

# FSCA Sustainable Finance Update Report 2026

March 2026





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# BACKGROUND AND INTRODUCTION

The Financial Sector Conduct Authority (FSCA) Sustainable Finance Programme of Work, which began in 2023, aims to align South Africa's financial sector with global environmental, social, and governance (ESG) standards and national climate commitments.

The programme of work is guided by and reflects the overarching vision of the FSCA to foster a fair, efficient and resilient financial system that supports inclusive and sustainable economic growth in South Africa.

The aim of this document is to provide an update on the FSCA Sustainable Finance Programme of Work, and in particular highlight progress made during the 2025/26 financial year.

For broader contextualisation, it is suggested that this update document be read together with the FSCA Statement on Sustainable Finance (2023)<sup>1</sup>, the FSCA Sustainable Finance Consumer Risk Report and Roadmap 2024<sup>2</sup>, and the FSCA Sustainable Finance Update Report 2025<sup>3</sup>. Furthermore, the FSCA Regulatory Strategy for 2025–2028 provides information on the role and objectives of the conduct authority.

It is also important to note that there were key developments in relation to South Africa's sustainable finance journey during the period that South Africa held the Presidency of the G20 (from 1 December 2024 to 30 November 2025).

The G20 or Group of Twenty, is an international forum that brings together the world's major economies to address global economic challenges, including sustainability, under the leadership of a rotating Presidency.

South Africa's G20 Presidency led efforts on sustainable finance through the G20 Sustainable Finance Working Group (SFWG).

The SFWG's work was centred on three priorities:

1. Strengthening the global sustainable finance architecture.
2. Scaling up finance for adaptation and just transitions.
3. Unlocking the financing potential of carbon markets.

A notable achievement under Priority 3 was *the development of a Common Carbon Credit Data Model (CCCDM)* as a voluntary baseline and global public good. The CCCDM aims to address critical carbon market data standardisation challenges by providing a common foundation for carbon credit data across the credit lifecycle. This includes supporting more consistent, comparable and transparent data, improving traceability through consistent data fields and identifiers, and enabling greater interoperability across registries, trading platforms and other market systems.

1 [Decision-making powers in respect of FSB Budget](#)

2 [FSCA Sustainable Finance Consumer Risk Report and Roadmap 2024](#)

3 [FSCA Sustainable Finance Update Report 2025](#)



The CCCDM is intended to reduce data fragmentation, support market integrity and build trust, and facilitate broader participation in carbon markets, including by emerging markets and developing economies.

Another achievement, from the South African and the FSCA perspective, is that the *FSCA Commissioner, Mr Unathi Kamlana*, was appointed to serve on the *Climate Data Steering Committee (CDSC)*. The committee convenes global regulators, policymakers and standard setters to accelerate the development of an accessible foundation of high-quality climate transition-related data.

The CDSC's work supports improved accessibility and usability of climate transition-related data and promotes more standardised, structured and machine-readable information. The CDSC also serves as the lead knowledge partner for the G20 Sustainable Finance Working Group and is supporting the piloting and wider adoption of the Common Carbon Credit Data Model.





# UPDATE ON PROGRAMME OF WORK

The FSCA Sustainable Finance Programme of Work is structured in five separate focus areas or pillars, as listed below and depicted in Figure 1:

1. **Green Finance Taxonomy:** Standardising definitions of sustainable investments.
2. **Disclosure, Reporting and Assurance:** Improving reporting standards for financial institutions.
3. **Market Development:** Supporting sustainable finance products and carbon markets.
4. **Active Ownership:** Promoting institutional investor engagement with ESG.
5. **Financial Education:** Empowering retail investors to understand ESG products.

Figure 1: Structure of the FSCA Sustainable Finance Programme of Work

1	2	3	4	5
Taxonomy	Disclosure, reporting and assurance	Market development	Active ownership	Consumer education
Capacity building				
Research and stakeholder engagement				
Regulatory and supervisory framework development				
Coordination and cooperation with other stakeholders				

Progress is summarised under each of the pillars and indication is given as to what the next steps may entail.

## 2.1 Green Finance Taxonomy

In 2022, following a two-year consultation and development process, South Africa’s first national Green Finance Taxonomy (GFT) was launched by the Taxonomy Working Group – as part of South Africa’s Sustainable Finance Initiative – chaired by National Treasury.

