

**SUSTAINABILITY LABELLING AND DISCLOSURE OF
SUSTAINABILITY-RELATED FINANCIAL INFORMATION INSTRUMENT 2023**

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 137R (Financial promotion rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 247 (Trust scheme rules);
 - (f) section 248 (Scheme particulars rules);
 - (g) section 261I (Contractual scheme rules); and
 - (h) section 261J (Contractual scheme particulars rules);
 - (2) article 1(2) of the Financial Services and Markets Act 2000 (Claims Management Activity) Order 2018;
 - (3) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (4) 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 28 November 2023.

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
Principles for Businesses (PRIN)	Annex B
Conduct of Business sourcebook (COBS)	Annex C
Insurance: Conduct of Business sourcebook (ICOBS)	Annex D
Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)	Annex E

Banking: Conduct of Business sourcebook (BCOBS)	Annex F
Claims Management: Conduct of Business sourcebook (CMCOB)	Annex G
Funeral Plan: Conduct of Business sourcebook (FPCOB)	Annex H
Product Intervention and Product Governance sourcebook (PROD)	Annex I
Environmental, Social and Governance sourcebook (ESG)	Annex J
Collective Investment Schemes sourcebook (COLL)	Annex K
Consumer Credit Sourcebook (CONC)	Annex L
Investment Funds sourcebook (FUND)	Annex M

Notes

- E. In the Annexes to this instrument, the notes (indicated by “**Note:**” or “*Editor’s note:*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Sustainability Labelling and Disclosure of Sustainability-Related Financial Information Instrument 2023.

By order of the Board
23 November 2023

Annex A

Amendments to the Glossary of definitions

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

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

<i>consumer-facing disclosure</i>	a disclosure produced under <i>ESG 5.2</i> in respect of a <i>sustainability product</i> .
<i>feeder fund</i>	(in <i>ESG</i>) any of the following: <ol style="list-style-type: none"> (1) a <i>feeder AIF</i>; (2) a <i>feeder LTAF</i>; (3) a <i>feeder NURS</i>; or (4) a <i>feeder UCITS</i>.
<i>Global Reporting Initiative Standards</i>	the revised Universal Standards 2021 (in effect from 1 January 2023).
<i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i>	the International Financial Reporting Standard (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information published in June 2023. Available at the following URL: [Editor's note: insert link to https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information.pdf?bypass=on]
<i>master fund</i>	(in <i>ESG</i>) any of the following: <ol style="list-style-type: none"> (1) a <i>master AIF</i>; (2) a <i>master UCITS</i>; (3) a <i>qualifying master scheme</i> or a single <i>sub-fund</i> of a <i>qualifying master scheme</i> that is an <i>umbrella</i>; or (4) a <i>qualifying master LTAF</i> or a single <i>sub-fund</i> of a <i>qualifying master LTAF</i> that is an <i>umbrella</i>.

<i>on-demand sustainability information</i>	the information set out under <i>ESG 5.5.13R(2)</i> for a <i>person</i> who is entitled to such information under <i>ESG 5.5.13R(1)</i> in respect of 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> which is a <i>UK AIF</i> managed by a <i>full-scope UK AIFM</i> or a <i>small authorised UK AIFM</i> and which is not listed on a <i>recognised investment exchange</i> .
<i>pre-contractual disclosure</i>	a disclosure produced under <i>ESG 5.3</i> in respect of a <i>sustainability product</i> .
<i>pre-contractual materials</i>	(in <i>ESG</i>) one of the following (as applicable): <ul style="list-style-type: none"> (1) a <i>prospectus</i>; or (2) (if not within (1)) in relation to a <i>full-scope UK AIFM</i>, the prior disclosure of information required by <i>FUND 3.2.2R</i>.
<i>public product-level sustainability report</i>	a report comprising Part A (where applicable) and Part B, produced in accordance with <i>ESG 5.5.1R</i> to <i>ESG 5.5.12R</i> in respect of the following insofar as it is a <i>sustainability product</i> : <ul style="list-style-type: none"> (1) an <i>authorised fund</i>; and (2) an <i>unauthorised AIF</i> which is a <i>UK AIF</i> managed by a <i>full-scope UK AIFM</i> or a <i>small authorised UK AIFM</i> which is listed on a <i>recognised investment exchange</i>; this includes an <i>investment trust</i>.
<i>relevant digital medium</i>	(in <i>ESG</i>) a <i>firm's</i> website and any mobile application or other digital medium that the <i>firm</i> may be using in relation to a <i>sustainability product</i> .
<i>sustainability characteristics</i>	environmental or social characteristics.
<i>sustainability entity report</i>	(in <i>ESG</i>) a public report regarding the overall assets managed by a <i>manager</i> in relation to its <i>sustainability in-scope business</i> , produced in accordance with <i>ESG 5.6</i> .
<i>sustainability in-scope business</i>	the following activities, as set out in more detail in <i>ESG 3.1.2R</i> : <ul style="list-style-type: none"> (1) <i>managing a UK UCITS</i>; and (2) <i>managing an AIF</i> which is a <i>UK AIF</i>.
<i>sustainability label</i>	any of the labels that are listed at <i>ESG 4.1.1R(1)</i> .

<i>sustainability objective</i>	a statement of intention to undertake activities with the aim of directly or indirectly improving or pursuing positive environmental and/or social outcomes.
<i>sustainability product</i>	any of the following: <ol style="list-style-type: none"> (1) an <i>authorised fund</i>, including, where the <i>authorised fund</i> is an <i>umbrella scheme</i>, each <i>sub-fund</i> of the <i>umbrella</i>; or (2) an <i>unauthorised AIF</i> that is managed by a <i>full-scope UK AIFM</i> or a <i>small authorised UK AIFM</i>, unless it is: <ol style="list-style-type: none"> (a) a <i>non-UK AIF</i>; (b) a closed-ended <i>AIF</i> that makes no additional investments after 22 July 2013 (see regulation 74(1) of the <i>AIFMD UK Regulation</i>); (c) a <i>SEF</i>; or (d) an <i>RVECA</i>.
<i>theory of change</i>	(in <i>ESG</i>) a comprehensive description and illustration of how and why a desired change is expected to occur in a particular context.

