

**DISCLOSURE OF CLIMATE-RELATED FINANCIAL INFORMATION
(ASSET MANAGER AND ASSET OWNER) INSTRUMENT 2021**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance);
 - (d) section 247 (Trust scheme rules);
 - (e) section 248 (Scheme particulars rules);
 - (f) section 261I (Contractual scheme rules);
 - (g) section 261J (Contractual scheme particulars rules); and
 - (2) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 January 2022.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Collective Investment Schemes sourcebook (COLL)	Annex C

Making the Environmental, Social and Governance sourcebook

- E. The Financial Conduct Authority makes the rules and gives the guidance in accordance with Annex B to this instrument.

- F. The Environmental, Social and Governance sourcebook (ESG) is added to the Business Standards block within the Handbook, immediately after the Product Intervention and Product Governance sourcebook (PROD).

Citation

- G. This instrument may be cited as the Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) Instrument 2021.
- H. The sourcebook in the Annex B to this instrument may be cited as the Environmental, Social and Governance sourcebook (or ESG).

By order of the Board
16 December 2021

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>climate-related reports</i>	any report produced under <i>ESG 2</i> .
<i>on-demand information</i>	an <i>on-demand TCFD product report</i> or <i>underlying asset data</i> .
<i>on-demand TCFD product report</i>	a report produced in accordance with <i>ESG 2.3</i> for a <i>person</i> who is entitled to such information under <i>ESG 2.3.5R</i> in respect of: <ol style="list-style-type: none"> (1) the <i>investments</i>, including rights to or interests in <i>investments</i>, in respect of which the <i>firm</i> provides <i>portfolio management</i> to that <i>person</i>; or (2) assets under management in an <i>unauthorised AIF</i> in which the <i>person</i> is an investor, but only in respect of an <i>unauthorised AIF</i> managed by a <i>UK AIFM</i> which is not listed on a <i>recognised investment exchange</i>.
<i>pre-set investment portfolio</i>	a combination of <i>investments</i> which is selected by a <i>firm</i> and offered to its <i>clients</i> as a single investment option, for example, a <i>default arrangement</i> in a <i>qualifying scheme</i> , a <i>drawdown pension investment pathway</i> , or a ready-made investment portfolio, but not including a <i>default arrangement</i> in a <i>qualifying scheme</i> comprising: <ol style="list-style-type: none"> (a) assets which make up less than 10% of the total assets held by a <i>firm</i> within <i>default arrangements</i> in <i>qualifying schemes</i>; or (b) assets which are under £100m in value.
<i>public TCFD product report</i>	a report produced in accordance with <i>ESG 2.3</i> in respect of any of the following, insofar as it is a <i>TCFD product</i> : <ol style="list-style-type: none"> (1) an <i>authorised fund</i>; (2) a <i>with-profits fund</i>; (3) a <i>linked fund</i>; (4) a <i>pre-set investment portfolio</i>; (5) a <i>closed-ended investment fund</i>; or

- (6) an *unauthorised AIF* managed by a *UK AIFM* that is listed on a *recognised investment exchange*; this includes an *investment trust*.

TCFD entity report

a public report regarding the overall assets managed or administered by the *firm* in relation to its *TCFD in-scope business* as per the requirements in *ESG 2.2*.

TCFD in-scope business

the following activities, as set out in more detail in *ESG 1.2.1R*:

- (1) *portfolio management*;
- (2) *managing a UK UCITS*;
- (3) *managing an AIF*;
- (4) providing *insurance-based investment products*;
- (5) operating a *personal pension scheme* (excluding a *SIPP*) or *stakeholder pension scheme*; and
- (6) operating a *SIPP*, but only in relation to *SIPPs* which contain an *insurance-based investment product*, a *unit*, an interest in a *closed-ended investment fund* or a *pre-set investment portfolio* provided by the *firm*.