The SA GFT (1st edition, 2022) serves as a framework defining what constitutes “green” investments, providing clarity and certainty for investors.



The Taxonomy is intended to have a range of benefits, including the following:

- Enhance clarity and certainty for the financial sector when selecting green investments in line with international best practice and South Africa's national policies and priorities.
- Reduce financial sector risks through improved management of environmental and social performance.
- Reduce costs and improve credibility when labelling and issuing green financial instruments.
- Unlock investment opportunities for South Africa across a broad range of green and climate-friendly assets.
- Support regulatory and supervisory oversight of the financial sector.
- Provide a basis for regulators to align or reference green financial products.

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A green finance taxonomy (GFT) is a classification system or catalogue that defines a minimum set of assets, projects, activities and sectors that are eligible to be defined as "green" in line with international best practice and national priorities.

Investors, issuers, and other financial sector participants can use it to track, monitor, and demonstrate the credentials of their green activities in a more confident and efficient way.

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### **FSCA tests the taxonomy**

The FSCA launched its GFT pilot project in 2024, with financial institutions – such as banks, asset managers and pension funds – participating in the pilot.

The focus is on (a) understanding how financial institutions collect, validate, and disclose taxonomy-related data, and (b) ensuring that participants gain hands-on experience in applying the taxonomy to investment and lending decisions.

Participants further agreed that the pilot should provide practical guidance on taxonomy application and clarify areas of ambiguity.

A specialist sustainability consulting firm was appointed to facilitate the pilot process. The project received sustainability expertise from the World Bank and the International Finance Corporation (IFC) and used software from C-More Sustainability for structured data collection and analysis.

### **Pilot focus and regulatory outlook**

The pilot adopted a "learn-by-doing" approach, focused on learning and practical taxonomy application rather than strict compliance. Participant experience and feedback are being used to identify areas where the GFT may require additional clarification or supporting guidance, as well as to assess data readiness and operational challenges associated with credible taxonomy-aligned reporting.

The FSCA will use the pilot outcomes to inform its consideration of what supporting guidance and/or regulatory measures may be appropriate over time, including the potential use of disclosure-related requirements to promote consistent uptake of the GFT and strengthen the credibility and comparability of sustainable finance claims in the South African market.



The FSCA is mindful that any future requirements should be proportionate, practical and user-friendly, considering the implementation challenges and capacity constraints identified during the pilot.

### Progress by March 2026

The information-gathering phase ended on 30 January 2026, and the FSCA is now finalising the project outcomes.

The comprehensive results of the pilot are expected to be published during the 2026/27 financial year and will enable refinement of the GFT. The results are also expected to reveal the market's readiness for any future taxonomy-aligned disclosure expectations.

Furthermore, the FSCA's pilot project aligns with efforts undertaken by the National Treasury to evaluate the international alignment and interoperability of the SA GFT with other green and sustainable finance taxonomies.

### Assessment of international interoperability and usability of the South African GFT

Interoperability between sustainable finance taxonomies is essential to facilitate seamless cross-border flows of climate finance, helping countries mobilise the resources needed to achieve the net-zero targets outlined in their Nationally Determined Contributions (NDCs).

GreenCape and the Climate Policy Initiative<sup>4</sup>, conducted research on behalf of the National Treasury to assess the international alignment and interoperability of South Africa's GFT with other green and sustainable finance taxonomies. The research findings were subsequently released in 2025 in a technical paper.

The researchers evaluated the GFT's international alignment and interoperability through a comparative analysis of three key principles that define the eligibility criteria for economic activities, sectors, and projects to qualify as green. These principles are:

- The activity must **make a substantial contribution (MSC)** to at least one of the SA GFT's six taxonomy objectives.
- An activity fulfilling the MSC criteria must also **Do No Significant Harm (DNSH)** to any of the other five objectives.
- In addition to meeting the MSC and DNSH criteria, the activity must also meet **Minimum Social Safeguards (MSS)**.

The analysis also sought to identify the institutional, operational, and technical functions necessary for governance and disclosure, which are essential for the ongoing implementation, maintenance, and further development of the SA GFT.