Amend the following definitions as shown.

<i>client</i>	... <ol style="list-style-type: none"> (B) in the <i>FCA Handbook</i>: <ol style="list-style-type: none"> ... (11) ... (12) <u>(in <i>ESG</i>) in addition to (1), includes:</u> <ol style="list-style-type: none"> (i) <u>a <i>unitholder</i> or potential <i>unitholder</i> in a <i>scheme</i>; and</u> (ii) <u>to the extent not within (i), an investor or potential investor in an <i>AIF</i>.</u>
<i>distribute</i>	... <ol style="list-style-type: none"> (5) (6) <u>(in <i>ESG</i>) in relation to a <i>client</i>, offering, selling, recommending, advising on, <i>arranging</i>, <i>dealing</i>, <i>proposing</i> or <i>providing</i> a</u>

		<u>sustainability product or a recognised scheme (including an ETF that is a recognised scheme).</u>
	...	
<i>distributor</i>	...	
	(4)	...
	(5)	<u>(in ESG) a firm which offers, sells, recommends, advises on, arranges, deals, proposes or provides a sustainability product or a recognised scheme (including an ETF that is a recognised scheme).</u>
<i>manager</i>	...	
	(4)	<u>(in ESG) in addition to (1) and (1A):</u>
	(a)	<u>(in relation to an ACS) the authorised contractual scheme manager;</u>
	(b)	<u>(in relation to an ICVC which has not appointed a person to manage the scheme) the company;</u>
	(c)	<u>a small authorised UK AIFM; and</u>
	(d)	<u>a full-scope UK AIFM.</u>
<i>on-demand TCFD information</i>		an on-demand TCFD product report or underlying asset data.
<i>TCFD in-scope business</i>		the following activities, as set out in more detail in ESG 1.2.1R <u>ESG 1A.1.1R(2)</u> :
	(1)	<i>portfolio management;</i>
	(2)	<i>managing a UK UCITS;</i>
	(3)	<i>managing an AIF;</i>
	(4)	<i>providing insurance-based investment products;</i>
	(5)	<i>operating a personal pension scheme (excluding a SIPP) or stakeholder pension scheme; and</i>
	(6)	<i>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.</i>
<i>TCFD product</i>		any of the following:

...

- (5) an *unauthorised AIF* managed by a ~~*UK AIFM*~~ *full-scope UK AIFM* or a *small authorised 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)~~;
- (a) a closed-ended AIF that makes no additional investments after 22 July 2013 (see regulation 74(1) of the AIFMD UK Regulation);
 - (b) a SEF; or
 - (c) an RVECA.

Annex B

Amendments to Principles for Businesses (PRIN)

In this Annex, underlining indicates new text.

2A The Consumer Duty

...

2A.3 Consumer Duty: retail customer outcome – products and services

...

Manufacturer: selecting distribution channels and providing information to distributors

- 2A.3.12 R (1) A *manufacturer* must select distribution channels that are appropriate for the *target market*.
- (2) A *manufacturer* must provide each *distributor* with adequate information in good time to enable it to comply with the *rules* applicable to it in this section.
- (3) The information to be made available under (2) includes all appropriate information regarding the *product* and the product approval process from time to time to enable the *distributor* to comply with *PRIN 2A.3.16R*.

2A.3.12 G A *manufacturer* that is a *manager* is reminded of its obligations under *ESG*
A 4.1.8R and *ESG* 5.2.9R in meeting its obligations under *PRIN 2A.3.12R*.

...

Distributors: obtaining information from manufacturers

- 2A.3.16 R A *distributor* must ensure that the product distribution arrangements contain effective measures and procedures to obtain sufficient, adequate and reliable information from the *manufacturer* about the *product* to:
- (1) understand the characteristics of the *product*;
 - (2) understand the identified *target market*;
 - (3) consider the needs, characteristics and objectives of any *retail customers* in the *target market* with characteristics of vulnerability;
 - (4) identify the intended distribution strategy for the *product*; and
 - (5) ensure the *product* will be *distributed* in accordance with the needs, characteristics and objectives of the *target market*.

2A.3.16 G A distributor is reminded of its obligations under ESG 4.1.16R to ESG
A 4.1.19R in meeting its obligations under PRIN 2A.3.16R.

...

Annex C

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text.

4 Communicating with clients, including financial promotions

4.1 Application

Who? What?

...

4.1.1C G ...

4.1.1D G A firm is reminded of its obligations under the naming and marketing rules in ESG 4.3 (in particular, ESG 4.3.1R) when it:

(1) communicates or approves a financial promotion that references the sustainability characteristics of a product or service; or

(2) undertakes sustainability in-scope business in relation to a sustainability product.

...

4.10 Approving and confirming compliance of financial promotions

...

Approving financial promotions

...

4.10.2B G ...

4.10.2C G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that makes reference to the sustainability characteristics of a product or service.

...

18 Specialist Regimes

...

18.5 Residual CIS operators and small authorised UK AIFMs

...

Format and content of fund documents

...

18.5.9 G ...

18.5.9A G *A small authorised UK AIFM that uses a sustainability label, or one of the terms in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1), in relation to a UK AIF is reminded of its obligations in ESG 5.3 to ESG 5.5 relating to the preparation of Part A of a public product-level sustainability report.*

...

Annex D

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text.

2 General matters

...

2.2 Communications to clients and financial promotions

...

Pricing claims: guidance on the clear, fair and not misleading rule

2.2.4 ...

Sustainability-related claims: guidance on the clear, fair and not misleading rule

2.2.4A G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.

Annex E

Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

In this Annex, underlining indicates new text.

3A Financial promotions and communications with customers

...

3A.2 The fair, clear and not misleading rules

Fair, clear and not misleading communications

...

3A.2.2 G ...

3A.2.2A G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.

...

Annex F

Amendments to the Banking: Conduct of Business sourcebook (BCOBS)

In this Annex, underlining indicates new text.

2 Communications and financial promotions

...

2.2 The fair, clear and not misleading rule

...

