



Sustainable Finance Regulatory Digest

For institutional investors and distribution partners

As sustainable finance regulation continues to mature across global markets, investors face a growing web of disclosure requirements across different jurisdictions. This digest distils the latest developments from the EU, UK, US, and key Asia-Pacific and emerging markets, highlighting what matters most for cross-border compliance and fund labelling.



Macro-level themes to watch

TREND

EU “STREAMLINING” VS. AMBITION

The Omnibus Simplification Package aims to lighten disclosure burdens but could create data gaps between CSRD and SFDR if not calibrated carefully.

PATCHWORK BECOMING A QUILT

Regulators say interoperability, yet frameworks still diverge in structure (SFDR, SDR, SEC, ISSB, etc.).

ISSB BASELINE SOLIDIFIES

Over 60 % of global GDP now moving to IFRS S1/S2; UK, Brazil, Japan, Australia and Hong Kong are already tailoring local flavours.

NAMING-AND-SHAMING GREENWASH

ESMA’s 80 % rule and the FCA’s 70 % label threshold formalise what counts as an ESG, Sustainable or Impact fund.

DATA IS THE COMPLIANCE CURRENCY

Regulators, supervisors and asset owners now expect asset-level, auditable metrics to back every sustainability claim.

WHY IT MATTERS

Keeps EU-bound products ready to evidence at a granular level even if corporate inputs slim down.

Cross-border fund ranges need a single data architecture that can be re-mapped jurisdiction-by-jurisdiction.

Expect “single materiality” disclosures to become investor lingua franca, even where double materiality still applies.

Portfolio analytics must prove thresholds — qualitative claims alone will not survive regulatory review.

High-quality factual data provides the “tool-kit” to meet multiple regimes simultaneously.



Regional developments

Focus on where you sell, not just where you sit

CURRENT HEADLINE ACTIONS

NEAR-TERM WATCH-LIST



EUROPEAN
ECONOMIC
AREA

Omnibus Simplification Package under negotiation (could narrow CSRD scope)

ESMA Fund-Naming Guidelines live since 21 May 2025 (80 % ESG-aligned assets + exclusions)

SFDR 2.0 proposal expected late-2025; likely shift from Art 6/8/9 to “Sustainable/Transition/ESG Strategy” product categories with mandatory KPIs



UNITED
KINGDOM

SDR labels & anti-greenwashing rule already effective; 70 % sustainable holdings threshold plus stewardship KPIs

UK SRS (ISSB-based) draft out for consultation, drops GICS & makes SASB optional

SDR scope extension to portfolio managers & pensions (consultation expected 2026)

TPT transition-plan reporting expected to become mandatory for large managers



UNITED
STATES

SEC climate disclosure rule pending final court outcomes; political pushback visible but core financial-materiality focus remains

Watch for revised SEC rule aligning partially with ISSB; fund-name rule expansion to cover “ESG” terms widely anticipated Q4 2025



ASIA
PACIFIC

Japan SSBJ & Australia ASSB aligning domestic standards with ISSB

Hong Kong mandatory ISSB reporting from FY 2025

Expect Singapore’s final climate disclosure framework in 2026



EMERGING
MARKETS

Brazil adopted IFRS S1/S2 (mandatory 2026)

India core ESG reporting for top-1000 listed firms

Kenya banking ESG guidelines; ASEAN regional taxonomy

Blue-economy and nature-finance taxonomies (LatAm & Africa pilots)

Increasing use of comply-or-explain mechanisms where data infrastructure still maturing



Practical next steps

The power of granular data for global distributors

Map distribution footprint to rule-set

1

Align each share-class or wrapper with the strictest regime applicable in its target market(s).

Build once, report many

2

Centralise asset-level data (e.g., Impact Cubed's factorised metrics across 2,300 business activities and 50 k+ funds) to repurpose for SFDR, SDR, HKEX, ISSB and more.

Evidence fund names & labels

3

Run pre-trade portfolio tests to ensure 80 % / 70 % thresholds, exclusions and stewardship KPIs are met before marketing materials go out.

