURE REQUIREMENTS

Disclosure frameworks consistently expect investors to disclose on a group of key sustainability-related topics, such as policies, governance, strategies, integration and risk management, and due diligence. Although the level of fragmentation remains high for social and environmental indicators, convergence is evident for governance and climate indicators. Compared to other regions, the EU is leading in integrating disclosure requirements and other sustainable frameworks or standards, such as the EU Taxonomy.

TRENDS IN DISCLOSURE TOPICS AND INDICATORS

Regardless of the objectives, disclosure frameworks consistently expect investors to disclose on the following sustainability-related topics:

- Sustainability **policies**;
- **Governance** related to sustainability issues, such as board composition and oversight of sustainability issues, board responsibilities, management accountability framework and sustainability committees;
- **Strategies to implement** sustainability policies or objectives;
- **Processes for integrating** sustainability factors into investment analysis and risk management activities, such as environmental investment risk assessment, climate risk assessment, portfolio risk evaluation; and
- Process and results of **due diligence** for sustainability-related risks and/or impacts.

Compared to disclosure frameworks that focus only on risk management, those aiming to enhance transparency in addressing drivers of system-level risks or pursuing sustainability impacts are more likely to require investors to **disclose sustainability targets or objectives, their stewardship activities (especially with investees), and their results or progress on objectives (particularly**

regarding Environmental, Social and Governance [ESG] incorporation and risk management). In terms of disclosure indicators, such frameworks generally require more detailed environmental metrics, particularly around greenhouse gas emissions and other climate-related disclosures.

TRENDS IN REQUIREMENTS, BY GEOGRAPHY

European frameworks tend to be more comprehensive in their coverage across environmental, social and governance indicators. North American frameworks focus more on governance and disclosure, while Asia-Pacific frameworks emphasise risk management integration.

Overall, the analysis reveals fragmentation in disclosure requirements across jurisdictions due to differences in jurisdictional priorities, regulatory objectives and framework scope. Environmental indicators show substantial disparities outside of climate-related disclosure on greenhouse gas emissions; differences range from how they address water conservation or energy consumption to whether they require disclosure on environmental risk assessments. Social indicators exhibit even greater variation, with minimal commonality across frameworks. Moreover, regional specialisation is evident in indicators like modern slavery reporting in Australia or board gender diversity requirements in European frameworks.

Despite this, some areas of convergence are evident, particularly for governance indicators. For example, frameworks consistently include oversight requirements, risk management frameworks and conflict of interest policies, regardless of jurisdiction or sustainability ambitions. As noted, climate-related financial disclosures are also converging around core metrics such as greenhouse gas emissions and (increasingly) transition risk assessment, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures and the International Sustainability Standards Board (ISSB) Standards (which have been adopted in some jurisdictions).

INTEGRATION WITH OTHER REGULATIONS AND STANDARDS

Overall, the level of policy integration varies across jurisdictions. The EU has integrated the most comprehensive sustainable finance regulation, with other regions generally demonstrating less explicit coordination with other frameworks. This variance can be seen across three forms of coordination:

■ Integration of taxonomy

- EU-based frameworks explicitly reference the EU Taxonomy Regulation (2020/852) and require institutions to disclose on the extent to which portfolios are aligned with the EU Taxonomy.
- Some frameworks acknowledge taxonomies (EU, ASEAN, CBI) without providing detailed implementation requirements.
- Many frameworks, especially in Asia and North America, have no explicit disclosure requirements that integrate a taxonomy.

■ Transition pathway alignment

- Most frameworks have limited explicit coordination with transition pathways, especially outside of the EU.
- Where coordination is present, it is in reference to Paris Agreement objectives, the Science Based Targets initiative and the EU climate transition benchmarks.

■ Other regulatory integration

- There is consistent coordination with traditional financial regulation (anti-money laundering and securities laws).
- Many jurisdictions have established procedures for supervisory coordination, such as through working groups and regulators' input into the International Organisation of Securities Commissions (IOSCO).
- Many frameworks (particularly older ones) have limited integration of sustainability elements.

SCOPE

Among government-issued frameworks, the majority are mandatory and apply at the entity level, most often to either asset owners, investment managers or both. The intended end users are usually institutional investors and regulators, although frameworks addressing retail investors are also present. Few frameworks specify asset class coverage, indicating a broad or cross-asset approach to current regulatory practice. The following provides a more detailed summary.

■ Enforcement status

Around 70% of all 93 government-issued frameworks in the analysis are mandatory, while close to 24% are quasi-mandatory frameworks. Although the latter frameworks are not legally binding, they establish industry norms or operate on a 'comply or explain' basis. Such frameworks include the UK Stewardship Code and the Hong Kong Principles of Responsible Ownership. A small portion (6%) of the frameworks are voluntary.

■ Type of reporting entity

For reporting entities, 25% (23 of 93) of frameworks target asset owners, and 33% (31 of 93) target investment managers. Frameworks applying to both asset owners and investment managers account for 34% (32 of 93). Other types of reporting entities, including banks and companies with high revenue thresholds, account for a minority of frameworks (1–2 frameworks in each group; under 2% per category).

■ Intended end users

Disclosure frameworks can have multiple intended users. For the majority of the disclosure frameworks, the intended users are institutional investors and regulators – 85% (79 of 93) and 57% (53 of 93) of frameworks, respectively. Retail investors are an intended user in 29% (27 of 93) of frameworks, while other user types (e.g. beneficiaries or public institutions) are occasionally identified alongside the main categories.

It is worth noting that disclosure frameworks are developed with various policy objectives, intending to target different data users. Such factors could influence the design, accessibility and use of the disclosure. Of the frameworks with investor protection as either a primary or secondary objective, 90% (60 of 67) list institutional investors as an intended user. Retail investors are included in 39% (26 of 67). For frameworks focusing on prudential supervision, both regulators and institutional investors are designated as users in 78% (36 of 46). Among frameworks covering transition coordination objectives, 85% (29 of 34) identify institutional investors as intended users and 73% (25 of 34) identify regulators.

■ Asset class

Disclosure frameworks are normally agnostic of asset class; 88% (82 of 93) are applicable irrespective of asset class or do not specify a particular one. Only 9% (8 of 93) require some asset-class-level disclosure, with individual references to listed equity, listed assets or real estate, or multiple asset classes.

NON-GOVERNMENTAL DISCLOSURE FRAMEWORKS

OVERVIEW

The 76 frameworks analysed in this briefing are diverse, but most of them fall into two broad types: frameworks focused on investment practices and thematic frameworks. The remaining are a mix of different frameworks that include corporate reporting standards, taxonomies and project disclosure frameworks. Please note that this review does not cover the current PRI Reporting and Assessment framework (2025). The PRI is transitioning towards a new reporting framework for 2026, which is currently being developed.