2.2.6 G ...

2.2.7 G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.

...

Annex G

Amendments to Claims Management: Conduct of Business sourcebook (CMCOB)

In this Annex, underlining indicates new text.

3 Financial promotions, and communications with customers

...

3.2 Financial promotions and communications – general standards

The fair, clear and not misleading rule

...

3.2.2 G (1) ...

(2) In complying with that *rule*, *firms* should:

- (a) have regard to the average *customer's* understanding of the services that the *firm* provides;
- (b) present information in a logical order;
- (c) use plain and intelligible language and, where the use of jargon or technical terms is unavoidable, explain the meaning of any jargon or technical terms;
- (d) make key information prominent and easy to identify, including by means of headings and the layout, display and font attributes of text, and by the use of design devices such as tables, bullet points and graphs; and
- (e) avoid unnecessary disclaimers.

3.2.2A G *A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.*

...

Annex H

Amendments to the Funeral Plan: Conduct of Business sourcebook (FPCOB)

In this Annex, underlining indicates new text.

4 Communications and financial promotions

...

4.2 Communications and financial promotions: the obligations

Fair, clear and not misleading rule

...

4.2.4 G ...

4.2.4A G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.

...

Annex I

Amendments to the Product Intervention and Product Governance sourcebook (PROD)

In this Annex, underlining indicates new text.

3 Product governance: MiFID

...

3.3 Distribution of products and investment services

General

...

3.3.2 G ...

3.3.2A G A distributor is reminded of its obligations under ESG 4.1.16R to ESG 4.1.19R in meeting its obligations under PROD 3.3.1R.

...

Annex J

Amendments to the Environmental, Social and Governance sourcebook (ESG)

In this part of the Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Purpose and application

1.1 Purpose and application

Purpose

...

1.1.2 G ESG 1A and ESG 2 ~~contains~~ contain rules and guidance regarding the disclosure of climate-related financial information consistent with *TCFD Recommendations and Recommended Disclosures*.

1.1.3 G ...

1.1.3 G ESG 3 applies to all firms and sets out the way in which the rules and
A guidance in ESG 4 and ESG 5 apply to different types of firm. Although most
of the rules in ESG 4 and ESG 5 apply to managers, a number of rules apply
to distributors and some also apply to firms more generally.

1.1.3 G ESG 4 sets out ‘anti-greenwashing’ rules and guidance which apply to a firm,
B regardless of whether or not it is undertaking sustainability in-scope business,
with respect to references the firm makes about the sustainability
characteristics of a product or service.

1.1.3 G ESG 4 also contains the rules and guidance which apply to a manager that is
C undertaking sustainability in-scope business, restricting the use of a
sustainability label in relation to a sustainability product unless certain
criteria are met and setting out naming and marketing conditions in relation to
those products. In addition, ESG 4 contains rules and guidance which apply
to distributors that distribute sustainability products and recognised schemes,
including ETFs that are recognised schemes, to retail clients.

1.1.3 G ESG 5 contains the rules and guidance which apply to a manager undertaking
D sustainability in-scope business with respect to the consumer-facing
disclosure, pre-contractual disclosure, public product-level sustainability
report and (where applicable) on-demand sustainability information that the
manager must produce in relation to a sustainability product, together with
rules and guidance requiring a manager to produce an entity-level report.

1.1.4 G The TCFD-related 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*.

1.1.4 G The sustainability-related *rules and guidance* in ESG 4 and ESG 5 are also intended to help meet the information needs of market participants, including a firm's retail clients and institutional clients in relation to the sustainability characteristics of a sustainability product and the sustainability-related risks and opportunities in relation to a manager's sustainability in-scope business.

...

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). [deleted]

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>

Other asset owners (other than insurers or pure reinsurers)	Operating a <i>personal pension scheme</i> (excluding a <i>SIPP</i>) or <i>stakeholder pension scheme</i>	
	Operating a <i>SIPP</i> , but only in relation to <i>SIPPs</i> containing any of the following provided by the <i>firm</i> :	
	(a)	a <i>unit</i>
	(b)	an interest in a <i>closed-ended investment fund</i>
	(c)	a <i>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. [deleted]~~

1.2.3 G The specific application of the rules and guidance in ESG 2, ESG 4 and ESG 5 is set out in ESG 1A and ESG 3.

1.2.4 G (1) The table at ESG 1.2.4G(2) provides a general overview as to how the rules in ESG 2, ESG 4 and ESG 5 apply to firms.

(2) This table belongs to ESG 1.2.4G(1).

<u>Type of firm</u>	<u>Applicable provisions</u>
<u>All firms</u>	<u>ESG 4.1.1R(1);</u> <u>ESG 4.3.1R</u>
<u>Distributors</u>	<u>ESG 4.1.1R(1);</u> <u>ESG 4.1.16R to ESG 4.1.19R;</u> <u>ESG 4.3.1R.</u>
<u>Asset managers</u>	
<u>A firm managing a UK UCITS or an AIF, excluding:</u>	<u>ESG 2 (except for ESG 2.3.5R to ESG 2.3.8R relating to on-demand TCFD information);</u>
(a) <u>a firm managing a feeder fund; or</u>	

(b)	<u>a full-scope UK AIFM or a small authorised UK AIFM managing an unauthorised AIF not listed on a recognised investment exchange;</u>	<u>ESG 4 (except for ESG 4.1.16R to ESG 4.1.19R relating to distributors) only in relation to UK UCITS and UK AIFs;</u> <u>ESG 5 (except for ESG 5.5.13R to ESG 5.5.15R relating to on demand sustainability information) only in relation to UK UCITS and UK AIFs.</u>
<u>A firm managing a feeder fund</u>		<u>ESG 4.1.2R to ESG 4.1.8R, ESG 4.1.13R and ESG 4.1.14R;</u> <u>ESG 4.3.1R to ESG 4.3.8R;</u> <u>ESG 5.6</u>
<u>A firm that is a full-scope UK AIFM or a small authorised UK AIFM managing an unauthorised AIF not listed on a recognised investment exchange</u>		<u>ESG 2 (except for ESG 2.3.1R to ESG 2.3.4R relating to a public TCFD product report);</u> <u>ESG 4 (except for ESG 4.1.16R to ESG 4.1.19R relating to distributors) only in relation to UK AIFs;</u> <u>ESG 5 (except in relation to the preparation of Part B of a public product-level sustainability report) only in relation to UK AIFs.</u>
<u>Asset owners</u>		
<u>A firm in table ESG 1A.1.1R(2), Part B</u>		<u>ESG 2 (except for ESG 2.3.5R to ESG 2.3.8R relating to on-demand TCFD information);</u> <u>ESG 4.1.1R(1);</u> <u>ESG 4.3.1R.</u>

Insert the following new chapter, ESG 1A (Application of ESG 2), after ESG 1 (Purpose and application). All of the text is new and is not underlined.