TCFD product

any of the following:

- (1) an *authorised fund*, but:
 - (a) excluding an *authorised fund* which is a *feeder UCITS* or a *feeder AIF*; and
 - (b) where the *authorised fund* is an *umbrella scheme*, each *sub-fund* of the *umbrella* is considered to be a *TCFD product*;
- (2) in relation to an *insurance-based investment product*, *personal pension scheme*, *stakeholder pension scheme* or *SIPP* provided or operated by an *insurer* or *pure reinsurer*:
 - (a) *with-profits fund*;
 - (b) *linked fund*; or
 - (c) a *pre-set investment portfolio*;
- (3) in relation to a *personal pension scheme*, *stakeholder pension scheme* or *SIPP* operated by a *firm* which is not an *insurer* or *pure reinsurer*:
 - (a) an *authorised fund*;

- (b) a *closed-ended investment fund*; or
- (c) a *pre-set investment portfolio*;
- (4) an agreement or arrangement under which a *firm* provides the *client* with *portfolio management*; and
- (5) an *unauthorised AIF* managed by a *UK AIFM*, unless it is a closed-ended *AIF* that makes no additional investments after 22 July 2013 (see regulation 74(1) of the *AIFMD UK Regulation*).

<i>TCFD product report</i>	a <i>public TCFD product report</i> or an <i>on-demand TCFD product report</i> .
<i>underlying asset data</i>	basic data on asset holdings underlying a <i>TCFD product</i> , including unique security ID such as ISIN, name, holding size, and current price or valuation, as reasonably required by the relevant <i>person</i> to produce their own amalgamated scenario analysis and otherwise satisfy their own disclosure obligations in relation to climate-related financial information.

Amend the following definitions as shown.

<i>closed-ended investment fund</i>	<p>(in <i>LR</i> and <i>ESG</i>) an entity:</p> <ul style="list-style-type: none"> (a) which is an undertaking with limited liability, including a company, limited partnership, or <i>limited liability partnership</i>; and (b) whose primary object is investing and managing its assets (including pooled funds contributed by holders of its <i>listed securities</i>): <ul style="list-style-type: none"> (i) in property of any description; and (ii) with a view to spreading investment risk.
<i>portfolio management</i>	<p>(1) managing portfolios in accordance with mandates given by <i>clients</i> on a discretionary <i>client-by-client</i> basis where such portfolios include one or more <i>financial instruments</i>. [Note: article 4(1)(8) of <i>MiFID</i>]</p> <p>(2) <u>(in <i>ESG</i>) a service provided to a <i>client</i> including:</u></p> <ul style="list-style-type: none"> <u>(a) <i>managing investments</i>; or</u> <u>(b) <i>private equity or other private market activities consisting of either <i>advising on investments</i> or <i>managing investments</i> on a recurring or ongoing basis</i></u>

in connection with an arrangement the predominant purpose of which is investment in unlisted securities.

Annex B

Environmental, Social and Governance sourcebook (ESG)

In this Annex, all of the text is new and is not underlined

1.1 Purpose and application

Purpose

- 1.1.1 G The ESG sourcebook sets out *rules* and *guidance* concerning a *firm's* approach to environmental, social and governance matters.
- 1.1.2 G *ESG 2* contains *rules* and *guidance* regarding the disclosure of climate-related financial information consistent with *TCFD Recommendations and Recommended Disclosures*.
- 1.1.3 G The disclosure requirements within *ESG 2* relate to either the assets that a *firm* manages or administers generally, published in a *TCFD entity report*, or assets relating or corresponding to particular financial products or services, disclosed via *TCFD product reports*.
- 1.1.4 G The disclosures are intended to help meet the information needs of market participants, including a *firm's* institutional *clients* (e.g. pension trustees, employers and corporate investors) and *consumers* of their products (e.g. pension scheme members and retail investors), in relation to the climate-related impact and risks of a *firm's TCFD in-scope business*.
- 1.1.5 G The *FCA* recognises that at least for a transitional period there may be data and methodological challenges. Nevertheless, we expect *firms* to provide sufficient information to *clients* and *consumers*. *Firms* should still disclose metrics and quantitative scenario analysis or examples in accordance with the *rules* in this sourcebook where such disclosure would remain fair, clear and not misleading. *Firms* should also appropriately explain any limitations on their ability to disclose and the steps being taken to address those limitations.

1.2 General application

- 1.2.1 R (1) The *rules* in this sourcebook apply to a *firm* of a type listed in column 1 of the table at *ESG 1.2.1 R(2)* in relation to the *TCFD in-scope business* carried out from an establishment maintained by it in the *United Kingdom* as described in column 2.
- (2) This table belongs to *ESG 1.2.1R(1)*.