The technical paper indicates that the SA GFT demonstrates high international interoperability and alignment. However, its usability and adoption face challenges associated with demonstrating alignment with the DNSH and MSS pillars. Clearer user guidelines would assist in ensuring that the SA GFT remains practical and relevant.

<sup>4</sup> The full report is available on <https://www.climatepolicyinitiative.org/publication/assessing-international-interoperability-and-usability-of-the-south-african-green-finance-taxonomy/>



It also noted the lack of governance and disclosure frameworks regarding roles and responsibilities, and structural issues relating to support for adoption, such as the absence of compliance incentives. The technical paper notes that these gaps impede effective implementation and continuous improvement, limiting the SA GFT's ability to remain aligned with evolving global standards and practices.

The paper makes recommendations in relation to the three principles evaluated, aimed at improving both the interoperability and use of the GFT.

### Next steps

The outcome of the FSCA's pilot project, together with recommendations from the National Treasury study, will inform future developments in relation to the GFT. This could include the development of clearer user guidelines, robust mechanisms to ensure the SA GFT remains practical and relevant, and further clarity on governance and disclosure frameworks.

The FSCA will be working collaboratively with the National Treasury and other relevant stakeholders in a coordinated effort to improve South Africa's GFT. The dormant Climate Risk Forum, a public-private sector sustainability initiative, is to be revived in the 2026 calendar year and is expected to give due consideration to the GFT. Further developments and enhancements to the GFT will be co-developed and designed, and information shared as it becomes available.

## 2.2 Disclosure, Reporting and Assurance

During the review period, the FSCA worked to strengthen sustainability-related disclosure throughout the sustainable finance information chain.

Complete, accurate, timely and comparable information is essential for market integrity, investor protection and efficient capital allocation. Sustainable finance involves many stakeholders, including issuers, asset owners, investment managers, ESG ratings and data providers, distributors and end-investors. Weaknesses in the quality, consistency or completeness of sustainability information – whether at the corporate level or in retail product claims – can cause misalignment, undermine confidence and increase the risk of greenwashing, social washing and impact washing. These risks are further heightened by inconsistent metrics, complex terminology and fragmented standards.

In response, the FSCA continues working on sustainability disclosure on two fronts. In the retail market, the FSCA is developing guidance to promote consistent practices when firms make sustainability-related claims to retail financial customers. This guidance will clarify how existing conduct, disclosure and advertising obligations apply in this context.

At the corporate level, the FSCA is developing a practical approach to introduce sustainability disclosure requirements for large listed entities. The initial focus is on climate-related disclosures aligned with the global baseline set by the International Sustainability Standards Board (ISSB), including IFRS S1 and IFRS S2.

This work is coordinated with the national ISSB adoption process led by the Department of Trade, Industry and Competition (DTIC) to ensure regulatory coherence and reduce fragmentation.



## 2.2.1 Retail Disclosure

As the market for “green” or “sustainable” financial products and services expands, particularly among retail financial customers, the integrity and transparency of sustainability-related claims have become increasingly important for consumer protection and market integrity.

Growth in demand can amplify the risk of greenwashing, social washing, and impact washing where environmental, social, or broader impact-related attributes are exaggerated, misleading, or unsubstantiated. If left unaddressed, these practices can erode trust, mislead consumers, distort market signals, and divert capital away from genuinely sustainable or impactful activities.

### Guidance on sustainability-related claims

During the period under review, the FSCA made progress in developing guidance to support consistent market practice when firms make sustainability-related claims to retail financial customers. This work focuses on enabling the FSCA to use existing legal provisions more effectively in this context and on clarifying for product providers, financial services providers, and distributors how they should interpret and apply existing disclosure and marketing obligations when making sustainability-related claims.

The guidance is being developed to complement existing disclosure regimes (not replace or override them) and to support the responsible development and distribution of sustainability-related products and services. It is intended to address sustainability-related references across the product lifecycle and customer journey, including product design, marketing and advertising, advice, disclosures, and broader customer communications.

Sustainability-related references may include (but are not limited to) advertising, advice, statements, assertions, strategies, targets, policies, information, and images relating to a financial product or service.