Overall, the diverse range of non-government-issued frameworks play an important role in the reporting landscape by complementing the government-issued disclosures, filling gaps in the reporting landscape and establishing industry norms.

FRAMEWORKS FOCUSED ON INVESTMENT PRACTICES

Frameworks on investment practices are primarily jurisdiction-specific and either focus on specific aspects of these practices (like stewardship, corporate governance or proxy voting) or on broader functions – whether at the entity level (e.g. with codes and principles) or at the product level (e.g. fund labels). These frameworks include the following:

■ Stewardship codes

Stewardship codes capture the largest portion (20%, or 15 of 76) of non-government frameworks. Although in some jurisdictions these codes are government-issued, many jurisdictions (e.g. Australia) implement them through industry associations (e.g. the Australian Council of Superannuation Investors [ACSI]). Most of these frameworks (87%) are quasi-mandatory and apply primarily to both asset owners and investment managers (71%).

In addition to addressing investee stewardship implementation at the entity level, some codes require policy stewardship (43%), service provider engagement (29%) and manager engagement (21%). These codes are not limited to stewardship and require broader disclosure on policies, governance and investment strategy. However, reporting on stewardship outcomes is less developed, with less than 40% of codes requiring such disclosures (e.g. the Australian Asset Owners Stewardship Code).

■ Fund labels

Fund labels (17%, or 13 of 76) have gained traction in the regional disclosure landscape, particularly in Europe (e.g. LuxFLAG) and Australia (RIAA Responsible Investment Certification Program). All fund labels are voluntary measures issued by either civil society (69%) or industry associations (31%) for the purpose of informing both institutional investors and retail investors. These labels are almost entirely defined at the product level² and are primarily applicable to investment managers (85%).³

These labels have generally been launched in advance of governmental frameworks on labelling or naming rules (see previous section). They align with European disclosure regulations (particularly SFDR), often as a pre-requisite for recognition. Although these labels enable investors to demonstrate their sustainability credentials, most of the reviewed frameworks do not focus on disclosures around sustainability outcomes. Most labels set traditional requirements on investors' approaches, strategies, policies and risk management techniques concerning sustainability. However, consistent with a focus

² The LuxFLAG labels additionally require some investment entity-level disclosure to meet criteria related to managers' approaches to sustainability.

³ The remaining labels apply to insurance companies offering ESG insurance products.

on outcomes, many frameworks include disclosures on sustainability targets and specific environmental, social and governance topics (e.g. compliance with International Labour Organisation Principles in the German FNG Label).

■ Sustainable disclosure guidelines

Sustainable disclosure guidelines refer to a broad range of global and regional frameworks (8%, or 6 of 76). They range from regionally specific frameworks, such as the Green Investment Guidelines from the Management Association of China (AMAC), to global frameworks like the CFA Institute ESG Disclosure Standards for Investment Products.

Sustainable disclosure guidelines describe a range of disclosure expectations at both the product and the entity level, set by industry associations and the CFA Institute. They require disclosure on a range of requirements that are similar to those addressed by government-issued sustainability disclosure frameworks, including approach, governance, strategy, investment approach and risk management. They also include product-level disclosure and some climate indicators.

THEMATIC FRAMEWORKS

These frameworks assume a more thematic focus that cuts across multiple investment practices. They centre on a specific issue, asset classes or investment strategy. However, it is worth noting that these frameworks cover many of the same topics as the investment practice-focused frameworks.

■ Issue-specific sustainable disclosure frameworks

The second largest proportion of frameworks (17%, 13 of 76) are issue-specific frameworks. The majority (62%, or 8 of 13) are climate-specific, followed by social frameworks (31%, 4 of 13) and one nature framework. These voluntary frameworks are predominantly issued globally for investors (85%). Most are issued by industry associations and investor initiatives (46%), or by multilateral organisations (36%) with a global reach.

Most of these frameworks are applicable to both asset owners and investment managers (64%, 9 of 14), and are generally agnostic regarding investor type. The few frameworks that apply exclusively to asset owners (7%) or investment managers (29%) are typically industry association or investor initiatives, such as the Net-zero Asset Owner Alliance (NZAOA) and the Net Zero Asset Managers (NZAM) initiative. These frameworks are disclosed exclusively at the entity level, either at the investment entity level (93%) or the corporate/legal entity level (21%).⁴

Overall, all frameworks require some form of disclosure regarding approach and/or strategy, with the majority requesting information on policies, governance, ESG incorporation, risk management and sustainability targets. Depending on the type of issue, they also require a range of metrics:

- The **climate-specific** frameworks (e.g. Task Force on Climate-Related Financial Disclosures [TCFD] Recommendations) expect or encourage disclosure of Scope 1, 2 and 3 emissions along with information on climate targets. They often include some form of disclosure on policy engagement and are increasingly incorporating social indicators to measure impacts from the just transition.
- The **social-specific** frameworks fall into two categories: one focused on reporting around gender (e.g. the France Invest Parity Charter) and the other attempting to set international norms (e.g. the OECD Guidelines). While the former requires disclosure on metrics around gender and diversity, the latter requires broader disclosure on processes and policies, such as those regarding due diligence and remediation on human rights.
- The Task Force on Nature-related Financial Disclosure (TNFD) is the only **nature-specific** framework that was reviewed. Although it focuses on nature-related data, it also requests some climate and social disclosure given their impacts and dependencies on nature.

⁴ This includes two frameworks that are applicable to both an investment entity and a legal entity.

■ **Asset class–specific sustainable disclosure frameworks**

The asset class–specific frameworks (9%) can be categorised into two groups: those specific to private markets (57%, or 4 of 7) and those related to real assets (43%, or 3 of 7).

The private market frameworks are mostly developed by investor initiatives or industry associations (75%), with the remaining framework issued by the Predistribution Initiative (PDI) and Impact Frontiers. Although these frameworks are specific to asset classes, the disclosures are mainly at the investment entity level (75%) and cover various disclosures including governance, policies, and strategy, along with some information on investee stewardship. The PDI/Impact Frontiers framework also includes disclosure on stewardship relating to social issues policy and policy engagement outcomes.

The only asset class–level disclosure that was reviewed is from the ESG Data Convergence Initiative (EDCI), which requests information in seven data categories. Similar to the other frameworks in this group, this initiative addresses a broad range of topics (including governance), although it requires less detailed disclosure.

The real assets frameworks that were reviewed are exclusively for real estate; all are global frameworks developed by industry associations. They require disclosures at multiple levels, including investment entity, legal entity (for listing disclosure), asset class and product level. These frameworks cover information on similar topics (governance, policies, the investor’s approach or strategy, and methods for incorporation and risk management) but are specified for real estate investments only.