Column 1: Type of firm	Column 2: TCFD in-scope business
Part A: Asset managers	

<i>Any firm</i>	<i>Portfolio management</i>
<i>UK UCITS management company</i>	<i>Managing a UK UCITS</i>
<i>ICVC that is a UCITS scheme without a separate management company</i>	<i>Managing a UK UCITS</i>
<i>Full-scope UK AIFM</i>	<i>Managing an AIF</i>
<i>Small authorised UK AIFM</i>	<i>Managing an AIF</i>
Part B: Asset owners	
<i>Insurer or pure reinsurer</i>	<i>Providing insurance-based investment products</i>
	<i>Operating a personal pension scheme (excluding a SIPP) or stakeholder pension scheme</i>
	<i>Operating a SIPP, but only in relation to SIPPs containing insurance-based investment products provided by the firm</i>
<i>Other asset owners (other than insurers or pure reinsurers)</i>	<i>Operating a personal pension scheme (excluding a SIPP) or stakeholder pension scheme</i>
	<i>Operating a SIPP, but only in relation to SIPPs containing any of the following provided by the firm:</i>
	(a) <i>a unit</i>
	(b) <i>an interest in a closed-ended investment fund</i>
(c) <i>a pre-set investment portfolio</i>	

- 1.2.2 R A *firm* is exempt from the disclosure requirements under *ESG 2* if and for as long as the assets under administration or management in relation to its *TCFD in-scope business* amount to less than £5bn calculated as a 3-year rolling average on an annual assessment.

2 Disclosure of climate related financial information

2.1 Preparation of climate-related reports

- 2.1.1 R (1) A *firm* (excluding an *OPS firm*) must prepare and publish its *TCFD entity report* and any *public TCFD product reports* by 30 June of each calendar year.
- (2) If a *firm* (including an *OPS firm*) receives a request for *on-demand information* from a *person* who is entitled to make such request under *ESG 2.3.5R*, it must prepare and provide the *on-demand information* to the *person* within a reasonable period of time and in a format which the *firm*, acting reasonably, considers appropriate to meet the information needs of that *person*.
- 2.1.2 R (1) A *firm* must cover a reporting period of 12 *months* starting no earlier than 1 January of the previous calendar year in its *TCFD entity report*.
- (2) The reporting period in (1) may be changed by the *firm* in subsequent yearly reports, but the *firm* must ensure there is no period of time after 1 January 2022 which is not covered by its *TCFD entity report*, issuing an interim report if necessary.
- (3) A *firm* must adopt a calculation date within the 12-month reporting period covered by the *TCFD entity report* in calculating any metrics and targets either for inclusion in its *TCFD entity report* or its *TCFD product reports*.

Publication of climate-related reports

- 2.1.3 R A *firm* must take all reasonable steps to publish its *TCFD entity report* and its *public TCFD product reports* in a way that makes it easy for prospective readers to locate and access, including, as a minimum, by making the most recent of these reports available in a prominent place on the main website for the business of the *firm*.
- 2.1.4 G Prominence may be achieved by adding hyperlinks to the reports which are accessible via the landing page of the main website for the business of the *firm*.

Consistency with TCFD Recommendations and Recommended Disclosures when preparing climate-related reports

- 2.1.5 R A *firm* must ensure the climate-related financial disclosures in its *climate-related reports* are consistent with the *TCFD Recommendations and Recommended Disclosures*, unless otherwise specified by *rules* in this chapter.
- 2.1.6 R In complying with *ESG 2.1.5R*, a *firm* must take reasonable steps to ensure its climate-related financial disclosures also reflect the following materials, to the extent they are relevant to the *firm's climate-related reports*:

- (1) section C of the *TCFD Annex*, entitled “Guidance for All Sectors”; and, as applicable,
 - (2) part 3, section D of the *TCFD Annex*, entitled “Asset Owners”; or
 - (3) part 4, section D of the *TCFD Annex*, entitled “Asset Managers”.
- 2.1.7 G The *FCA* considers that the following supplemental documents are also relevant in assessing whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*:
- (1) the *TCFD Final Report* and the *TCFD Annex* to the extent not already referred to in this chapter;
 - (2) the *TCFD Technical Supplement*;
 - (3) the *TCFD Guidance on Risk Management Integration and Disclosure*; and
 - (4) the *TCFD Guidance on Metrics, Targets, and Transition Plans*.