1A Application of ESG 2

- 1A.1.1 R (1) The rules in ESG 2 apply to a firm of a type listed in column 1 of the table at ESG 1A.1.1R(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 1A.1.1R(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>	

1A.1.2 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.

Amend the following text as shown.

2 Disclosure of climate related financial information

2.1 Preparation of climate-related reports

Application

- 2.1.1 R (1) ...
- (2) If a *firm* (including an *OPS firm*) receives a request for *on-demand TCFD information* from a *person* who is entitled to make such request under *ESG 2.3.5R*, it must prepare and provide the *on-demand TCFD 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*.

...

2.2 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*~~ *ESG 1A.1.1R*.

...

...

2.3 Product-level reporting

...

On-demand TCFD product reports and underlying data

- 2.3.5 R (1) A *client* who requires *on-demand TCFD 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 TCFD 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*.

...

...

Insert the following new chapters, *ESG 3* (Application of *ESG 4* and *ESG 5*), *ESG 4* (Sustainability labelling, naming and marketing) and *ESG 5* (Disclosure of sustainability-related information), directly before *ESG TP 1* (Transitional provisions). The text is all new and is not underlined.

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
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<i>UK UCITS management company</i>	Managing a <i>UK UCITS</i>
<i>ICVC that is a UCITS scheme without a separate management company</i>	Managing a <i>UK UCITS</i>
<i>Full-scope UK AIFM</i>	Managing an <i>AIF</i>
<i>Small authorised UK AIFM</i>	Managing an <i>AIF</i>

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 R 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 R 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.

4 Sustainability labelling, naming and marketing

4.1 Sustainability labels

- 4.1.1 R (1) Subject to *ESG 4.1.1R(2)*, a *firm* must not make use of the following *sustainability labels*:
- (a) ‘Sustainability focus’;
 - (b) ‘Sustainability improvers’;
 - (c) ‘Sustainability impact’; or
 - (d) ‘Sustainability mixed goals’.

- (2) A *manager* may, from 31 July 2024, make use of a *sustainability label* in *ESG 4.1.1R(1)* where the *manager* is undertaking *sustainability in-scope business* in relation to a *sustainability product*:
- (a) that is not a *feeder fund* if it satisfies the requirements set out in *ESG 4.2*; or
 - (b) that is a *feeder fund* if it satisfies the requirements in *ESG 4.1.2R*.
- 4.1.2 R Where a *manager* is undertaking *sustainability in-scope business* in relation to a *sustainability product* that is a *feeder fund*, it may use a *sustainability label* in relation to that product where:
- (1) the *feeder fund* uses the same label as that used by the relevant *master fund* which is a *sustainability product*;
 - (2) the *manager* ensures that its use of the label is kept updated in accordance with any changes that the relevant *master fund* makes; and
 - (3) the *manager* ensures that it provides *clients* with easy access (for example, by providing hyperlinks) to the *consumer-facing disclosure*, *pre-contractual disclosure* (or Part A of a *public product-level sustainability report* in circumstances where the *sustainability product* does not have *pre-contractual materials* that relate to it) and Part B of a *public product-level sustainability report* that has been produced by the relevant *master fund*.
- 4.1.3 R As far as reasonably practicable, a *manager* must, where it makes use of a *sustainability label*, use the relevant graphic prescribed by the *FCA*:
- (1) when displaying that label in relation to a *sustainability product* on the *relevant digital medium* for the business of the *manager*; and
 - (2) when disclosing the use of that label in a *consumer-facing disclosure*, a *pre-contractual disclosure* and Part B of a *public product-level sustainability report*.
- 4.1.4 G For the purposes of *ESG 4.1.3R*, the relevant graphic can be accessed through the *FCA's online notification and application system*.
- 4.1.5 R A *manager* that uses a *sustainability label* must not:
- (1) use a *sustainability label* in a way that is misleading;
 - (2) claim in a public statement or to a *client*, either expressly or by implication, that:
 - (a) the *FCA* has conferred or approved the use of a *sustainability label* in relation to a particular *sustainability product*; or

- (b) the *manager's* use of a *sustainability label* indicates that a *sustainability product* has been approved or endorsed by the *FCA*; or
- (3) publish information in relation to the use of, or descriptors pertaining to, a *sustainability label* which contradicts the information that has been published by the *FCA*.

Record keeping

- 4.1.6 R A *manager* that uses a *sustainability label* must:
- (1) prepare and retain a record as to the basis on which the label has been used; and
 - (2) keep that record updated for the duration of the label's use (including where the use of the label changes, as set out under *ESG 4.1.11R* and *ESG 4.1.14R*).

Notifying the FCA

- 4.1.7 R A *manager* that intends to use a *sustainability label* in relation to a particular *sustainability product*, or to revise or cease the use of that label, must notify the *FCA* that it is doing so using the *FCA's online notification and application system*, either before using, revising or ceasing the use of that label or as soon as reasonably practicable afterwards.

Publication of sustainability labels

- 4.1.8 R (1) Where a *manager* uses a *sustainability label* in relation to a *sustainability product* and makes information about that product publicly available, it must publish on the *relevant digital medium* for the business of the *manager*:
- (a) the label that has been applied to the relevant *sustainability product*; and
 - (b) details as to where the *consumer-facing disclosure* pertaining to that product can be easily accessed.
- (2) A *manager* must locate the information at *ESG 4.1.8R(1)* 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.
- 4.1.9 G In addition to the information required under *ESG 4.1.8R*, a *manager* may choose to provide further information in relation to 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 located at a prominent place on the specific webpage or page on a mobile application or other digital medium at which the *sustainability product* is offered.

