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## NET ZERO COMMITMENTS – UK REGULATORY GUIDANCE

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To Our Clients and Friends:

Transitioning the world to “net zero” is one of the greatest global challenges that all – governments, corporates, investors and individuals – are called to rise up to and commit to deliver. To this end, we are seeing the move globally, across different regulatory regimes, towards increased transparency on the steps being taken by organisations to deliver on efforts to reduce green-house gas emissions coupled with a move from voluntary to mandatory climate-related disclosure requirements.

As organisations enhance their efforts to grapple with the challenge of setting and delivering upon their climate related action plans (whether to achieve net zero or carbon neutrality), we have also seen mounting frustration of investors and other stakeholders with the quality of climate-related disclosures being published by issuers resulting, in some cases, in activist actions and litigation. Regulatory bodies are addressing these concerns and now, having set their regulatory expectations, are moving sharply into substantive scrutiny of disclosures and initiating enforcement actions for “greenwashing”.

The UK regulator, the Financial Reporting Council (FRC), whose ambit includes setting the UK’s corporate governance code and supporting (through enhancing the transparency and integrity of corporate reporting) investors and others who rely on company reports, published in October 2022 a *Net Zero Disclosures Report*. The FRC recognises the desire of many investors and other stakeholders to understand the commitments being made by companies and their abilities to deliver against targets and through this lens has set out in this report guidance for organisations when setting and disclosing their plans to deliver upon their climate related commitments. Selina Sagayam discusses with Thomson Reuters insights from the Report and the key takeaways for organisations who are looking to enhance the quality and breath of their disclosures of ‘net zero’ commitments.

TRRI’s OpenWeb pages <https://regintel-content.thomsonreuters.com/document/I5CEB5A905F6F11EDAD8A97919921B9B4>.

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