Data considerations when preparing climate-related reports

- 2.1.8 R In satisfying its reporting and disclosure obligations under this chapter, a *firm* must, insofar as is reasonably practicable, use the most up to date information available.
- 2.1.9 R In preparing a *TCFD product report* or *underlying asset data*, a *firm* must select, from within the 12-month reporting period, the most recent calculation date for which up to date information is available.
- 2.1.10 R A *firm* must not disclose metrics or quantitative scenario analysis or examples where:
- (1) there are gaps in underlying data or methodological challenges; and
 - (2) these data gaps or methodological challenges cannot be addressed using proxy data or assumptions without the resulting disclosure, in the reasonable opinion of the *firm*, being misleading.
- 2.1.11 G (1) The *FCA* expects a *firm* to make climate-related financial disclosures in its *climate-related reports* consistent with the *TCFD Recommendations and Recommended Disclosures* using proxy data or assumptions to address gaps in underlying data and methodological challenges, as appropriate, and should only omit disclosures in accordance with *ESG 2.1.10R*.
- (2) The *FCA* expects such gaps in underlying data and methodological challenges to be transitional and considers that such gaps and challenges are only likely to arise in relation to certain asset classes,

such as asset-backed securities and currencies, and are likely to narrow over time.

- 2.1.12 R In addition, a *firm* must ensure its *climate-related report* includes an adequate explanation of:
- (1) any gaps in the underlying data relied upon to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*;
 - (2) how the *firm* has addressed these gaps, for example, by using proxy data or assumptions and briefly setting out any methodologies used in doing so, providing relevant contextual information and explaining any limitations of the approach;
 - (3) any metrics or quantitative scenario analysis or examples that the *firm* has not been able to disclose, in accordance with *ESG 2.1.10R*; and
 - (4) in respect of (3),
 - (a) the gaps in underlying data or methodological challenges that have resulted in the *firm* being unable to make the relevant disclosure;
 - (b) why the *firm* has not been able to address those gaps or challenges using proxy data or assumptions; and
 - (c) what steps the *firm* will take to address those gaps or challenges in the future.
- 2.1.13 G In addition, a *firm* may include in its *climate-related report* an explanation of the proportion of each *TCFD product* for which data are verified, reported, estimated or unavailable.

Cross-referencing climate-related financial disclosures

- 2.1.14 R (1) A *firm* may include hyperlinks and cross-references to relevant climate-related financial disclosures contained in a third party's climate reporting, where such information enables the *firm* to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*.
- (2) The *firm* must set out the rationale for relying on these third party disclosures, and any deviations between the third party's approach and that of the *firm*, where relevant to the *TCFD Recommendations and Recommended Disclosures*.
- (3) An *insurer* or *pure reinsurer* which operates *linked funds* which mirror funds operated by a third party (but which are not close-matched by an *insurer's* or *pure reinsurer's* direct investment in that third party's fund) must consider the extent to which it is

appropriate to rely wholly or partly on disclosures by that third party.

- 2.1.15 R Where relevant, a *firm* may also draw links and make reference to its *TCFD product report* from its *TCFD entity report* and vice versa.

2.2 TCFD entity report

Content of a TCFD entity report

- 2.2.1 R (1) Subject to *ESG 2.2.5R* and *ESG 2.2.6R*, a *firm* must include in its *TCFD entity report* climate-related financial disclosures regarding the overall assets managed or administered by the *firm* in relation to its *TCFD in-scope business* as defined under *ESG 1.2.1R*.
- (2) A *firm* must explain, either in its *TCFD entity report* or in a cross-referenced *TCFD product report*, where its approach to a particular investment strategy, asset class or product is materially different to its overall entity level approach to governance, strategy or risk management under the *TCFD Recommendations and Recommended Disclosures*.
- (3) A *firm* must briefly explain in its *TCFD entity report* how the *firm's* strategy under the *TCFD Recommendations and Recommended Disclosures* has influenced the decision-making and process by which it delegates functions, selects delegates, and relies on services, strategies or products offered or employed by third parties, including delegates.
- 2.2.2 G Where making disclosures on transition plans as part of its strategy disclosures under the *TCFD Recommendations and Recommended Disclosures*, a *firm* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, we encourage a *firm* to explain why it has not done so.