■ **Impact-focused sustainable disclosure frameworks**

The four impact-focused frameworks are voluntary, globally applicable, and primarily developed by either civil society (75%) or the International Finance Corporation (IFC), a multilateral organisation (25%).

These frameworks outline various requirements regarding policies, governance, approach and strategy, incorporation, risk management and investee stewardship. Additionally, they establish sustainability targets and require investors to document the outcomes of engagements and investments. The specifications of these requirements vary among the frameworks and include high-level principles such as the IFC Operating Principles; systems developed by the Global Impact Investing Network (GIIN) under their IRIS+ programme (supplemented with a range of potential indicators); and performance measurement-focused frameworks like the Impact Performance Reporting Norms and the Investor Contribution Claim Template (developed by Impact Frontiers and PDI).

Note that these frameworks do not prescribe disclosure requirements, but rather provide guidelines for investors to report on impacts relevant to their investments.

ROLE OF NON-GOVERNMENTAL FRAMEWORKS

Non-government frameworks play an important role in the landscape by complementing government-issued disclosure requirements, filling gaps in the reporting landscape and setting industry norms.

These frameworks cover many key topics that were identified in the previous section on government-issued frameworks – including governance, strategy, investment approach and risk management – and play similar roles to government-issued frameworks in some jurisdictions. They complement the current landscape in several ways:

- **Linking to government-issued frameworks:** An explicit link to regulations is an important part of the design of many of these frameworks. This link can take multiple forms: referencing policy instruments within the disclosure requirements (e.g. the EU Taxonomy with the [Nordic Swan Ecolabel for investment funds](#)), requiring disclosure to other frameworks as a pre-requisite for compliance (e.g. labels compliance with SFDR Articles 8 or 9 as a pre-requisite for the LuxFLAG Environment label), or aligning indicators with one or more frameworks (e.g. EDCI's metrics were designed to align with SFDR).
- **Being adaptable:** Many of these frameworks leave a level of flexibility to reporting entities, while others are more dynamic in permitting changes to the requirements, adapting to the needs of the regulatory landscape. For example, the [Invest Europe ESG Reporting Guidelines](#) are regularly updated to align with EU regulations. Considering the disclosure requirements of these frameworks, they can enable greater flexibility in reporting, particularly through more principle-based requirements and narrative-based reporting (compared to government-issued equivalents).
- **Being self-regulating:** Despite the enforcement status, these frameworks frequently position themselves as self-enforcement frameworks. Self-enforcement can take multiple forms, occurring through the expectations set on investors' membership in an initiative or industry association (e.g. the Net Zero initiatives) or through the issuing entities' standing in the market (e.g. the OECD's Guidelines for MNES).

Depending on the context, these frameworks can also fill either jurisdictional or global “gaps” in meeting the reporting needs for users of investor disclosure.

Frameworks focused on investment practices can step in to fill in gaps in regulatory requirements, given institutional or regulatory context. Frameworks that fulfil this role include disclosure guidelines like China's entity and product level requirements set out in the [AMAC Green Investment Guidelines](#). Other examples include the range of disclosure requirements set by ACSI on stewardship ([AO Stewardship Code](#)) and the FSC standards on proxy voting ([Standard No 13](#)) and internal governance ([Standard No 23](#)). Similarly, labels complement regional regulations and allow investors to showcase their sustainability credentials. For example, the [RIAA Responsible Investment Certification Program](#) fills a gap in fund naming and labelling in the Australian market.

The thematic frameworks also fill gaps in disclosure globally and set industry norms related to the following:

- **Asset classes:** Thematic frameworks tackle gaps in disclosure for private markets (e.g. the EDCI) and real assets (e.g. the Global ESG Benchmark for Real Assets [GRESB]). These frameworks are tailored to reflect the investment structure (e.g. capturing the requirements of General Partners through the [Australian Investment Council Framework Guidance for GPs](#)) and the content of the requirements relevant to the asset class (e.g. with relevant KPIs in the [European Association for Investors in Non-Listed Real Estate Vehicles \(INREV\) Guidelines](#)).
- **Impact and Issues:** Some frameworks tackle nascent areas of disclosure on impact strategies, as well as issues other than climate. In the climate arena, these frameworks have entered the mainstream of reporting and are increasingly being incorporated into other non-government frameworks (like corporate standards). Alternatively, they are transitioning into government-issued frameworks (as noted in the previous [section](#)).

LAYERS OF DISCLOSURE REQUIREMENTS

Disclosure frameworks typically outline various layers of requirements with distinct characteristics and criteria for applicability. Irrespective of whether they are government-issued or non-governmental, they follow a common structure for sustainability disclosure requirements, consisting of baseline mandates complemented by requirements contingent on their adoption. These requirements are specified at both the entity and the product level; the latter could be required on a pre-contractual or periodic basis. Moreover, these frameworks are complemented by anti-greenwashing requirements to ensure the clarity, fairness and verifiability of the disclosure.

The layers within each jurisdiction may be composed of a combination of government and non-government frameworks. Government-issued frameworks are more likely to stretch across the breadth of the layers (e.g. SFDR), while non-governmental frameworks usually assume a more discrete role.

BASELINE SUSTAINABILITY DISCLOSURE REQUIREMENTS VS. ADOPTION-CONTINGENT SUSTAINABILITY DISCLOSURE REQUIREMENTS

Baseline sustainability disclosure requirements are applicable to all frameworks for investors (subject to certain size-related thresholds in some regulations), regardless of their sustainability objectives. For government-issued frameworks, the disclosure requirements are usually underpinned by investor duties to consider material sustainability factors in their investment decisions. In most cases, these requirements are either mandatory or are implemented on a comply-or-explain basis.

Although the same mandatory expectations do not exist in non-government frameworks, some of them nevertheless set some industry expectations for disclosure. In this way, they play a similar role in jurisdictions where these requirements have not been established by government frameworks.

In contrast, **adoption-contingent sustainability disclosure requirements** only apply to investors that either voluntarily choose to engage in investment practices with sustainability characteristics (beyond legal obligations) or are required to disclose because they offer financial products with a sustainability focus or objective(s). Typical examples of these disclosure requirements include frameworks with sustainability financial product labels or sustainability fund names.

As depicted in the table that follows – which includes the SFDR, the SDR and the CFA Institute product-level framework – government and non-governmental frameworks can encompass both layers of disclosure. However, depending on the framework, there can be differences in the emphasis on baseline versus adoption-contingent requirements.

