

## Chapter 4

# Sustainability labelling, naming and marketing

## 4.3 Naming and marketing

### Anti-greenwashing

4.3.1

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- (1) This *rule* applies to a *firm* (whether it is undertaking *sustainability in-scope business* or not) which:
- (a) *communicates* with a *client* in the *United Kingdom* in relation to a product or service; or
  - (b) *communicates a financial promotion* to, or *approves a financial promotion for communication* to, a *person* in the *United Kingdom*.
- (2) A *firm* must ensure that any reference to the *sustainability characteristics* of a product or service is:
- consistent with the *sustainability characteristics* of the product or service; and
  - fair, clear and not misleading.

### Use of sustainability-related terms in relation to a sustainability product

4.3.2

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- (1) A *manager* that is undertaking *sustainability in-scope business* for *retail clients* in relation to a *sustainability product* must comply with the requirements in ■ ESG 4.3.4R to ■ ESG 4.3.8R where the *manager* uses the terms in ■ ESG 4.3.2R(2) in either the *sustainability product's* name or in a *financial promotion* in relation to the *sustainability characteristics* of that product.
- (2) For the purposes of ■ ESG 4.3.2R(1), the relevant terms are:
- (a) 'ESG' (or 'environmental, social and governance');
  - (b) 'environment', 'environmental' or 'environmentally';
  - (c) 'social' or 'socially';
  - (d) 'climate';
  - (e) 'sustainable' or 'sustainability';
  - (f) 'green';
  - (g) 'transition';
  - (h) 'net zero';
  - (i) 'impact';
  - (j) 'responsible';

- (k) 'sustainable development goals' or 'SDG(s)';
- (l) 'Paris-aligned'; and
- (m) any other term which implies that a *sustainability product* has *sustainability characteristics*.

- (3) A *manager* may use the terms in ■ ESG 4.3.2R(2):
  - (a) to make short factual statements which are not *financial promotions*; or
  - (b) to make statements in a context not intended to refer to, or describe, the *sustainability characteristics* of a *sustainability product*.

4.3.3 **G** Examples of circumstances which may fall within ■ ESG 4.3.2R(3) include references to 'financial impact' or 'economic climate', or a statement about who is 'responsible' for providing services in relation to a *sustainability product*.

**Use of sustainability-related terms in the name of a sustainability product**

4.3.4 **R** (1) A *manager* that uses a *sustainability label* in relation to a *sustainability product* (other than a *feeder fund*) may use the terms set out in ■ ESG 4.3.2R(2) in the product's name provided that the *manager* complies with ■ ESG 4.3.4R(2).

(2) Where a *manager* is using a 'sustainability focus', 'sustainability improvers' or 'sustainability mixed goals' *sustainability label*, the *manager* must not use the word 'impact' in the product's name.

4.3.5 **R** A *manager* that is undertaking *sustainability in-scope business* and does not use a *sustainability label* in relation to a *sustainability product* (other than a *feeder fund*) may use the terms set out in ■ ESG 4.3.2R(2) in the product's name provided that the following conditions are met:

- (1) The *sustainability product* must:
  - (a) have *sustainability characteristics* and a name which accurately reflects those characteristics; and
  - (b) not, in its name, use the terms 'sustainable', 'sustainability' or 'impact' or any other variation of those terms to refer to the *sustainability characteristics* of the product.
- (2) The *manager* must produce:
  - (a) a *consumer-facing disclosure*;
  - (b) a *pre-contractual disclosure* (or Part A of a *public product-level sustainability report* in circumstances where the product does not have *pre-contractual materials* that relate to it); and
  - (c) Part B of a *public product-level sustainability report*.
- (3) The *manager* must publish the following information on the *relevant digital medium* for the business of the *manager* in a prominent place

on the specific webpage or page on a mobile application or other digital medium at which the *sustainability product* is offered:

- (a) an explanation as to the purpose of a *sustainability label*, using either the standard text – ‘Sustainable investment labels help investors find products that have a specific sustainability goal’ – or alternative text which reflects the substance of the standard text;
- (b) a statement as to the fact that the product does not use a *sustainability label*, using the text: ‘This product does not have a UK sustainable investment label’; and
- (c) a brief explanation as to why the product does not use a *sustainability label*.

4.3.6

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In relation to ■ ESG 4.3.5R:

- (1) In relation to ■ ESG 4.3.5R(1)(a), the *sustainability characteristics* of a *sustainability product* should be material to that product – for example, at least 70% of its assets should have *sustainability characteristics*.
- (2) In relation to ■ ESG 4.3.5R(3)(a), a *manager* may choose to provide further information regarding the *sustainability label* by including a hyperlink to the relevant webpage of the *FCA’s* website on the *relevant digital medium* for the business of the *manager*. The hyperlink should be in a prominent place on the specific webpage or page on a mobile application or other digital medium at which the *sustainability product* is offered.

4.3.7

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A *manager* that is undertaking *sustainability in-scope business* in relation to a *sustainability product* that is a *feeder fund* must, where it intends to use the terms in ■ ESG 4.3.2R(2) in the product’s name, ensure that:

- (1) the *feeder fund* uses only terms that are consistent with those used by the relevant *master fund* which is a *sustainability product*;
- (2) the *manager* provides *clients* with easy access (for example, by providing hyperlinks) to the information set out under ■ ESG 4.3.5R(2), produced by the relevant *master fund*; and
- (3) the *manager* complies with the requirements of ■ ESG 4.3.5R(3).

**Use of sustainability-related terms in financial promotions relating to a sustainability product**

4.3.8

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- (1) This rule applies to a *manager* which communicates a *financial promotion* to a *retail client* in the *United Kingdom*.
- (2) A *manager* must ensure that any *financial promotion* relating to a *sustainability product* is consistent with (if any) the *sustainability label*, *consumer-facing disclosure*, *pre-contractual disclosure* and Part B of a *public product-level sustainability report* relating to that product.

- (3) Where a *manager* is not using a *sustainability label* in relation to a *sustainability product* but *communicates* the terms in ■ ESG 4.3.2R(2) in a *financial promotion* relating to that product, it must:
  - (a) in relation to a *sustainability product* which is not a *feeder fund*, comply with the requirements in ■ ESG 4.3.5R(2) and ■ ESG 4.3.5R(3); and
  - (b) in relation to a *sustainability product* which is a *feeder fund*, comply with the requirements of ■ ESG 4.3.7R(1) to ■ ESG 4.3.7R(3).

4.3.9

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The requirements in ■ ESG 4.3.8R are without prejudice to the need to ensure that the relevant *financial promotion* is fair, clear and not misleading.

4.3.10

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Where a *manager* is not using a relevant digital medium to *communicate* the terms in ■ ESG 4.3.2R(2) in a *financial promotion*, the *manager* should take reasonable steps to ensure the content required in ■ ESG 4.3.5R(2) and ■ ESG 4.3.5R(3) is *communicated* to *retail clients* as appropriate.