Approach to climate-related scenario analysis

- 2.2.3 R (1) When preparing information for a *TCFD entity report* in a manner consistent with recommended disclosure (c) under the strategy recommendation in the *TCFD Recommendations and Recommended Disclosures*, a *firm* must explain:
- (a) its approach to climate-related scenario analysis; and
- (b) how the *firm* applies climate-related scenario analysis in its investment and risk decision making process.

- (2) Where reasonably practicable, a *firm* must provide quantitative examples to demonstrate its approach to climate-related scenario analysis.

Approach to targets and key performance indicators (KPIs)

- 2.2.4 R (1) In producing its *TCFD entity report* and considering recommended disclosure (c) under the metrics and targets recommendation in the *TCFD Recommendations and Recommended Disclosures*, a *firm* must describe any targets it has set to manage climate-related risks and opportunities, including the KPIs it uses to measure progress against these targets, in a manner consistent with the *TCFD Recommendations and Recommended Disclosures*.
- (2) Where a *firm* has not yet set such targets, it must explain why in its *TCFD entity report*.

Approach to relevant climate-related financial disclosures contained in other reports at an entity-level

- 2.2.5 R (1) If a *firm* is a member of a *group*, it may rely on climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures* made by its *group* or a member of its *group* when producing its *TCFD entity report*, but only to the extent that those group disclosures are relevant to the *firm* and cover the assets the *firm* administers or manages as part of its *TCFD in-scope business*.
- (2) If a *firm* does rely on such group disclosures, it must ensure that its *TCFD entity report*:
- (a) includes cross-references, including hyperlinks, to any climate-related financial disclosure contained within the *group* or *group* member's report that relate to assets managed or administered by the *firm* in relation to its *TCFD in-scope business* on which the *firm* is relying to meet its disclosure obligations under this section; and
- (b) sets out the rationale for relying on the disclosure made by its *group* or a member of its *group* and why the disclosure is relevant to the assets managed or administered by the *firm* in relation to its *TCFD in-scope business*.
- (3) The *firm* must also ensure that any material deviations between its approach under the *TCFD Recommendations and Recommended Disclosures* and the climate-related financial disclosures contained within the *group* report are clearly explained, either in its *TCFD entity report* or in the report made by its *group* or a member of its *group*.

- 2.2.6 R (1) If a *firm* or a member of its *group* produces a document, other than its annual financial report, which includes climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures* in compliance with LR 9.8.6R(8) for its *TCFD in-scope business*, the *firm* may cross-refer to these disclosures in its *TCFD entity report* where this information is relevant to *clients* or a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM*, including hyperlinks to where the relevant disclosures are available.
- (2) Where a *firm* so refers, it must explain in its *TCFD entity report* the rationale for relying on the disclosures in the supplementary document and how such disclosures are relevant to the *clients* or a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM* of the *firm's TCFD in-scope business*.

Compliance statement

- 2.2.7 R A *firm's TCFD entity report* must include a statement, signed by a member of senior management of the *firm*, confirming that the disclosures in the report, including any third party or group disclosures cross-referenced in it, comply with the requirements under this chapter.

2.3 Product-level reporting

Public TCFD product reports

- 2.3.1 R In addition to the publishing obligation in ESG 2.1.3R, a *firm*, other than a *UK AIFM* to which ESG 2.3.2R applies, must include its *public TCFD product report*, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in any one of the following communications which follow most closely after the annual reporting deadline of 30 June, as applicable:
- (1) the annual report or half-yearly report of an *authorised fund* as required under COLL 4.5.3R, COLL 8.3.5R or COLL 15.5.2R, provided that its *public TCFD product report*, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, is always included in the annual report;
 - (2) a periodic *client* report under COBS 16.3.1R, COBS 16.4.1R, COBS 16A.4.2AR or COBS 16A.5.1R;
 - (3) a report to *with-profits policyholders* under COBS 20.4.7R; or
 - (4) an annual pension benefit statement or an annual *drawdown pension* statement under COBS 16.6.8R.
- 2.3.2 R A *UK AIFM* that manages an *unauthorised AIF* listed on a *recognised investment exchange* must include its *public TCFD product report*, or an

adequately contextualised and prominent cross-reference and hyperlink to this report, in its *TCFD entity report*.