Table 2: Baseline vs. adoption-contingent requirements

	Examples of baseline requirements	Examples of adoption-contingent requirements
EU SFDR	<p>Requirements include the following:</p> <ul style="list-style-type: none"> - How market participants integrate sustainability risks into investment decision-making or advice at the firm level (Article 3). - Whether market participants consider principal adverse impacts (PAIs) of investment decisions on sustainability factors. If they do, they must report using mandatory indicators. If not, they must explain their reasoning (Article 4, subject to meeting the threshold of 500 employees). - How market participants' remuneration policies are consistent with the integration of sustainability risks (Article 5). - How sustainability risks are integrated or why they are not relevant at the product level (Article 6). 	<p>For financial products that promote environmental or social characteristics, disclosure should include how such characteristics are met (Article 8).</p> <p>For financial products that have sustainable investment as their objective, disclosure should include how that objective is to be attained (Article 9).</p>
UK SDR	<p>Requirements cover how firms are managing sustainability-related risks and opportunities in relation to products managed on behalf of clients and consumers (ESG 2 of the ESG source book as amended by the SDR).</p>	<p>Financial products adopting sustainability-related terms in fund names or those adopting any of the sustainability fund labels (Sustainability Focus, Sustainability Improvers, Sustainability Impact, and Sustainability Mixed Goals) must meet the naming and marketing rules or fund label criteria. They must also provide consumer-facing, precontractual and periodic disclosure requirements, as well as comply with anti-greenwashing rules.</p>
CFA Institute ESG Disclosure Standards for Investment Products	<p>Summary of the ESG approaches used (2.A.3).</p>	<p>Disclosures are contingent on the processes implemented by investors, such as where financially material ESG information is systematically considered (2.A.7) and where criteria are set to systematically exclude or include certain investments (2.A.9).</p> <p>For products that are made with the intention to generate positive, measurable social and environment impact alongside a financial return, there are a number of requirements for disclosure related to the objectives, the proportion of the portfolio committed to this objective and other aspects (2.A.19).</p>

ENTITY-LEVEL DISCLOSURE REQUIREMENTS VS. PRODUCT-LEVEL DISCLOSURE REQUIREMENTS

For both layers, disclosure could be required at the entity level and/or at the product level:

Entity-level disclosure requirements expect information to be disclosed at the firm-wide level. Such requirements typically cover how an investor manages sustainability factors across either its entire business operations (in the case of a legal entity, like an insurance company) or its investment business (in the case of an investment entity).

Product-level disclosure requirements apply to a specific investment vehicle, such as a fund, showing how sustainability-related factors are incorporated into specific investment strategies, objectives or holdings. It often includes pre-contractual and periodic disclosure (see Table 4).

Table 3: Examples of indicators commonly used for different levels of disclosure

Level of disclosure	Examples of indicators	Examples of disclosure frameworks
Entity-level disclosure	Investment policies, remuneration policies, governance, risk assessment and management framework, integration process	SFDR (Articles 3, 4 and 5), Monetary Authority of Singapore (MAS) ERM guidelines (2020), UK stewardship code, OECD Guidelines for MNES, Net Zero Investment Framework 2.0
Product-level disclosure	Sustainability characteristics or objectives, strategies, stewardship activities, progress and outcomes	SFDR (Articles 6, 8 and 9), Singapore ESG Funds Circular (CFC 02/2022), Japan ESG Investment Trust Guidelines (2023), CFA Institute ESG Disclosure Standards for Investment Products, ANBIMA Code of Regulation and Best Practices of Investment Funds

Of all the 93 government-issued disclosure frameworks and regulations, 74% have established entity-level disclosure requirements and around 40% have implemented product-level disclosure requirements.⁵ In contrast, for non-governmental frameworks, 86% have established entity-level requirements and around 29% have implemented product-level requirements. Box 1 outlines the distinction between the two primary categories of product-level requirements.

⁵ This calculation includes 60% (56 of 93) that are only entity level, 26% (24 of 93) that are only product level and 14% (13 of 93) that are both entity and product level.

Box 1: Sustainability fund labels vs. fund name rules

Of the 37 government-issued frameworks with product-level disclosure requirements,¹ a larger proportion have established fund name rules (e.g. the Securities and Exchange Commission [SEC] Names Rule or the European Securities and Markets Authority [ESMA] guidelines on fund names) than have established formal fund labelling schemes (e.g. Label Greenfin). In contrast, for non-governmental frameworks, the majority of the product-level disclosures are fund labels (e.g. LuxFLAG), and there is only one framework that includes a fund name rule (the Asset Management Association Switzerland's Self-Regulation on Transparency and Disclosure for Sustainability-Related Assets).

The remaining product-level frameworks establish disclosure or operational requirements for specific product types without creating formal labels or naming rules linked to sustainability characteristics (e.g. SFDR, Japan Guidelines for Supervision of Financial Instruments Business Operators, CFA Institute ESG Disclosure Standards for Investment Products). The SFDR regulation will be reviewed at the end of the year, and as part of this review, a product categorisation scheme has been put forward – for example, those from the [Platform for Sustainable Finance](#) and the [ESAs](#). In the context of the Omnibus legislative proposal, these recommendations will be revisited to ensure simplification and harmonisation with other EU files.

Features explained

To help investors, particularly retail investors, navigate financial products with sustainability characteristics or objectives and to enhance public trust in the market, many financial regulators have developed sustainability labels or fund name rules for financial products. In some jurisdictions where regulators have not taken action, the gap has been addressed by civil society or industry associations.

Similarity in structure: Both types of product-level requirements function as follows: (i) establish criteria or standards that define what qualifies a financial product, whether to be labelled as sustainable or to have the right to use sustainability-related terms in product names or marketing materials; and (ii) require investors to make both precontractual and periodic disclosure to enhance transparency and enable scrutiny.

Distinct but complementary functions: Fund name rules are designed to prevent the misleading use of terms, acting more as a 'stick.' In contrast, fund label regimes serve as credentials that incentivize good practices, functioning more like a 'carrot.' While not many jurisdictions currently adopt both approaches, they have the potential to be complementary and to form different layers in a holistic regulatory framework.

Take the UK SDR as an example, which adopts both types of rules. The sustainability labels and fund name rules are integrated into a tiered disclosure framework with varying levels of qualification criteria and disclosure indicators. Compared to sustainability fund name rules, fund labels set **higher standards** for responsible investment objectives or characteristics, methodologies and metrics, in addition to the criteria required to meet the label-specific requirements. For example, all four sustainability labels specified in the UK SDR (i.e. Sustainability Focus, Sustainability Improvers, Sustainability Impact and Sustainability Mixed Goals) require financial products to establish objectives to pursue positive sustainability outcomes and meet label-specific criteria.

By contrast, under the fund name rules, products that aspire to use sustainability-related terms (other than "sustainability" or "impact") in their fund names but which do not qualify or intend to use labels are not required to set explicit objectives to pursue positive sustainability outcomes. Disclosure requirements are less standardised and have fewer indicators to disclose against. For example, products are not required to disclose in alignment with robust, evidence-based standards of sustainability, sustainability metrics for measuring progress, investor stewardship, and escalation plans.