The guidance applies to financial institutions already subject to relevant advertising and disclosure requirements. This mainly includes banks, insurers, collective investment schemes, and financial services providers. In the retail financial customer context, the guidance covers any sustainability-related claims or disclosures these institutions make about financial products or services.

### Key regulation

The guidance does not create new regulatory obligations. Rather, it clarifies how firms must apply existing obligations, including those arising under:

- **Collective Investment Schemes Control Act (CISCA)** (including relevant requirements and Board Notice provisions on disclosure, misleading claims and advertising).
- **Financial Advisory and Intermediary Services Act (FAIS Act)** (including “informed decision-making” and related General Code of Conduct requirements).
- **Policyholder Protection Rules (PPRs)** issued under the Short-term Insurance Act, 1998, and Long-term Insurance Act, 1998 (including advertising and disclosure requirements).
- **Conduct Standard for Banks (2020)** (including requirements on advertising and disclosures to retail financial customers).



In applying these obligations to sustainability-related claims, firms are expected to ensure that consumer-facing information is clear, factually correct, not misleading, and presented in plain language where required, considering the nature and complexity of the product or service and the needs and reasonably assumed level of knowledge of the retail customers being targeted.

The FSCA's retail disclosure workstream aims to strengthen the credibility and consistency of sustainability-related claims in the retail market by clarifying how existing conduct, disclosure, and advertising obligations apply in practice. This supports responsible product development, reduces the risk of misleading sustainability-related claims, and promotes confidence and integrity as sustainable finance offerings continue to develop.

## 2.2.2 Public Corporate Disclosure or Reporting

The FSCA is developing and consulting, both internally and with external stakeholders, on a practical approach to introduce sustainability disclosure requirements for large listed entities in South Africa.

High-quality sustainability and climate reporting is essential for a credible and efficient sustainable finance market. It improves market integrity, comparability, price discovery, and capital allocation, and supports reliable sustainability-related claims for investors. Inconsistent or incomplete reporting can lead to misalignment and increase the risk of misleading sustainability-related claims.

The FSCA will initially require corporate sustainability disclosures for large listed entities, at the outset focusing on climate-related disclosures aligned with the global baseline set by the International Sustainability Standards Board (ISSB), particularly IFRS S2. This climate-first approach ensures decision-useful and comparable climate-related information is available to both domestic and international capital market participants.

As the climate baseline is implemented and market readiness improves, the FSCA will consider the sequencing of broader sustainability-related disclosure requirements over time, informed by implementation learnings and developments in international practice, including disclosure approaches under IFRS S1 and other widely used standards such as the GRI.

### National alignment: ISSB adoption

Following internal review, the FSCA has prioritised alignment with the national process led by the Department of Trade, Industry and Competition (dtic) to develop a National ISSB Adoption Roadmap. This approach ensures the FSCA's disclosure pathway for large listed entities remains consistent with national direction and supports regulatory coherence across the sustainability disclosure landscape.

### Phased and collaborative approach

While the national ISSB adoption process advances, the FSCA is identifying a practical near-term implementation pathway to improve consistency and comparability of climate-related information for large listed entities.



Recognising the role of exchanges in setting disclosure expectations, the FSCA will continue structured engagements with licensed exchanges to explore incorporating ISSB-aligned, climate-first disclosure expectations into existing market infrastructure. These efforts aim to support a coherent, sequenced approach that aligns with the national adoption roadmap and reduces fragmentation in corporate disclosure.

As this work progresses, the FSCA is considering how to phase in disclosure expectations over time, considering sector, entity size, and reporting maturity. The FSCA will define parameters for the initial group of entities subject to these requirements, with additional entities included through a sequenced approach.

Current work includes ongoing engagement and analysis regarding the following:

- Interim implementation considerations for introducing disclosure expectations during development and operationalisation of the national roadmap.
- Proportionality and phasing, including defining the initial scope for large listed entities and sequencing any future expansion.
- Regulatory consistency and coordination, to reduce duplication and avoid gaps across the broader disclosure landscape.

In the coming period, the FSCA will continue its structured engagement with exchanges to support the incorporation of ISSB-aligned, climate-first disclosure expectations into listing requirements as an interim measure. This phase serves as a practical bridge, supporting immediate progress in market transparency and comparability while the National ISSB Adoption Roadmap is operationalised and the broader sustainability disclosure framework evolves.