- 4.1.10 G For the purposes of the *rules* and *guidance* in *ESG 4* and *ESG 5*, a ‘prominent place’ should take account of the content, size and orientation of the information pertaining to the *sustainability product* (or, in the case of *ESG 4.1.19R*, a *recognised scheme*, including an *ETF* that is a *recognised scheme*) on the relevant webpage or page of the mobile application or other digital medium as a whole.

Reviewing sustainability labels

- 4.1.11 R A *manager* that uses a *sustainability label* in relation to a *sustainability product* that is not a *feeder fund* must, in addition to the general ongoing requirements under *ESG 4.2.20R*, keep the use of that label under review by taking appropriate steps as follows:
- (1) A *manager* must review its use of a *sustainability label* prior to any proposed change to a *sustainability product* and if, as a result of those changes, the product will cease to meet the criteria for using that label under *ESG 4.2*, revise or cease the use of the label as appropriate as soon as reasonably practicable;
 - (2) Notwithstanding *ESG 4.1.11R(1)*, a *manager* must:
 - (a) review its use of a *sustainability label* at least every 12 months to determine whether the use of the label continues to be appropriate, including in circumstances where the *manager* has taken steps under *ESG 4.2.22R*; and
 - (b) where the *manager* determines that the continued use of the label is not appropriate, revise or cease the use of the label as appropriate as soon as reasonably practicable.
- 4.1.12 R A *manager* must prepare and retain a record of the fact that it has undertaken a review under *ESG 4.1.11R* and the decision it has reached as a result of that review regarding whether the *sustainability label* it has used remains appropriate.

Notifying clients

- 4.1.13 R A *manager* must, where it is required to either revise the *sustainability label* that it uses or cease to use that label under *ESG 4.1.11R*:
- (1) give written notice to its *clients* who have invested in that product that the *sustainability label* has been revised or ceased and the reasons for that revision or cessation as soon as reasonably practicable;
 - (2) publish the revised *sustainability label* (or the fact that the *manager* has ceased to use a label) and the reasons for the revision or cessation 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, as soon as reasonably practicable before that change takes effect; and

- (3) ensure that a *consumer-facing disclosure, pre-contractual disclosure* and reports prepared by the *manager* under *ESG 5.4* and *ESG 5.5* are updated as soon as reasonably practicable, in accordance with the requirements under *ESG 5.1.3R* where relevant.
- 4.1.14 R If, in circumstances other than those set out in *ESG 4.1.11R*, a *manager* is no longer able to meet the general or specific criteria for using a *sustainability label* and must revise or cease the use of the label, it must take the steps under *ESG 4.1.13R*.
- 4.1.15 G For the purposes of *ESG 4.1.13R(1)*, *authorised fund managers* are reminded of their obligations under, as relevant, *COLL 4.3*, *COLL 8.3* or *COLL 15.5*, as a change in the use of a *sustainability label* is likely to require pre-event *unitholder* notification.

Distributors

- 4.1.16 R Where a *distributor distributes* to *retail clients* a *sustainability product* which uses a *sustainability label*, the *distributor* must:
- (1) communicate to those *retail clients* the same label that the *manager* undertaking *sustainability in-scope business* is using in relation to that product by either:
 - (a) displaying the label on the *relevant digital medium* for the business of the *distributor* 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; or
 - (b) where the *distributor* does not use a *relevant digital medium*, using the same channel(s) that the *distributor* would ordinarily use to communicate information; and
 - (2) ensure that *retail clients* are provided with access to a *consumer-facing disclosure* which relates to that product.
- 4.1.17 R Where a *manager* does not use a *sustainability label* but uses one or more of the terms listed in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)* in the name or a *financial promotion* relating to a *sustainability product*, a *distributor* of that product must ensure that *retail clients* are provided with access to the *consumer-facing disclosure* which relates to that product.
- 4.1.18 R A *distributor* that *distributes* a *sustainability product* to *retail clients* must ensure that its *relevant digital medium*, or any other channel(s) that the *distributor* would ordinarily use to communicate information, and any *financial promotion* relating to that product are kept updated in accordance with any changes that are made to the relevant *sustainability label* or to the *consumer-facing disclosure* which relates to that product.
- 4.1.19 R A *distributor* that *distributes recognised schemes*, including *ETFs* that are *recognised schemes*, to *retail clients* must:

- (1) where the terms set out in *ESG 4.3.2R(2)* are used in either the name of a *recognised scheme* or a *financial promotion* relating to that scheme, prepare a notice which includes the following text: ‘This product is based overseas and is not subject to *UK* sustainable investment labelling and disclosure requirements’; and
- (2) in relation to the *relevant digital medium* for the business of the *distributor*:
 - (a) display the notice at *ESG 4.1.19R(1)* in a prominent place on the specific webpage or page on a mobile application or other digital medium at which the *recognised scheme* is offered; or
 - (b) include a hyperlink to the relevant webpage of the *FCA* website which sets out for *retail clients* further information in relation to the sustainability labelling and disclosure requirements under *ESG 4* and *ESG 5*; and
- (3) where relevant, in relation to any other channel(s) that the *distributor* would ordinarily use to communicate information, notify *retail clients* using that means of communication.

4.2 Criteria for applying sustainability labels

- 4.2.1 R A *manager* must, in order to use a *sustainability label* in relation to a *sustainability product* under *ESG 4.1.1R(2)(a)*, ensure that both the general and specific criteria which relate to that particular label have been met and continue to be met on an ongoing basis.
- 4.2.2 G *ESG 4.2* sets out the relevant general and specific criteria and the ongoing responsibilities of a *manager* with respect to meeting those criteria, and *ESG 5* sets out the locations at which information associated with the criteria must be disclosed, either in a *consumer-facing disclosure*, a *pre-contractual disclosure*, Part B of a *public product-level sustainability report* or in a *sustainability entity report*.
- 4.2.3 G A *manager* is reminded of *ESG 3.1.4R* – namely, that where it delegates its activities to another *person* it still remains responsible for ensuring compliance with *ESG 4.2*.