PRE-CONTRACTUAL DISCLOSURE VS. PERIODIC DISCLOSURE

Product-level disclosure can be further broken down by the timing of the disclosure into the following types:

- **Pre-contractual disclosures:** These take place before an investment decision. They include prospectuses, offering documents, factsheets or key investor information documents (KIIDs). They aim to inform prospective investors of the sustainability characteristics or objectives of the product, strategies to be adopted, theory of changes or other pertinent information.
- **Periodic disclosures:** These disclosures occur at regular intervals after an investment is made, updating clients on how the product is performing against sustainability characteristics or objectives. They are aimed at providing investors with updates on progress based on key sustainability performance indicators, actual versus intended asset allocation, outcomes and corrective actions if any targets are missed.

Take the UK SDR as an example: Investors offering FCA-approved sustainability labels (e.g. Sustainability Focus, Improvers, Impact, Mixed Goals) are required to provide both pre-contractual disclosures (in the form of a Key Sustainability Information [KSI] document) and periodic disclosures (also known as Annual ESG performance reporting). See Table 4.

Table 4: Examples of pre-contractual vs. periodic disclosure requirements

Disclosure type	When and where	Examples of key disclosure elements
Pre-contractual	Before investment Included in Key Sustainable Information (KSI) documents	Fund's responsible investment objectives; investment strategy to achieve the objectives; asset allocation aligned with these objectives; role of stewardship in achieving these objectives, limitations or risks; and core sustainability indicators used to measure progress
Periodic	Annually after investment Usually published on firm's website or alongside existing fund reports	Performance against responsible investment objectives, key sustainability metrics used to measure this performance, final breakdown of aligned holdings, stewardship activities, and material changes in approach or strategy

BACKWARD-LOOKING DISCLOSURE VS. FORWARD-LOOKING DISCLOSURE

The temporal dimension of disclosure influences not only when and how often information should be disclosed, but also what type of information is disclosed. Depending on whether the required information is based on historic records or future plans or projections, disclosure frameworks typically distinguish between backward-looking and forward-looking disclosure requirements or indicators. Most disclosure frameworks request a combination of backward-looking disclosure and forward-looking disclosure.

Backward-looking disclosures are made based on past performance, outcomes or actions to inform users of what has already happened. They help assess progress against goals and demonstrate impacts. As a result, they are often used to enhance accountability.

Forward-looking disclosures usually outline future plans, targets and strategies, which will provide reporting users with information to assess sustainability ambition and forecast future performance.

Table 5: Examples of backward-looking and forward-looking disclosure indicators

Disclosure types	Examples of disclosure elements
Backward-looking	Financial statements, progress against responsible investment objectives, historical GHG emissions data, voting and engagement records
Forward-looking	Strategies, targets (like emissions reduction targets), risk management plans and scenario analysis results

ANTI-GREENWASHING RULES VS. SUSTAINABILITY DISCLOSURE REQUIREMENTS

Anti-greenwashing rules are becoming increasingly prevalent globally, and usually work in tandem with the sustainability disclosure requirements noted above. Both requirements aim to enhance transparency and protect investors and consumers, but they have distinct objectives.

It is important to note that anti-greenwashing rules do not create additional disclosure requirements. Instead, they exist outside the baseline disclosure and adoption-contingent sustainability requirements. They establish criteria for what disclosure or claims on sustainability characteristics qualify as accurate, clear, fair and verifiable in communication to existing clients or potential clients. Such rules have a broader scope of application, covering all communications from investors to existing and potential clients that pertain to the sustainability characteristics of their products or services, including disclosure and marketing materials.

Sustainability disclosure rules pertain to the requirements for investors to disclose information about their sustainability practices and performance. These rules provide investors with comprehensive and comparable information by delineating the scope for disclosure and establishing standardised disclosure indicators, metrics and formats.

Both sustainability disclosure requirements and anti-greenwashing rules enhance transparency and credibility for sustainable investment practices. The former indicates what, when and how to disclose, and the latter establishes a benchmark or guidance on how to disclose in a fair, clear and verifiable manner.

SUMMARY

The table below provides a comprehensive overview of the layered system of investor disclosure requirements discussed in the preceding analysis.

Table 6: Summary table of varied layers of investor sustainability disclosure requirements

Layers of disclosure requirements			Examples of disclosure requirements	Basis	Examples of disclosure frameworks
Baseline disclosure requirements	Entity level		Impacts of material sustainability factors on investment and how to address them, including governance, strategies, risk management, metrics and targets Consideration of severe adverse sustainability impacts of investment decisions, particularly those that may drive systemic or systematic risks	Investor protection Prudential supervision	UK TCFD entity report and SDR disclosure requirements regarding firm's management of sustainability risks/opportunities; Articles 3, 4 and 5 of the EU SFDR OSFI Climate Risk Management Guideline B15 HK SFC Circular on Management and Disclosure of Climate-Related Risks by Fund Managers APRA CPG 229 Climate Change Financial Risks Australia RG 280 Sustainability reporting
	Product level	Pre-contractual	How sustainability factors are considered in investment decisions Impacts of material sustainability factors on investment and how to address them, including governance, strategies, risk management, metrics and targets	Investor protection Consumer duties	Article 6 of the EU SFDR Section 1013DA of the Australian Corporations Act 2001 CFA Institute ESG Disclosure Standards for Investment Products
		Periodic	Impacts of material sustainability factors on investment and how to address them, including governance, strategies, risk management, metrics and targets	Investor protection Consumer duties	UK TCFD product report Article 7 of the EU SFDR EDCI
Adoption-contingent disclosure requirements	Entity level		How adopted principles or commitments have been implemented and achieved	Sustainability initiatives	UK Stewardship Code
	Product level	Pre-contractual	How requirements specified for funds with sustainability characteristics are to be met	Investor protection, market integrity, consumer duties	Articles 8 and 9 of SFDR UK SDR label regime and fund name rules SEC Fund Names Rule HK SFC ESG Funds Circular Japan Guidelines for Supervision of Financial Instruments Business Operators CFA Institute ESG Disclosure Standards for Investment Products LuxFLAG ESG label
		Periodic	How requirements specified for funds with sustainability characteristics have been met over the reporting time frame	Investor protection, market integrity, consumer duties	Article 11 of SFDR UK SDR label regime and fund name rules SEC Fund Names Rule HK SFC ESG Funds Circular Japan Guidelines for Supervision of Financial Instruments Business Operators
Anti-greenwashing rules	Usually applicable at the product level		Whether communications to clients or consumers are clear, fair and not misleading	Investor protection, and market integrity	Australian Securities and Investments Commission Act 2001 UK FCA non-handbook guidance on anti-greenwashing rule

COMPARATIVE ANALYSIS

This briefing presents a comparative analysis of government-issued investor sustainability disclosure frameworks and fund names rules. Although governments have taken substantially different approaches to governing investor sustainability disclosure, it is worth highlighting several converging trends in terms of objectives, scope of application, structure of disclosure requirements, and key topics to be disclosed.