- 2.3.3 R A *firm* is not required to prepare a *public TCFD product report* in respect of a product which is a wrapper, provided that it has issued *public TCFD product reports* for the *TCFD products* available within the relevant wrapper.
- 2.3.4 R A *firm* is not required to prepare a *TCFD product report* in respect of an *authorised fund*, or where the *authorised fund* is an *umbrella scheme* the relevant *sub-fund*, which is in the process of winding up or termination.

On-demand TCFD product reports and underlying data

- 2.3.5 R (1) A *client* who requires *on-demand information* in order to satisfy climate-related financial disclosure obligations, whether under this chapter or as a result of other legal or regulatory requirements, is entitled to request such information from, and be provided with it by, the *firm* and to receive a response to that request in accordance with *ESG 2.1.1R(2)*.
- (2) On receipt of a request from a *client* under (1), a *firm* must provide *on-demand information* as at a calculation date determined in accordance with *ESG 2.1.9R* or at an alternative calculation date where this has been agreed between the *client* and the *firm*.
- (3) The request by a *client* in (1) may be made no earlier than 1 July 2023 in respect of any reporting period of the *firm* under *ESG 2.1.2R(1)* which starts after 1 January 2022 or, if later, with effect from the reporting period in which the *client's* arrangements with the *firm* concerning the *TCFD product* commenced;
- (4) This *rule* also applies in respect of a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM* which is not listed on a *recognised investment exchange*.
- 2.3.6 R The entitlement in *ESG 2.3.5R(1)* is limited to one request for an *on-demand TCFD product report* or *underlying asset data* or both in respect of each *TCFD product* in each of the *firm's* reporting periods under *ESG 2.1.2R(1)*.
- 2.3.7 G A *firm* is encouraged to consider, where practicable, making available to a *client* disclosures broadly equivalent to an *on-demand TCFD product report* irrespective of the *client's* eligibility to request such report under *ESG 2.3.5R*.
- 2.3.8 R If a *person* in *ESG 2.3.5R* requests additional climate or carbon-related data which are reasonably required in order to satisfy climate-related financial disclosure obligations, a *firm* must provide the data if doing so is reasonably practicable and permitted under any contractual arrangements governing the *firm's* use of the data.

Content of TCFD product reports

- 2.3.9 R (1) A *firm* must include in its *TCFD product report* for each *TCFD product* information according to the following metrics, using the calculations contained in the *TCFD Annex* and having regard to the *TCFD Guidance on Metrics, Targets, and Transition Plans*, as relevant:
- (a) scope 1 and 2 greenhouse gas emissions;
 - (b) scope 3 greenhouse gas emissions;
 - (c) total carbon emissions;
 - (d) total carbon footprint; and
 - (e) weighted average carbon intensity.
- (2) A *firm's TCFD product report* must also include:
- (a) relevant contextual information such as explaining how the metrics should be interpreted and their associated limitations, for example, if particular assumptions or proxies have been used;
 - (b) historical annual calculations of the metrics in (1), after the first year of preparing a *TCFD product report*; and
 - (c) any disclosures under the Governance, Strategy and Risk Management recommendations under the *TCFD Recommendations and Recommended Disclosures*, where the *firm's* approach in relation to a *TCFD product* materially deviates from the *firm's* overarching approach disclosed in the *firm's TCFD entity report*.
- 2.3.10 R If a *firm* discloses material deviations under *ESG 2.3.9R(2)(c)*, it may refer to the relevant sections of its *TCFD entity report*, and similarly its *TCFD entity report* may refer to these disclosures in the *TCFD product report*.
- 2.3.11 R (1) Where a *TCFD product report* relates to a *TCFD product* that has concentrated exposures or high exposures to carbon intensive sectors, the *firm* must describe these and disclose:
- (a) a qualitative summary of how climate change is likely to impact the assets underlying the relevant *TCFD product* under 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios;
 - (b) a discussion of the most significant drivers of impact on that *TCFD product*; and