General criteria: general features of a sustainability product using a sustainability label

- 4.2.4 R A *sustainability product* using a *sustainability label* must:
 - (1) have an explicit *sustainability objective* as part of its investment objectives that:
 - (a) aligns with one of the *sustainability labels* set out under *ESG 4.1.1R* (as detailed further under *ESG 4.2.13R*, *ESG 4.2.14R*, *ESG 4.2.16R* and *ESG 4.2.18R*); and

- (b) is clear, specific and measurable;
 - (2) meet the following requirements:
 - (a) at least 70% of the gross value of the product's assets must be invested in accordance with its *sustainability objective*, except where:
 - (i) the product is still to be fully invested in assets, as set out in the product's investment strategy under *ESG 4.2.9R(2)(b)*; or
 - (ii) the *manager* is taking steps under *ESG 4.2.22R*.
 - (b) the product's assets must be selected with reference to a robust, evidence-based standard that is an absolute measure of environmental and/or social sustainability, as applicable under *ESG 4.2.13R*, *ESG 4.2.14R* and *ESG 4.2.17R(1)*; and
 - (c) where the product invests in assets that are not in accordance with its *sustainability objective*, those assets must not have attributes that conflict with that objective; and
 - (3) have robust and evidence-based key performance indicators (KPIs) that can demonstrate the product's progress towards meeting its *sustainability objective*.
- 4.2.5 G A *manager* may, in determining the *sustainability objective* of a *sustainability product*, refer to the standards produced by the Sustainability Accounting Standards Board in order to help determine the topics that a *retail client* would reasonably associate with *sustainability characteristics*.
- 4.2.6 G In relation to *ESG 4.2.4R(2)(a)*, not meeting the 70% threshold is only likely to be justified in relation to *sustainability products* that are designed to build their initial portfolio over time, such as may be in the case of an *LTAF*.
- 4.2.7 G In relation to *ESG 4.2.4R(2)(b)*, assets should be selected using a methodology or approach which:
 - (1) is applied in a systematic way; and
 - (2) may be based on, or determined by, an authoritative body, industry practice or a proprietary methodology for determining:
 - (a) the *sustainability characteristics* of a product's assets; and
 - (b) the ability of those assets to contribute to a positive environmental or social outcome.

- 4.2.8 G The KPIs under *ESG 4.2.4R(3)* should measure the *sustainability product's* progress towards achieving its *sustainability objective* and/or the performance of individual assets towards achieving that objective.

General criteria: manager requirements in relation to the use of a sustainability label

- 4.2.9 R A *manager* must, in addition to ensuring that a *sustainability product* meets the requirements set out in *ESG 4.2.4R*:
- (1) determine whether pursuing that product's *sustainability objective* could result in negative environmental and/or social outcomes;
 - (2) determine the *sustainability product's*:
 - (a) investment policy for achieving its *sustainability objective*; and
 - (b) investment strategy for meeting the requirements under *ESG 4.2.4R(2)*, including, where appropriate, the timescales by which the product is expected to be fully invested in assets;
 - (3) obtain or undertake an assessment of the standard referred to under *ESG 4.2.4R(2)(b)* to confirm that it is appropriate for determining which assets the product invests in, ensuring that:
 - (a) the assessment, whether obtained from a third party or undertaken by the *manager*, is independent from the *manager's* investment process; and
 - (b) the individuals responsible for carrying out the assessment are appropriately skilled;
 - (4) identify any assets which the *sustainability product* invests in for reasons other than to pursue its *sustainability objective*;
 - (5) identify the KPIs that the *manager* will use for the purposes of *ESG 4.2.4R(3)*;
 - (6) have an escalation plan setting out the actions that the *manager* will take if any of the *sustainability product's* assets do not demonstrate sufficient performance against either the product's *sustainability objective* or the KPIs under *ESG 4.2.4R(3)*;
 - (7) in relation to the *manager's* governance and resources, ensure that:
 - (a) there are appropriate resources, governance and organisational arrangements in place, commensurate with enabling the *sustainability product* to achieve its *sustainability objective*;
 - (b) there is adequate knowledge and understanding of the assets in which the *sustainability product* is invested; and

- (c) there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the *sustainability product*; and
 - (8) in relation to investor stewardship:
 - (a) identify the investor stewardship strategy needed to support the achievement of the *sustainability product's sustainability objective*, including the activities which are expected to be undertaken and the outcomes which are expected to be achieved; and
 - (b) ensure that the investor stewardship strategy and appropriate resources are applied in order to support the achievement of the *sustainability objective*.
- 4.2.10 G In meeting the requirements of *ESG 4.2.9R(6)*, a *manager* should, where possible, include in its escalation plan its anticipated timescales for addressing any matters that may result in insufficient performance by the *sustainability product's* assets against the product's *sustainability objective*.
- 4.2.11 R A *manager* must, with respect to a *sustainability product* that is an index-tracking product, only use an index that has a methodology which is aligned with the product's *sustainability objective* and the requirements in *ESG 4.2.4R(2)*.

Specific criteria

- 4.2.12 R A *manager* must, in addition to the general criteria under *ESG 4.2.4R* to *ESG 4.2.11R*, ensure that a *sustainability label* is only used in relation to a *sustainability product* if the product meets the specific criteria applicable to that label.

Specific criteria: sustainability focus

- 4.2.13 R A *manager* may only use the 'sustainability focus' label where the *sustainability product's sustainability objective* is consistent with the aim of investing in assets that are environmentally and/or socially sustainable, determined using the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)*.

Specific criteria: sustainability improvers

- 4.2.14 R A *manager* may only use the 'sustainability improvers' label where the *sustainability product's sustainability objective* is consistent with the aim of investing in assets that have the potential to improve environmental and/or social sustainability over time, determined by the potential of those assets to meet the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)*.