## 2.3 Market Development

The FSCA remains abreast of key sustainable finance market developments in order to evaluate ways in which it may further support sustainability objectives. During 2025/26, there were developments in relation to two key matters, namely carbon markets, and ESG ratings and data product providers.

### 2.3.1 Carbon Markets

South Africa is committed to reducing carbon emissions and adopted a market-based approach by introducing a carbon tax in 2019. This tax incentivises emission reductions through financial penalties on greenhouse gas emissions. Carbon offsets play a key role by allowing eligible taxpayers, as specified in the Carbon Tax Act and related regulations, to reduce their carbon tax liability.

Developing a robust, high-integrity compliance carbon credit market is increasingly recognised as a complementary way to mobilise finance for decarbonisation and advance climate and sustainability goals. Realising this potential requires clear market architecture and greater legal and regulatory certainty to ensure carbon credits are used and traded in a credible manner, at scale and with market integrity.



## Policy and research developments

The National Treasury has made headway with its effort to define a coherent policy and regulatory pathway for South Africa's carbon credit market. It published a consultation paper<sup>5</sup> outlining steps to improve the carbon tax offset market, identifying barriers in both compliance and voluntary markets, and proposing key interventions across policy, market architecture, and the financial regulatory framework. The paper highlights seven priority pain points and presents a plan to unlock market potential by strengthening integrity, supporting tradability, and improving interoperability across markets and registries.

At the same time, the FSCA advanced internal work under the Market Development pillar. The FSCA's Carbon Credit Market Working Group produced an internal research paper, *The Development of a Carbon Credit Market* (November 2025), to enhance the Authority's understanding of carbon credit market development and inform its position on the development and trading of carbon credits in South African financial markets. The research reviewed global and domestic market trends, mapped key elements of the carbon credit value chain, examined international integrity and good-practice frameworks (including IOSCO good practices for voluntary carbon markets), and assessed key verification standards relevant to market credibility.

## Key themes emerging from work

The National Treasury consultation paper identifies several market-development priorities that are fundamental to ensuring integrity and scalability:

- **Policy and regulatory certainty**
  - a. Reduce uncertainty about offset allowances and the carbon price trajectory, as these factors significantly influence planning and investment decisions by market participants.
  - b. Strengthening market integrity, recognising that carbon credit markets are exposed to similar risks of misconduct and fraud as financial and securities markets.
  - c. Clarify the implications of evolving international carbon market architecture under Article 6 of the Paris Agreement, including the role of Article 6.2 cooperative approaches and new mechanisms under Article 6.4 (the Paris Agreement Crediting Mechanism).
  
- **Market architecture and infrastructure**
  - a. Address cost and timeline barriers in project certification and issuance, including capacity constraints and reliance on international validation and verification arrangements.
  - b. Consider how domestic standards and supporting frameworks can improve accessibility and enable project types that may be limited under international standards, while maintaining credibility and environmental integrity.
  - c. Improve registry and trading infrastructure to support a scalable market, recognising that the Carbon Offset Administration System is designed for offset administration for carbon tax purposes and does not support carbon credit trading.

<sup>5</sup> <https://www.gov.za/news/media-statements/treasury-developing-south-african-carbon-credit-market-29-oct-2025>



- **Financial regulatory framework and tradability**

- a. Provide clarity on the legal nature and regulatory classification of carbon credits, as legal certainty enables ownership, transferability, market participation, and appropriate regulatory oversight. A key proposal is to treat carbon credits as “unlisted securities” under the Financial Markets Act, thereby allowing over-the-counter trading, clearing, and settlement through regulated infrastructure.
- b. Explore market design approaches that align carbon credit trading, clearing, and settlement with established financial market principles where appropriate.
- c. Consider the implications of regulatory treatment for financial institutions’ participation, including how capital and prudential requirements may affect market depth and liquidity.

The paper encourages active oversight by financial sector regulators such as the FSCA and PA, to strengthen market integrity, improve transparency and protect participants. The FSCA will continue to support the National Treasury’s policy development process and remain engaged on market integrity issues relevant to its mandate.