SUSTAINABILITY DISCLOSURE FRAMEWORKS: EU SFDR, UK SDR AND HK SAR SFC

This section compares three sustainability disclosure frameworks which are widely used by investors: the **EU SFDR**, the **UK SDR**, and the **HK SFC Framework**.⁶ These frameworks have taken different approaches to governing investor sustainability disclosure. The **SFDR** focuses on standardising disclosure with extensive and detailed indicators, metrics and format guidelines. The **UK SDR** takes a more principle-based approach and establishes a highly integrated structure that includes a layered system of disclosure requirements. In the **HK SAR**, investor sustainability disclosures are governed by separate rules, each focusing on entity and product-level disclosure as opposed to a single comprehensive framework.

However, several converging trends are worth highlighting. All three frameworks aim to protect investors and ensure market integrity by improving transparency, data quality and credibility. In addition, SFDR and SDR seek to steer private capital towards sustainable investments through taxonomy alignment or a label regime. All three frameworks share a similar structure that requires baseline disclosures on how sustainability risks are managed and imposes additional product-level requirements when sustainability characteristics, objectives or labels are adopted.

DISTINCT FEATURES

The **SFDR** is a disclosure framework standardising disclosure requirements, featuring extensive and detailed indicators, metrics, and format guidelines. It establishes baseline disclosure requirements aligned with minimum investor conduct regulations and adoption-contingent disclosure requirements that are conditional on investors' sustainability commitments at both the entity and product levels. The requirements are relatively prescriptive, incorporating mandatory templates, taxonomy alignment specifications, "do no significant harm" criteria and an extensive list of principal adverse impact indicators. In addition to its primary objective of protecting investors, SFDR also aims to attract private funding for the net-zero transition by enabling investors to effectively assess sustainability risk integration in their investment decisions. It covers a broad range of financial market participants and advisers, including non-EU entities marketing in the EU.

The **UK SDR** is more than a disclosure framework. It sets out a cluster of rules on how investors should communicate the sustainability characteristics of their services or products to clients or potential clients, featuring a **label regime**, **naming and marketing rules**, a set of broader **disclosure requirements** mostly tied to the adoption of fund labels and names, and **anti-greenwashing rules**. The label regime establishes criteria for using sustainability labels. Fund naming and marketing rules provide criteria for using sustainability-related terminologies in fund names. These rules apply to funds with sustainability characteristics but which do not use or qualify for a label. Moreover, the framework establishes disclosure requirements for investors that adopt sustainability fund labels or use any sustainability-related terminologies in fund names. It also establishes anti-greenwashing rules to ensure any

⁶ For clarity, this research groups two HK SFC Circulars – one on [management and disclosure of climate risk by fund managers](#) (Climate Circular) and the other pertaining to [ESG funds](#) (ESG Funds Circular) – as one "framework" while preserving the distinct requirements of each.

communications from UK-based investors to clients or potential clients on the sustainability characteristics of their financial products should be clear, fair, complete and non-misleading.

Investor sustainability disclosure requirements in Hong Kong have not been integrated into a single comprehensive framework like the SFDR or SDR. The **SFC Climate Circular** explicitly establishes that managing climate-related risks forms part of the minimum conduct standards for all asset managers in Hong Kong, rather than being contingent on voluntary adoption. The **ESG Fund Circular** introduces a recognition mechanism to help investors navigate complex regulatory landscapes and reduce disclosure burdens. Undertakings for Collective Investment in Transferable Securities (UCITS) funds that comply with the disclosure requirements of SFDR Article 8 or 9 are considered to have generally complied in substance with the Circular's disclosure requirements. Additionally, the Circular enhances transparency by publishing a [list of recognised ESG funds](#), substantially improving public access to ESG-related fund information.

All three frameworks have the following common features:

- **Policy Objectives:** The frameworks aim to protect investors and ensure market integrity, with a focus on improving transparency, data quality and credibility in order to enhance investment decisions. Additionally, both the SFDR and SDR have a secondary or implied objective to support the allocation of private capital towards sustainable investments by enhancing transparency regarding portfolio alignment with taxonomies or introducing sustainability labels.
- **Scope of Application:** The scope of application is defined primarily by investor types, jurisdictions in which investors operate or where financial products are marketed. All three frameworks also expect investors to make product-level disclosures in pre-contractual documents and to provide periodic updates to these disclosures.
- **Baseline Disclosure Requirements:** Investors must disclose how material sustainability-related risks are considered and managed in the investment process. This requirement aligns with the minimum standards of conduct in the EU, UK, and Hong Kong, SAR.
- **Adoption-Contingent Requirements:** At the product level, all three frameworks have disclosure requirements that are contingent on the adoption of specific sustainability-related characteristics or objectives, fund names, or labels.

POLICY OBJECTIVES

Investor protection is a shared objective across all three disclosure frameworks. Nevertheless, the objectives of each framework present additional nuances. While the UK SDR and HK Climate Circular both aim to protect investors, the **UK SDR** places greater emphasis on enhancing investment decisions by improving transparency, data quality and credibility. Although the **HK Climate Circular** takes a similar approach, it prioritises establishing minimum conduct standards for asset managers to enhance accountability and sets disclosure requirements to enable scrutiny. In contrast, the **EU SFDR** has an objective beyond investor protection: to channel private capital towards sustainable investments by enabling investors to effectively assess sustainability risk integration. This objective is embodied in specific disclosure indicators that provide visibility to investors regarding how capital allocation aligns with the EU Taxonomy or other sustainability goals. These indicators also reveal the principal adverse impacts (PAIs) of investment decisions on sustainability outcomes.

Table 7: Policy objectives

Aspect	EU SFDR	UK SDR	HK SFC Framework
Policy objective	Protect investors and ensure market integrity by enabling informed decisions on sustainability. Support EU to attract private funding for net-zero transition.	Protect consumers and improve trust in sustainable investment markets by reducing greenwashing. Introduce clear labelling and disclosure standards.	Integrate climate risk management into the minimum standards of conduct applicable to asset management (Climate Circular). Assist investors' decisions by improving comparability, transparency and visibility of ESG fund disclosure. (ESG Funds Circular).