- 4.2.15 R *A manager* must, in relation to the use of the *sustainability label* ‘sustainability improvers’:
- (1) identify the period of time by which the product and/or the assets in which the product invests is expected to meet the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)*;
 - (2) identify short and medium-term targets for improvements in the sustainability of the product and/or the assets in which the product invests, commensurate with the investment horizon of the product; and
 - (3) obtain robust evidence to satisfy itself that the assets in which the product invests have the potential to meet the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)*.

Specific criteria: sustainability impact

- 4.2.16 R *A manager* may only use the ‘sustainability impact’ label where the *sustainability product’s sustainability objective* is consistent with the aim of achieving a pre-defined, positive, measurable impact in relation to an environmental and/or social outcome.
- 4.2.17 R *A manager* must, in relation to the use of the *sustainability label* ‘sustainability impact’:
- (1) specify a *theory of change* in line with the product’s *sustainability objective*, describing how the *manager* expects its investment activities and the product’s assets to contribute to achieving a positive and measurable impact, in accordance with the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)* where the *manager* considers it appropriate; and
 - (2) specify a robust method to measure and demonstrate that the *manager’s* investment activities and the product’s assets are achieving a positive environmental and/or social impact.

Specific criteria: sustainability mixed goals

- 4.2.18 R *A manager* may only use the ‘sustainability mixed goals’ label where the *sustainability product’s sustainability objective* is to invest in accordance with 2 or more of the *sustainability objectives* in *ESG 4.2.13R*, *ESG 4.2.14R* and *ESG 4.2.16R*.
- 4.2.19 R *A manager* must, in relation to the use of the *sustainability label* ‘sustainability mixed goals’:
- (1) identify the proportion of assets which are invested in accordance with each of the 2 or more *sustainability objectives* referred to in *ESG 4.2.18R*; and

- (2) meet the requirements (as relevant) under *ESG 4.2.15R* and *ESG 4.2.17R*.

Manager requirements on an ongoing basis

- 4.2.20 R A *manager* must ensure that the general and specific criteria with respect to using a *sustainability label* are met on an ongoing basis, in particular:
- (1) The *manager* must ensure that:
- (a) the requirements in *ESG 4.2.4R* continue to be met;
 - (b) the *sustainability product's* investment policy, strategy and escalation plan under *ESG 4.2.9R(2)* and *ESG 4.2.9R(6)* are updated as appropriate;
 - (c) the independent assessment obtained under *ESG 4.2.9R(3)* remains valid;
 - (d) the *manager* continues to maintain appropriate governance and resources in accordance with the requirements under *ESG 4.2.9R(7)*; and
 - (e) the *manager* continues to maintain an appropriate investor stewardship strategy and apply that strategy and its resources in accordance with the requirements under *ESG 4.2.9R(8)*; and
- (2) The *manager* must:
- (a) monitor whether pursuing the *sustainability product's sustainability objective* could result in negative outcomes that have not already been identified under *ESG 4.2.9R(1)*.
 - (b) monitor whether the *sustainability product* is investing in assets that pursue its *sustainability objective* and identify any new assets that have not already been identified under *ESG 4.2.9R(4)*; and
 - (c) monitor the ongoing performance of the *sustainability product* in achieving its *sustainability objective*, measured against the product's KPIs set out under *ESG 4.2.4R(3)*.
- 4.2.21 R A *manager* must, in relation to a *sustainability product* that is an index-tracking product, ensure that the index continues to meet the requirements of *ESG 4.2.4R(2)* when that index is rebalanced.
- 4.2.22 R (1) A *manager* must, when ensuring the matters set out in *ESG 4.2.20R* are met:
- (a) apply, as appropriate, its escalation plan under *ESG 4.2.9R(6)* where the product's assets do not demonstrate sufficient

performance against the product's *sustainability objective* and/or the KPIs under *ESG 4.2.4R(3)*; and

- (b) subject to *ESG 4.2.25R*, ensure that, if a *sustainability product* ceases to meet the general or specific criteria with respect to using a *sustainability label*, it takes action to restore compliance as soon as reasonably practicable.
- (2) A *manager* that is undertaking the steps set out in *ESG 4.2.22R(1)* will be complying with the general and specific criteria with respect to using a *sustainability label*.
- 4.2.23 G Where a *manager* is taking action under *ESG 4.2.22R(1)(b)* with respect to restoring compliance with *ESG 4.2.3R(2)(a)*, the *FCA* would ordinarily expect only minimal deviations from the requirements under *ESG 4.2.3R(2)(a)*.
- 4.2.24 G In relation to *ESG 4.2.22R(2)*, a *manager* is reminded of its obligation under *ESG 4.1.11R(2)* to ensure that it reviews its use of a *sustainability label* at least every 12 *months* to determine whether the label continues to be appropriate.
- 4.2.25 R A *manager* must, where the steps taken under *ESG 4.2.22R* are not sufficient for ensuring ongoing compliance with the general and specific criteria:
- (1) revise or cease the use of a *sustainability label* as soon as reasonably practicable; and
 - (2) take the steps set out under *ESG 4.1.13R*.
- 4.2.26 R Where a *manager* uses a *sustainability label* in relation to a *sustainability product*, it must take reasonable steps to ensure that the data it is relying upon in order to meet the requirements under *ESG 4.2* is accurate and complete (including using proxies and assumptions where appropriate).

4.3 Naming and marketing

Anti-greenwashing

- 4.3.1 R (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:
- (a) consistent with the *sustainability characteristics* of the product or service; and

- (b) fair, clear and not misleading.

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

- 4.3.2 R (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 G 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 R 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 R (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 G 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 G 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.

5 Disclosure of sustainability-related information

5.1 Preparation of sustainability disclosures

- 5.1.1 R (1) A *manager* must prepare the disclosures in *ESG 5.1.1R(2)* in accordance with this chapter where it:
 - (a) is undertaking *sustainability in-scope business* in relation to a *sustainability product* that is not a *feeder fund*; and
 - (b) uses either a *sustainability label* or one or more of the terms in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)* in relation to that product.
- (2) The disclosures are:
 - (a) a *consumer-facing disclosure* for *retail clients* as set out under *ESG 5.2*; and
 - (b) a *pre-contractual disclosure* as set out under *ESG 5.3*.