Monitor ISSB localisation

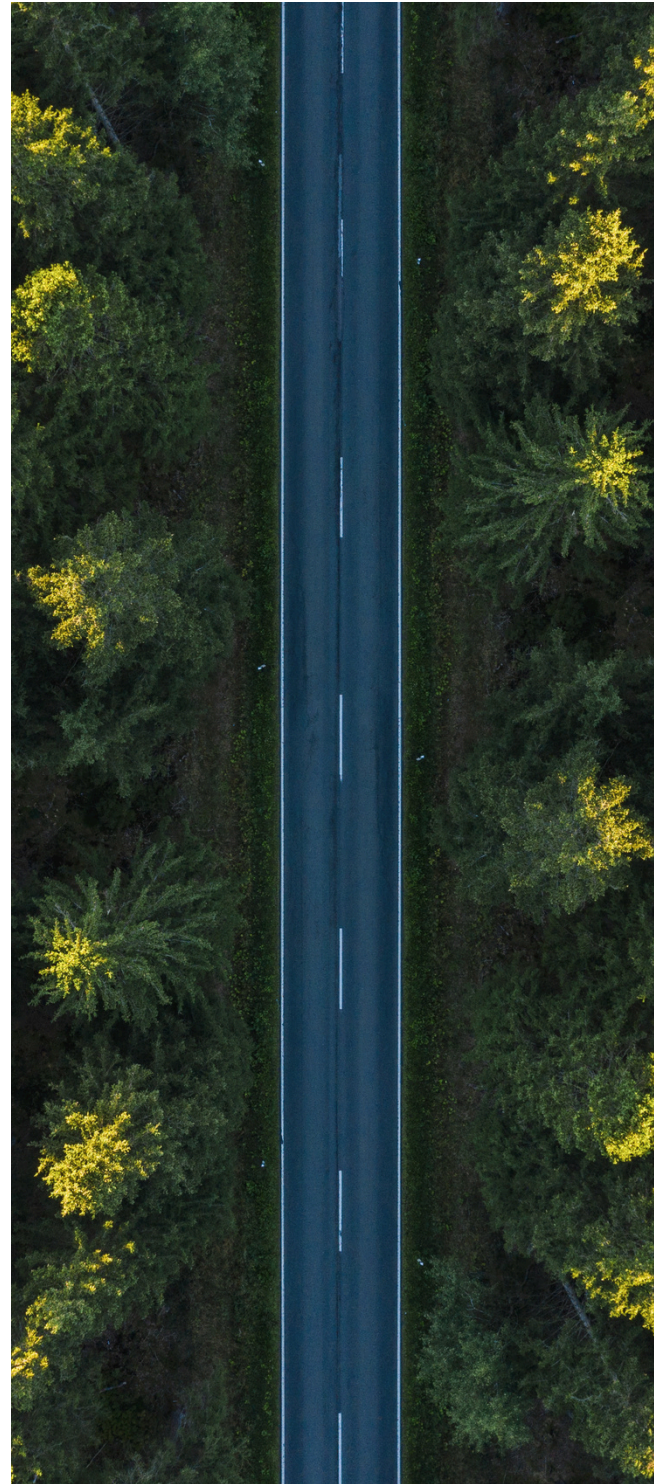
4

Track country-level deviations (e.g., UK dropping GICS) to avoid "copy-paste" errors in filings.

Prepare for biodiversity & transition-plan disclosure

5

Early adoption of TNFD metrics and credible transition-plan templates will future-proof against 2026-plus requirements.





Why granular, asset-level data beats “black-box” ratings for compliance

Regulators are moving from narrative to numbers. Granular data is the new compliance currency. With a single source of activity-level truth, you can satisfy every regime, and unlock faster product time-to-market.

REGULATORY PAIN-POINT

WHY SIMPLE ESG RATINGS FALL SHORT

HOW GRANULAR DATA SOLVES IT

THRESHOLD TESTS
(e.g., ESMA 80 % / FCA 70 %, DNSH screens)

Ratings average multiple issues into a single score, so you cannot prove that the measured share of sustainable assets actually meets the rule.

Asset-level activity tags and revenue splits show exactly which holdings count, giving an auditable numerator-denominator calculation.

JURISDICTION-SPECIFIC KPIS
(e.g., SFDR Principal Adverse Impact, SDR stewardship metrics)

One score cannot be re-mapped to 20+ different KPIS without losing fidelity.

Factorised data lets you plug the same holdings file into SFDR, SDR or SEC templates and auto-populate the right line items.

GREENWASHING ENFORCEMENT
(naming rules, anti-mislabelling)

Investors are increasingly being asked for underlying evidence; opaque methodologies are hard to defend.

Transparent metric-by-metric lineage provides the audit trail regulators (and institutional allocators) now request.

DYNAMIC RULE CHANGES
(SFDR 2.0 KPIS, evolving TPT guidance)

Investors are increasingly being asked for underlying evidence; opaque methodologies are hard to defend.

Data that updates with every corporate filing or portfolio rebalance keeps disclosures live and reduces remediation costs.

CROSS-BORDER PRODUCT RANGES

Scores built for one market rarely align with another’s materiality lens (double vs. single).

A single, normalised data lake can be sliced to match EU double-materiality and US financial-materiality without manual intervention.

Glossary of frequently-used acronyms

ACRONYM	FULL NAME	RELEVANCE
SFDR	Sustainable Finance Disclosure Regulation (EU)	Product & entity-level transparency for financial market participants
SDR	Sustainability Disclosure Requirements (UK)	UK fund labelling and anti-greenwashing regime
ISSB	International Sustainability Standards Board	Sets global baseline (IFRS S1/S2) for financially-material ESG disclosure
IFRS S1/S2	International Financial Reporting Standards – Sustainability	S1 = general ESG; S2 = climate; single-materiality lens
CSRD / ESRS	Corporate Sustainability Reporting Directive & European Sustainability Reporting Standards	Corporate double-materiality disclosures feeding SFDR
DNSH	Do No Significant Harm	Condition for EU “sustainable investment” classification
ESMA / FCA	European Securities & Markets Authority / UK Financial Conduct Authority	Supervisors issuing fund-naming and labelling rules
SRS	UK Sustainability Reporting Standards	ISSB-aligned, UK-specific adjustments
SASB	Sustainability Accounting Standards Board	Sector metrics now incorporated into ISSB
IOSCO	International Organisation of Securities Commissions	Endorsed ISSB; drives global regulatory uptake
TNFD	Taskforce on Nature-related Financial Disclosures	Voluntary framework rapidly entering EU/UK roadmaps
TPT	UK Transition Plan Taskforce	Guidance on credible net-zero transition plans
CTB / PAB	Climate Transition Benchmark / Paris-Aligned Benchmark	EU benchmark rules also referenced in ESMA exclusions
PAI	Principal Adverse Impact	Mandatory SFDR indicators at product & entity level
KPI	Key Performance Indicator	Quantitative measure regulators now require to substantiate claims

Need more help?

Impact Cubed provides factual ESG data and investment solutions. Our methodology is rooted in robust, quantitative data, covering every listed company globally and spanning 2,300 unique product and service categories.

Our platform can screen portfolios against common regulatory regimes, and generate one-click SFDR/SDR/ISSB/EU Taxonomy-ready reports.

For more information, please visit www.impactcubed.com or email info@impactcubed.com

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Always consult primary regulations and local counsel before making compliance decisions.