The FSCA will focus on supporting a coherent and proportionate approach that strengthens integrity, transparency, and confidence in carbon credit markets, including alignment with financial market infrastructure and market conduct expectations where relevant. As the national policy framework evolves, the FSCA will further develop and clarify its regulatory and supervisory role within the legislative framework, in coordination with relevant authorities and stakeholders.

### 2.3.2 ESG Rating Services and ESG Data Product Providers

As ESG considerations have gained prominence in finance, many stakeholders have come to rely on ESG rating services and data products to assess ethical and sustainability factors, manage risk, inform investment strategies, and support sustainability disclosures. As demand for sustainable finance grows, these services are expected to expand and play a key role in enhancing market transparency and accountability.

However, ESG rating and data products face several challenges, including limited transparency about rating characteristics, methodologies and data sources, as well as unclear provider operations. Providers often use different approaches, resulting in inconsistent outcomes for the same entity. Reliance on self-reported data can introduce bias or incompleteness. These issues may undermine the credibility and reliability of ESG assessments and limit users’ ability to make informed decisions about ESG risks, impacts, and opportunities.

In this context, the FSCA recognises the importance of international efforts in this area. As a member of IOSCO, the FSCA notes IOSCO’s recommendations to strengthen ESG ratings and data provider practices, including improvements in transparency, governance, systems and controls, and conflict of interest management.

#### FSCA research and discussion document

During the review period, the FSCA developed an evidence base on ESG ratings and data products in the South African market and reviewed emerging international practices. This process included targeted surveys and engagement with credit rating agencies and ESG rating and data product providers.



To support an inclusive and proportionate policy approach, the FSCA has prepared a discussion document for stakeholder consultation on ESG rating services and data product providers. The document will be published on the FSCA's website. The consultation aims to gather feedback on initial policy proposals and does not present final positions. Stakeholder input will guide future policy recommendations.

The consultation process invites stakeholder views on, among others, the following matters:

- The most appropriate policy approach for South Africa, including options such as formal regulation, voluntary industry standards or codes of conduct (including “comply or explain”), and approaches that leverage existing regulatory mechanisms where appropriate.
- The role regulators should play in the ESG ratings and data provider environment.
- The appropriateness of IOSCO recommendations (including transparency, governance, systems and controls, and conflicts of interest), and the OECD's emphasis on improving transparency, including potential cost implications.
- The components that should be covered in any legal or supervisory framework, including licensing (where relevant), governance, disclosure and transparency, availability and quality of information, conflicts of interest and ESG rating methodologies.
- Measures to improve market understanding of ESG ratings and to manage risks arising from reliance on unregulated ESG ratings and data products.

The discussion document invites input from industry stakeholders on the possible approach to regulating ESG ratings and ESG data providers. The document states that, definitive policy positions have not yet been determined; instead, insights gained through stakeholder responses will be used to inform future policy recommendations.

## 2.4 Active Ownership

The FSCA's work on active ownership has progressed more slowly because other pillars of work have been prioritised instead. However, in the period under review, the FSCA partnered with the United Nations Principles for Responsible Investment (PRI) and research house Krutham to undertake research into the asset-owner space in South Africa.

The research initiative also involves other private sector funders, and entails a broad survey of South African asset owners to better understand their approach and the challenges they may face in relation to responsible investment. It will include a roundtable, to be held in March 2026, with select stakeholders to ventilate the research findings further. The final report is expected toward the middle of 2026 and will inform future work of the FSCA in relation to active ownership amongst relevant South African asset owners.

## 2.5 Consumer Education

Consumer education is essential for effective and efficient sustainable finance markets. As sustainable finance products and related claims become more common, disclosures are only useful if retail customers can understand and apply the information.



Without sufficient understanding, complex terms, inconsistent metrics and varying sustainability narratives increase the risk of misleading claims such as greenwashing, social washing and impact washing. This undermines consumer confidence and market integrity.

The FSCA's consumer education efforts in sustainable finance focus on improving basic literacy in ESG and sustainable finance concepts, enabling consumers to evaluate sustainability-related claims, and supporting informed engagement with sustainability-themed products and services.