- (c) a quantitative analysis of ‘orderly transition’, ‘disorderly transition’ and ‘hothouse world’ scenarios.
- (2) Where a *firm* manages *TCFD products* that do not have concentrated exposures or high exposures to carbon intensive sectors, a *firm* must still make the disclosures under (1)(a) and 1(b).
 - (3) For the purposes of (1)(a) and 1(c):
 - (a) ‘orderly transition’ scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net zero CO₂ emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages;
 - (b) ‘disorderly transition’ scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages; and
 - (c) ‘hothouse world’ scenarios assume only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.
- 2.3.12 R (1) Where a *firm* prepares a *public TCFD product report* in relation to a *default arrangement* or other fund in a *qualifying scheme* which uses life-styling or differing target retirement dates for different cohorts of members, a *firm* may calculate the information in *ESG 2.3.9R* to *ESG 2.3.11R* and, where relevant, *ESG 2.3.13R*, in relation to the most representative member profile in that *default arrangement* or fund.
- (2) However, where relevant, the *firm* must include a qualitative explanation in its *public TCFD product report* of how this information might vary between cohorts.

Other elements of a TCFD product report

- 2.3.13 R When preparing a *TCFD product report*, a *firm* must, as far as reasonably practicable, also include the following calculations for each *TCFD product*:
- (1) climate value-at-risk;
 - (2) metrics that show the climate warming scenario with which a *TCFD product* is aligned, such as using an implied temperature rise metric.
- 2.3.14 G A *firm* may also disclose in a *TCFD product report* any other metrics that the *firm* considers an investor will find useful when deciding whether to

select a particular *TCFD product* (including metrics set out in the *TCFD Annex* and under *ESG 2.3.9R* calculated in accordance with recognised alternative methodologies). However, to the extent that a *firm* chooses to disclose such metrics, it should clearly explain the methodology used in providing each relevant metric and ensure that the metrics calculated under *ESG 2.3.9R* in accordance with the *TCFD Annex* are at least as prominently presented.

TP 1 Transitional provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force				
1.1	<i>ESG 2</i> as it applies to <i>firms</i> falling within Part A (asset managers) of the table in <i>ESG 1.2.1R(2)</i>	R	<i>ESG 2</i> is disapplied where a <i>firm</i> does not meet the requirements of an <i>enhanced scope SMCR firm</i> pursuant to <i>SYSC 23 Annex 1 8.2R</i> paragraph 1.	From 1 January 2022 to 31 December 2022	Effective date of instrument				
1.2	<i>ESG 2</i> as it applies to <i>firms</i> falling within Part B (asset owners) of the table in <i>ESG 1.2.1R(2)</i>	R	<i>ESG 2</i> is disapplied where a <i>firm</i> has assets under management or administration in relation to <i>TCFD in-scope business</i> of less than £25bn calculated as a 3-year rolling average on an annual assessment.	From 1 January 2022 to 31 December 2022	Effective date of instrument				
1.3	<i>ESG 2.1.1R(1)</i>	R	<table border="1"> <tr> <td data-bbox="691 1268 760 1780">(1)</td> <td data-bbox="760 1268 979 1780">For a <i>firm</i> to whom the disapplication in <i>ESG TP 1.1</i> or <i>ESG TP 1.2</i> is available, the first publication deadline for a <i>TCFD entity report</i> and a <i>public TCFD product report</i> is 30 June 2024.</td> </tr> <tr> <td data-bbox="691 1780 760 1894">(2)</td> <td data-bbox="760 1780 979 1894">For other <i>firms</i>, the first publication</td> </tr> </table>	(1)	For a <i>firm</i> to whom the disapplication in <i>ESG TP 1.1</i> or <i>ESG TP 1.2</i> is available, the first publication deadline for a <i>TCFD entity report</i> and a <i>public TCFD product report</i> is 30 June 2024.	(2)	For other <i>firms</i> , the first publication	From 1 January 2022	Effective date of instrument
(1)	For a <i>firm</i> to whom the disapplication in <i>ESG TP 1.1</i> or <i>ESG TP 1.2</i> is available, the first publication deadline for a <i>TCFD entity report</i> and a <i>public TCFD product report</i> is 30 June 2024.								
(2)	For other <i>firms</i> , the first publication								

				deadline for these reports is 30 June 2023.		
1.4	ESG 2.1.2R(2)	R	For a <i>firm</i> to whom the disapplication in ESG TP 1.1 or ESG TP 1.2 is available, the reporting period that must be covered by one or more <i>TCFD entity reports</i> is to commence from 1 January 2023.	From 1 January 2022	Effective date of instrument	
1.5	ESG 2.3.5R(3)	R	For a <i>firm</i> to whom the disapplication in ESG TP 1.1 or ESG TP 1.2 is available, (a) the earliest reporting period for which a <i>person</i> can request <i>on-demand information</i> is to commence from 1 January 2023, and (b) the earliest a <i>person</i> can request <i>on-demand information</i> is 1 July 2024.	From 1 January 2022	Effective date of instrument	
1.6	ESG 2.3.9R(1)(b)	R	The first reporting deadline for scope 3 greenhouse gas emissions is 30 June 2024.	From 1 January 2022	Effective date of instrument	

Annex C

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text.

