



Quoted Companies Alliance

6 Kinghorn Street
London EC1A 7HW

T +44 (0)20 7600 3745

F +44 (0)20 7600 8288

mail@theqca.com

Ms Shamamah Deen
Strategy Implementation Division
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.

A company limited by guarantee registered in England
Registration Number: 4025281

dp18-08@fca.org.uk

31 January 2019

Dear Ms Deen,

DP18/8 Climate Change and Green Finance

We welcome the opportunity to respond to this discussion paper regarding climate change and green finance.

The Quoted Companies Alliance *Corporate Governance* and *Financial Reporting Expert Groups* have examined the proposals and advised on this response from the viewpoint of small and mid-size quoted companies. A list of Expert Group members can be found in Appendix A.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Tim Ward".

Tim Ward
Chief Executive

Disclosures in capital markets

Q1 What, if any, difficulties do issuers face in determining materiality? We are also interested in exploring how investors consider materiality in this context.

Materiality is a concept that considers both quantitative and qualitative factors. As such, what is deemed to be material for one issuer is unlikely to be material for another issuer. Issuers have always experienced difficulties in determining materiality and will often be led by their external auditors as to what is deemed material or not as this can impact the auditor's opinion. The challenge is therefore understanding what all stakeholders would consider material in this context and that includes what investors would deem to be material. As always, there should be clear guidance to issuers from those requiring disclosures on what would or would not be material in a particular context.

Q2 We are interested in understanding whether greater comparability of disclosures would help investors in their decision-making more generally. If so, what framework would be most useful?

Greater comparability will always assist investors but there should be an acknowledgement that disclosures should also be company specific. Whilst a general disclosure framework would be useful, it should still allow, and require, entities to provide specific disclosures rather than generic 'boilerplate' ones which add no value to the annual report.

Q3 Would exploring a 'comply or explain' approach, or other avenues to encourage more consistent disclosures, be an effective way of facilitating more effective markets?

As outlined in question 2 above, it would give a framework to apply but would potentially create a 'boilerplate' disclosure approach with no real value in the disclosures being given.

Public reporting requirements

Q1 Do you think that a requirement for firms to report on climate risks would be a valuable measure?

It would be useful to those entities where it is directly relevant to their business and operations. The FCA should consider to whom the reporting of climate risks is relevant and the value such a disclosure would add to the investors, shareholders and other stakeholders.

Q2 Do you have any suggestions for what information could be included in a climate risks report?

We have no further comments to what has already been identified in the discussion paper.

Q3 Do you have any views on which regulated firms should be required to compile a climate risks report?

It should be applied to those entities that it is directly relevant to rather than a blanket approach across all financial services firms.

Additional questions

Q1 How can authorities, including the FCA, most effectively work with industry to meet investor demand for green investment opportunities and encourage those raising capital and investing in it to pursue sustainable outcomes?

We have no comments

Q2 Do you agree with the extent of the FCA's proposed interventions on climate change-related financial disclosures? Is there a specific need for us to intervene further in the interests of market integrity or consumer interests?

We have no comments

Q3 In light of the EU work on taxonomy, what are your views on the form common standards and metrics for measuring and reporting against green financial services products should take?

We have no comments

Q4 How could regulators and industry best work together as part of the Climate Financial Risk Forum?

We have no comments

Q5 What are your biggest concerns and commercial priorities regarding climate change?

We have no comments

Q6 What are the biggest barriers to the growth of green financial services in the UK?

We have no comments

Appendix A

The Quoted Companies Alliance *Corporate Governance Expert Group*

Will Pomroy (Chair)	Hermes Investment Management Limited
Tracy Gordon (Deputy Chair)	Deloitte LLP
Jonathan Compton David Isherwood	BDO LLP
Kalina Lazarova	BMO Global Asset Management (EMEA)
Nick Graves	Burges Salmon
Colin Jones	Candid Compass
David Hicks	Charles Russell Speechlys LLP
David Fuller	CLS Holdings PLC
Jack Shepherd	CMS
Nick Gibbon	DAC Beachcroft LLP
Daniel Redman	Design Portfolio
James Lynch	Downing LLP
Melanie Wadsworth	Faegre Baker Daniels LLP
Rory Cray	FIT Remuneration Consultants
Richie Clark	Fox Williams LLP
Nigel Brown	Gateley Plc
Tamsin Dow	Hogan Lovells International LLP
Darshan Patel	Hybridan LLP
Carmen Stevens	Jordans Limited
Peter Kohl	Kerman and Co LLP
Ian Greenwood	Korn Ferry UK
Damien Knight	MM & K Limited
Louis Cooper	Non-Executive Directors' Association (NEDA)
Jo Chattle	Norton Rose Fulbright LLP
Amanda Cantwell Julie Stanbrook	Practical Law Company Limited
Philip Patterson	PricewaterhouseCoopers LLP
Kerin Williams	Prism Cosec
Marc Marrero	Stifel
Peter Fitzwilliam	The Mission Marketing Group PLC
Edward Craft	Wedlake Bell LLP
Edward Beale	Western Selection Plc

The Quoted Companies Alliance *Financial Reporting Expert Group*

Matthew Howells (Chair)	Smith & Williamson LLP
Rochelle Duffy (Deputy Chair)	PKF Littlejohn LLP
Elisa Noble	BDO LLP
Clive Lovett	Bilby Plc
Matthew Stallabrass	Crowe UK LLP
Peter Westaway	Deloitte LLP
Jon Wallis	Grant Thornton UK LLP
Laura Mott	haysmacintyre
Claire Needham	KPMG LLP
Ben Courts	Moore Stephens
Mark Hodgkins	Trackwise Designs plc
Edward Beale	Western Selection Plc