SCOPE OF APPLICATION

The scope of application for investor sustainability disclosure requirements is commonly defined by factors such as investor types, the jurisdictions in which investors operate or financial products are marketed, and the size of assets under management (AUM). The **SFDR** features one of the broadest scopes across most of those aspects. It covers the EU market as well as products marketed in the market. In contrast, the **UK SDR** and Hong Kong SFC's **Climate Circular** are primarily applicable to asset managers. They include requirements at the entity level based on the fund manager's size and separate requirements at the product level that depend on the fund label or sustainability characteristics. For example, the **Climate Circular** takes a tiered approach by establishing two levels of disclosure requirements for domicile asset managers in Hong Kong, SAR, with the more advanced requirements applying only to firms with AUM exceeding HK\$8 billion. This structure reflects an effort to align disclosure obligations with firm size and capacity while maintaining a baseline level of expected conduct.

Table 8: Scope of application

Aspect	EU SFDR	UK SDR	HK SFC Framework
Scope	Applies to all EU-based financial market participants and advisers, including investment firms, insurers, pension funds and asset managers. Also applies to non-EU entities marketing in the EU.	Applies to UK-based asset managers and distributors, as well as UK domicile products marketed to UK clients. Subject to the primary condition, entity-level disclosure applies to firms with AUM over £5 billion. Product-level disclosure applies to products using sustainability labels or terms in fund names.	Climate Circular: Applies to all licensed fund managers managing collective investment schemes in HK. Enhanced disclosure for AUM ≥ HK\$8 billion. ESG Funds Circular: Applies to SFC-authorised funds with ESG focus.

BASELINE DISCLOSURE REQUIREMENTS

It is a common practice across all three regimes that investors should disclose, at the entity level, how material sustainability-related risks (including climate-related risks) are considered and managed in the investment process. This practice is aligned with the minimum standards of conduct in the EU,⁷ the UK⁸ and Hong Kong, SAR⁹. In line with the insights from the previous [section](#), there is also growing consensus on the topics that are covered, including governance, strategy and risk management.

However, there is far less consensus regarding baseline universal disclosure requirements on the principal adverse impacts of investment decisions on sustainability factors (PAIs). It is also uncommon for frameworks to establish baseline disclosure requirements at the product level. SFDR is the only disclosure framework in this comparison that sets baseline disclosure requirements at both the entity and the product level. It is also alone in addressing sustainability-related risk management in conjunction with PAIs (only applicable to firms with more than 500 employees). Such disclosure requirements may seem exceptional when compared with those of disclosure frameworks established in other jurisdictions, but they are consistent with legal obligations established in EU regulations for financial market participants.¹⁰ It is also worth noting that under the SFDR, PAI-related disclosure is implemented on a comply-or-explain basis, which is less stringent than disclosure requirements for managing material sustainability-related risks.

⁷ EU Alternative Investment Fund Managers Directive (AIFMD), UCITS, MiFID II and Solvency II.

⁸ UK [Consumer Duty](#) and [COCON](#).

⁹ HK SFC Climate Circular.

¹⁰ EU AIFMD, UCITS, MiFID II and Solvency II.

Table 9: Baseline disclosure requirements

Level	EU SFDR	UK SDR	HK SFC Framework
Entity-Level	Requires disclosure of sustainability risk policies (Article 3) and includes a comply-or-explain mandatory statement on PAIs for firms >500 employees (Article 4). Disclosures include due diligence, engagement policies and references to international standards.	Firms with AUM >£5B must disclose how they manage sustainability-related risks and opportunities across products managed for clients.	Climate Circular: Requires disclosure of governance structure, risk management process and climate metrics. Mandates enhanced disclosures for large fund managers.
Product-Level	Article 6: Requires disclosure of how sustainability risks are integrated into investment decisions, or firms must explain why they have not done so. Article 7: Firms must disclose how adverse impacts are considered, or explain why they have not done so (applicable to firms >500 employees).	None	None

ADOPTION-CONTINGENT DISCLOSURE REQUIREMENTS

These frameworks identify adoption-contingent disclosure requirements only at the product level, as such requirements are tied to the adoption of sustainability-related practices, fund names or labels. However, there are nuances: For the UK SDR, the requirement is tied to the use of sustainability-related terms in fund names or the use of sustainability labels; under the HK ESG Fund Circular, it is tied to the adoption of ESG-focused strategies and/or objectives; and for SFDR, it is tied to the use of sustainability characteristics or sustainable investment objectives.

Despite the differences in the depth and details of disclosure, the frameworks show clear convergence regarding some of the key indicators required for adoption-contingent disclosure at the product level. To avoid duplication, we will reserve a more detailed discussion for the next section. The section presents an in-depth analysis on key disclosure indicators and metrics in its examination of major fund name rules established in the UK, the EU and Singapore. All three frameworks expect investors to make product-level disclosures in pre-contractual documents and provide periodic updates.

Table 10: Adoption-contingent disclosure requirements

Level	EU SFDR	UK SDR	HK SFC Framework
Entity-level	None	None	None
Product-level	Articles 8 and 9: Disclosure required for products promoting ESG characteristics or sustainable objectives. Such products must disclose strategy, taxonomy alignment, asset allocation and periodic performance updates.	Disclosure requirements apply through fund name rules and label regimes . Products adopting sustainability labels or terms in fund names must disclose objectives, metrics, stewardship plans and periodic performance updates.	Funds that have an ESG focus and reflect such in investment objective and/or strategy must disclose ESG focus, criteria for measurement, strategy, risks, exclusions, asset allocation and periodic performance updates.

FUND NAMES RULES: UK SDR, EU ESMA GUIDELINES AND SINGAPORE ESG FUND GUIDELINES

Among the government-led investor disclosure frameworks with product-level disclosure requirements (38 in total), fund name rules are currently more prevalent (9 in total) than fund label regimes (3 in total). The below is a comparative analysis of fund names rules across three major regulatory regimes: the UK SDR, the EU ESMA Guidelines, and the Monetary Authority of Singapore ESG fund guidelines (MAS Circular). These three frameworks were selected to provide an overview of the range of comprehensive naming rules that are currently in place.

COMMON FEATURES

Fund name rules across all three regimes share two major components: (i) criteria for using sustainability-related terms in fund names and (ii) requirements for disclosure.

In terms of criteria, all three regimes require that the fund name accurately reflects the sustainability characteristics or objectives that are material to the products' investment strategy, policy or objective. Hence, all of them require that a minimum proportion of assets be aligned with the ESG-related term used in the fund names.

In terms of disclosure requirements, all three require product-level disclosures to substantiate the use of ESG terms in fund names. Although the depth and format differ, there is clear alignment regarding the key topics to be disclosed. Such topics include responsible investment objectives or characteristics, risks and limitations, policies, strategies and monitoring processes, methodologies and KPIs. Other topics encompass metrics for measuring progress, planned asset allocation, outcomes and progress (including actions taken, actual asset allocation and progress against objectives) (See Table 12).

