

Chapter 3

Application of ESG 4 and ESG 5



3.1 Application of ESG 4 and ESG 5 to firms

Application

3.1.1 **R** This chapter applies to all *firms*.

Application of ESG 4 and ESG 5

3.1.2 **R** ■ ESG 4 and ■ ESG 5 apply as follows:

- (1) ■ ESG 4.1.1R(1) and ■ ESG 4.3.1R apply to all *firms*.
- (2) In addition to the *rules* set out at ■ ESG 3.1.2R(1), ■ ESG 4.1.16R to ■ ESG 4.1.19R apply to a *distributor* who *distributes a sustainability product* or a *recognised scheme*, including an *ETF* that is a *recognised scheme*, to *retail clients*.
- (3) Subject to ■ ESG 3.1.3R, all the *rules* and *guidance* in ■ ESG 4 and ■ ESG 5 apply to a *manager* of a type listed in column 1 of the table at ■ ESG 3.1.2R(4) in relation to the *sustainability in-scope business* described in column 2 which either:
 - (a) is carried out from an establishment maintained by the *manager* in the *United Kingdom*; or
 - (b) to the extent that it is not carried out from an establishment maintained by the *manager* in the *United Kingdom*, is carried on in relation to a *UK AIF*.
- (4) This table belongs to ■ ESG 3.1.2R(3).

Column 1: type of manager	Column 2: sustainability in-scope business
UK UCITS management company	Managing a UK UCITS
ICVC that is a UCITS scheme without a separate management company	Managing a UK UCITS
Full-scope UK AIFM	Managing an AIF
Small authorised UK AIFM	Managing an AIF

Exemption from ESG 5.6 for managers of assets below threshold

3.1.3 **R** A *manager* is exempt from the disclosure requirements under ■ ESG 5.6 if and for as long as the assets under administration or management in relation to

its *sustainability in-scope business* amount to less than £5bn calculated as a 3-year rolling average on an annual assessment.

Delegation of activities

3.1.4

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Where a *firm* delegates its activities to another *person*, that *firm* still remains responsible for ensuring compliance with the requirements of ■ ESG 4 and ■ ESG 5.

Meaning of assets in ESG 4 and ESG 5

3.1.5

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In ■ ESG 4 to ■ ESG 5, unless the context otherwise requires, a reference to the term ‘assets’ means:

- (1) the *scheme property*, in relation to an *authorised fund*; or
- (2) in relation to a *sustainability product* other than an *authorised fund*, the *investments* that the *sustainability product* makes.