4 Investor Relations

...

4.5 Reports and accounts

...

Contents of the annual long report

- 4.5.7 R (1) An annual long report on an *authorised fund*, other than a *scheme* which is an *umbrella*, must contain:
- (a) ...
 - ...
 - (d) the report of the *depository* in accordance with *COLL 4.5.11R* (Report of the depository); ~~and~~
 - (e) the report of the auditor in accordance with *COLL 4.5.12R* (Report of the auditor); ~~and~~ and
 - (f) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R.
- (2) An annual long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
 - (i) ...
 - (ii) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R*; ~~and~~
 - (iii) comparative information in accordance with *COLL 4.5.10R*; and
 - (iv) its public TCFD product report or an adequately contextualised and prominent cross-reference and

hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R;

...

...

...

Contents of the half-yearly long report

- 4.5.8 R (1) A half-yearly long report on an *authorised fund*, other than for a *scheme* which is an *umbrella*, must contain:
- (a) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; ~~and~~
 - (b) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R* (Authorised fund manager's report); and
 - (c) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website in accordance with ESG 2.3.1R, where the half-yearly long report most closely follows the reporting deadline of 30 June, under ESG 2.1.1R(1).
- (2) A half-yearly long report on a *scheme* which is an *umbrella*, must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
 - (i) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; ~~and~~
 - (ii) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R*; and
 - (iii) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R, where the half-yearly long report most closely follows the reporting deadline of 30 June, under ESG 2.1.1R(1).

...

...

...

8 Qualified investor schemes

...

8.3 Investor relations

...

Contents of the annual report

- 8.3.5A R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
- (a) ...
 - ...
 - (c) the report of the *depository* in accordance with *COLL 8.3.5DR* (Report of the depository); ~~and~~
 - (d) the report of the auditor in accordance with *COLL 4.5.12R* (Report of the auditor); and
 - (e) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R.
- (2) An annual report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
 - (i) ...
 - (ii) the report of the *authorised fund manager* in accordance with *COLL 8.3.5CR*; ~~and~~
 - (iii) comparative information in accordance with *COLL 4.5.10R* (1A) and (2A); and
 - (iv) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R;
 - ...
 - ...
- ...

Contents of the half-yearly report

- 8.3.5B R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:
- (a) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; ~~and~~
 - (b) the report of the *authorised fund manager* in accordance with *COLL 8.3.5CR*; ~~and~~
 - (c) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to where the report's location on the firm's website, in accordance with ESG 2.3.1R, where the half-yearly report most closely follows the reporting deadline of 30 June, under ESG 2.1.1R(1).

...

...

15 Long-term asset funds

...

15.5 Annual report and investor relations

...

Contents of the annual report

- 15.5.3 R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
- (a) ...
 - ...
 - (d) the report of the *depository* in accordance with *COLL 15.5.7R* (Report of the depository); ~~and~~
 - (e) the report of the auditor in accordance with *COLL 4.5.12R* (Report of the auditor); ~~and~~
 - (f) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to where the report's location on the firm's website, in accordance with ESG 2.3.1R.
- (2) An annual report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:

- (a) for each *sub-fund*:
 - (i) ...
 - (ii) the report of the *authorised fund manager* in accordance with *COLL 15.5.6R*; ~~and~~
 - (iii) comparative information in accordance with *COLL 4.5.10R (1A) and (2A)*; and
 - (iv) its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on *firm's* website, in accordance with *ESG 2.3.1R*;

...

...

...

Contents of the half-yearly report

- 15.5.5 R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:
- (a) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; ~~and~~
 - (b) the report of the *authorised fund manager* in accordance with *COLL 15.5.6R*; ~~and~~
 - (c) its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with *ESG 2.3.1R*, where the half-yearly report most closely follows the reporting deadline of 30 June, under *ESG 2.1.1R(1)*.

...