### Completed targeted interventions

During the review period, the FSCA implemented targeted interventions to improve baseline understanding of sustainable finance concepts and to build an evidence base on consumer perceptions and information gaps:

- **Digital awareness campaign (March 2025):** The FSCA launched a digital campaign on sustainable finance fundamentals and practical red flags for greenwashing. Website analytics showed a 66% increase in new users accessing the FSCA's consumer education platform during the campaign compared to the previous week. This suggests strong consumer interest in accessible, regulator-led information.
- **Consumer survey and analysis (2025):** The FSCA conducted a broader consumer survey to assess awareness, attitudes, and behaviours related to ESG concepts and sustainable finance products, and to identify barriers to informed participation. The survey helped the FSCA to refine subsequent education interventions and highlight areas where additional consumer support is needed.

### Key insights from the consumer survey

The survey findings show strong consumer expectations, but also ongoing gaps in knowledge and confidence:

- **High expectations of financial institutions:** A large majority of respondents (84,7%) believe financial institutions should consider environmental and social impacts in investment decisions.
- **Strong appetite for learning:** Most respondents (94,7%) indicated interest in learning more about how investments can positively impact society and the environment.
- **An action gap in market behaviour:** Despite high interest, few respondents regularly seek out ESG-aligned products, with many uncertain about how to identify or access them.
- **Willingness to act if enabled:** Many respondents are willing to switch to providers with more sustainable options, indicating that better awareness and accessibility could drive behavioural change.

These results show that consumer education must go beyond general awareness to focus on practical skills. Consumers need to recognise credible sustainability information, ask relevant questions, and identify potentially misleading claims.

### Consumer awareness campaign underway

Building on the action gap identified in the 2025 consumer survey, the FSCA will be launching a follow-up awareness campaign titled "Investing in Tomorrow: Understanding ESG and Sustainable Finance." This campaign shifts the focus from introductory awareness to practical empowerment.



The objectives of the campaign are namely to strengthen consumer understanding of ESG and sustainable finance concepts; build consumer confidence to evaluate sustainability-related claims; and support more informed engagement with authorised advice and appropriate product choice.

A selection of activities has been planned, which includes the following:

- Interactive engagement: Social media polls and short-form tools will assess baseline understanding and identify consumer uncertainties in real time, such as familiarity with ESG and willingness to consider sustainability in product choices.
- Targeted education content: short explainer videos, infographics, and consumer guidance will help consumers interpret ESG-related claims and recognise potential red flags.
- Call to action: Encourage consumers to seek authorised financial advice when considering ESG-related products as part of their broader financial planning.

The FSCA's consumer education workstream aims to ensure that as disclosure expectations and market practices evolve, consumers are better equipped to interpret sustainability information, assess related claims, and make informed decisions. This approach strengthens consumer protection, supports market integrity, and promotes the development of credible and accessible sustainable finance markets.





# CONCLUSION

In 2025/26, the FSCA made progress with its sustainable finance programme, especially in the pillars related to market integrity, reliable sustainability information, and fair consumer outcomes.

The Authority prioritised strengthening the sustainable finance information chain, recognising that effective markets depend on credible corporate disclosures, responsible sustainability claims at both product and retail levels, robust data and intermediary oversight, and informed consumer and investor participation.

During the reporting period, the FSCA continued assessing South Africa's Green Finance Taxonomy implementation through a pilot exercise. The results will guide future recommendations and practical implementation.

The Authority also advanced retail sustainability disclosure initiatives and is actively involved in developing disclosure pathways aligned with the ISSB baseline. In addition, the FSCA expanded its work on ESG rating services and data product providers by conducting research and preparing a discussion document for stakeholder consultation.

Market development initiatives included ongoing engagement with carbon markets and efforts to improve carbon credit data integrity. The FSCA also supported national policy processes and international initiatives to enhance interoperability and transparency. Additionally, the FSCA advanced activities under the Active Ownership and Consumer Education pillars, highlighting the importance of stewardship practices and consumer understanding for credible and effective sustainable finance markets.

Going forward into the 2026/27 financial year, the FSCA will build upon this foundation by advancing ongoing workstreams, publishing outcomes from key initiatives, and consulting on proportionate policy responses as appropriate. These efforts will be coordinated with key stakeholders to support a coherent and credible sustainable finance framework.

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