Each regime has a regulatory body responsible for enforcing naming rules and preventing greenwashing.

DIFFERENCES

The **UK SDR fund name rules** establish foundational requirements for products that use sustainability-related terms in fund names. They are intentionally less stringent than fund label rules, reflecting their distinct role within the broader SDR framework (which also includes fund labels and the anti-greenwashing rule, each with complementary but separate functions). Fund labels apply to products with more ambitious responsible investment objectives and are therefore subject to stricter criteria and disclosure requirements. In contrast, fund names rules apply to products that refer to sustainability in their names but do not use or qualify for a label.

The **ESMA fund name guidelines** set more stringent criteria than the SDR for the use of sustainability-related terms. They establish more prescriptive disclosure requirements, aligned with those for Article 8 and 9 products under the SFDR. The structure of the guidelines is relatively complex; ESMA defines six sustainability-related terms and groups them into three categories, each subject to slightly different requirements. In addition, ESMA fund name guidelines mandate specific exclusions for the use of sustainability-related terms in fund names. In terms of disclosure, funds that comply with the ESMA fund name guidelines are expected to disclose in accordance with Annexes II and III of the SFDR Supplement Rules,¹¹ both of which adopt a more detailed and prescriptive disclosure template than UK's SDR or Singapore's ESG fund guidelines.

The **Singapore MAS Circular** is similar to the SDR fund name rules and ESMA guidelines in terms of its criteria and disclosure requirements. However, it is primarily principle-based. The asset allocation threshold (two-thirds of net asset value) is lower than that of other guidelines and offers more flexibility

¹¹ Commission Delegated Regulation (EU) 2022/1288.

in implementation. It is worth noting that MAS provides a recognition mechanism that helps investors navigate the increasingly fragmented landscape of investor disclosure. When assessing compliance, MAS considers a scheme or product's compliance with relevant ESG rules in its home jurisdiction. It explicitly states that UCITS schemes that are in compliance with Articles 8 and 9 of the EU SFDR are considered in compliance with disclosure requirements set out in the MAS Circular, though they still must comply with the net asset value (NAV) threshold.

SUMMARY OF KEY CRITERIA FOR THE USE OF FUND NAMES

UK SDR: Introduces a voluntary labelling regime with a 70% asset alignment threshold for labelled funds. Funds may use ESG terms without a label if they comply with anti-greenwashing rules and provide clear disclosures.

EU ESMA Guidelines: Require 80% asset alignment and mandatory exclusions for funds using 'sustainable' in their names. Only funds aligned with SFDR Articles 8 or 9 may use sustainability-related terms in their names.¹²

Singapore MAS Guidelines: Requires two-thirds of NAV to align with ESG strategy for funds using ESG terms. Schemes or products that only use negative screening or ESG incorporation will not meet the criteria.

Table 11: Qualification criteria for using ESG terms in fund names

	UK SDR	EU ESMA Fund Name Guidelines	Singapore ESG Fund Guidelines
Sustainability characteristics	Required but not defined, though the fund must meet a robust, evidence-based standard that is an absolute (as opposed to a 'relative') measure of environmental and/or social sustainability.	Required, covering sustainability characteristics and objectives aligned with Articles 8 and 9 of SFDR.	Required and defined as using or including ESG factors as its key investment focus and strategy, excluding schemes that only use negative screening or ESG incorporation.
Threshold requirements	70% of assets have the sustainability characteristics.	80% of assets are aligned according to the binding elements of the investment strategy.	Two-thirds (around 66.6%) of the NAV is allocated according to the investment strategy.
Exclusion requirements	None.	Yes, slightly different exclusion requirements for funds using terms specified in Articles 16, 17 and 18.	None.
Other requirements	Terms such as 'sustainable', 'sustainability' and 'impact' cannot be used The use of fund names must comply with anti-greenwashing rules. Funds are required to explain why not to use labels.	Provided six sustainability-related terms. Additional requirements for funds using terms such as transition or impact. Temporary deviation should be treated as a passive breach and corrected.	An exception to the NAV threshold requirement is permitted, but investors should explain why the scheme is substantially ESG-focused.

¹² This means funds that only meet requirements of Article 6 – which do not promote ESG characteristics or have a responsible investment objective – cannot use such terms in their fund names or marketing materials.

SUMMARY OF KEY DISCLOSURE REQUIREMENTS

There is a clear converging trend regarding the structure of disclosure requirements and the key topics of disclosure. The following topics have been consistently covered across the three fund name rules:

- description of sustainability characteristics or objectives;
- policies and strategies;
- methodologies, KPIs, and metrics for measuring progress;
- implementation; and
- outcomes and progress update.

Table 12: Summary of key disclosure aspects

Disclosure aspect		UK SDR	EU ESMA Guidelines (SFDR)	Singapore MAS Circular
Sustainability characteristics or objectives		✓	✓	✓
Adverse impacts on sustainability outcomes		Identify material negative sustainability outcomes	Disclose DNSH, PAIs, etc.	×
Risks and limitations		Risks	×	Both risks and limitations
Policies, strategies, and monitoring processes		✓	✓	✓
Methodologies, KPIs, and metrics for measuring progress		✓	Includes alignment with the EU taxonomy	✓
Implementation process	Asset allocation plan	✓	✓	✓
	Stewardship	Includes escalation plans	×	✓
	Resources	✓	×	×
	Due diligence	×	×	✓
Outcomes and progress update	Progress	✓	✓	✓
	Asset allocation	✓	✓	✓
	Actions	✓	✓	✓

All three rules require pre-contractual disclosure to inform investment decisions and periodic disclosure to provide updates on how sustainability characteristics or objectives have been achieved over the reporting period. However, the disclosure requirements of these three fund names rules vary substantially in depth and choice of indicators.

Table 13: Indicators related to measuring adverse/negative impacts on sustainability outcomes

EU SFDR	UK SDR
<p>DNSH Principle: This principle ensures that investments do not cause significant harm to any environmental or social objectives.</p> <p>There are 64 PAI Indicators (14 are mandatory for corporate assets, 2 apply to sovereigns, and 2 apply to real estate assets, while 46 are voluntary). These indicators help in assessing the negative impacts of investments on sustainability outcomes.</p>	<p>Material Negative Outcomes: Requirements mandate the identification of material negative outcomes that may arise in pursuing the responsible investment objective. This approach focuses on identifying and addressing significant negative impacts without the structured framework of PAI indicators.</p>

As a next step, the PRI will continue to support signatories in understanding the latest regulatory and policy developments in investor sustainability disclosure and to improve transparency and accountability in sustainable investment practices.

¹³ Limitations of sustainability strategy, process, data uses or methodologies.