Reviewing consumer-facing disclosures and pre-contractual disclosures

- 5.1.2 R (1) A *manager* must ensure that the *consumer-facing disclosure* and the *pre-contractual disclosure* for the *sustainability product* remain consistent with the *sustainability label* or the terms set out in *ESG 4.3.2R(2)* that are used in accordance with *ESG 4.3.2R(1)* in relation to the product.
- (2) A *manager* must keep a *consumer-facing disclosure* and a *pre-contractual disclosure* under review, as follows:
 - (a) in relation to a *consumer-facing disclosure*, a *manager* must, at least every 12 months, review the disclosure and provide any updates as appropriate to ensure it accurately reflects the *sustainability product* – in particular:
 - (i) the *manager* must, where it uses a *sustainability label*, at a minimum provide an update on the progress of the

sustainability product in achieving its *sustainability objective*; and

- (ii) in providing any updates, the *manager* must ensure that up-to-date metrics and information are used;
 - (b) in relation to a *consumer-facing disclosure* and a *pre-contractual disclosure*, a *manager* must review the disclosure prior to any proposed change to a *sustainability product* and make any updates as appropriate to ensure that it continues to reflect the *sustainability product* accurately.
- 5.1.3 R (1) This *rule* applies where a *manager* has revised a *consumer-facing disclosure* or a *pre-contractual disclosure* when either ceasing or revising the use of a *sustainability label* in relation to a *sustainability product*.
- (2) The *manager* must publish, as soon as reasonably practicable, the information specified in *ESG 5.1.3R(3)* 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.
- (3) The information which must be published in accordance with *ESG 5.1.3R(2)* is:
- (a) the revised *consumer-facing disclosure* or *pre-contractual disclosure*;
 - (b) the reasons for the revision; and
 - (c) in the case of a *consumer facing disclosure*, the date of the revised disclosure.

5.2 Consumer-facing disclosures

- 5.2.1 R A *manager* that is required to prepare and publish a *consumer-facing disclosure* under *ESG 5.1.1R* must include in the *consumer-facing disclosure* for the relevant product:
- (1) where it uses a *sustainability label* in relation to a *sustainability product*, the information in *ESG 5.2.2R*; or
 - (2) where it does not use a *sustainability label* in relation to a *sustainability product*, but uses one or more of the terms in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)*, the information set out at:
 - (a) *ESG 5.2.2R(1)* to *ESG 5.2.2R(4)*, *ESG 5.2.2R(7)(a)* and (b), *ESG 5.2.2R(8)(b)* and (c) and *ESG 5.2.2(9)*; and
 - (b) *ESG 4.3.5R(3)(a)* to (c).

- 5.2.2 R For the purposes of *ESG 5.2.1R*, a *manager* must include the following information in the *consumer facing disclosure* which relates to a *sustainability product*:
- (1) the *manager's* name;
 - (2) the name of the *sustainability product* to which the *consumer-facing disclosure* relates;
 - (3) the date of the disclosure;
 - (4) the *International Securities Identification Number (ISIN)* or other unique identifier (if any) for that *sustainability product*;
 - (5) the *sustainability product's sustainability objective*, clearly signposted as the 'sustainability goal' for that product, including a summary of:
 - (a) any material effect (including expected effect) on the financial risk and return of the product as a result of the investment strategy the *manager* has adopted to pursue the product's *sustainability objective*;
 - (b) the product's progress towards achieving its *sustainability objective*; and
 - (c) any material negative environmental and/or social outcomes that may arise when pursuing the product's *sustainability objective*, as identified under *ESG 4.2.9R(1)*;
 - (6) the *sustainability label* which the *manager* is using in relation to that *sustainability product*, together with the relevant descriptor for that label, as follows:
 - (a) for the *sustainability label* 'sustainability focus', the relevant descriptor is: 'invests mainly in assets that focus on sustainability for people or the planet';
 - (b) for the *sustainability label* 'sustainability improvers', the relevant descriptor is: 'invests mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or the planet over time';
 - (c) for the *sustainability label* 'sustainability impact', the relevant descriptor is: 'invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet'; and
 - (d) for the *sustainability label* 'sustainability mixed goals', the relevant descriptor is: 'invests mainly in a mix of assets that either focus on sustainability, aim to improve their sustainability

- over time, or aim to achieve a positive impact for people or the planet' as appropriate;
- (7) a summary of the *manager's* investment policy and strategy in relation to the *sustainability product's sustainability characteristics* (including, where relevant, the *sustainability product's sustainability objective*) which uses plain English language to describe the policy and strategy effectively and accurately to *retail clients* and which:
- (a) is clearly signposted as the *manager's* 'sustainability approach';
 - (b) sets out the key *sustainability characteristics* of assets in which that *sustainability product* will and will not invest;
 - (c) details any types of asset that the product invests in for reasons other than to pursue its *sustainability objective* and why the product invests in those assets; and
 - (d) summarises the *manager's* approach to investor stewardship in supporting the achievement of the *sustainability product's sustainability objective*;
- (8) a summary of the relevant metrics in relation to that *sustainability product*, calculated using the most up-to-date data available as at the time of preparing the *consumer-facing disclosure*, which is clearly signposted as the *manager's* 'sustainability metrics' and sets out:
- (a) the product's progress towards achieving the product's *sustainability objective*, measured against the KPIs that the *manager* uses under *ESG 4.2.4R(3)*;
 - (b) any other metrics that a *retail client* might reasonably find useful in understanding the *sustainability characteristics* of the product; and
 - (c) any relevant contextual information, such as an explanation of how the metrics in *ESG 5.2.2R(8)(a)* and (b) should be interpreted;
- (9) details (including, as appropriate, hyperlinks) as to where a *retail client* can easily access the following information:
- (a) the relevant *pre-contractual disclosure* in relation to the *sustainability product*, including, where applicable, Part A of the *public product-level sustainability report* in relation to that product;
 - (b) Part B of the *public product-level sustainability report* in relation to the product;
 - (c) the *manager's sustainability entity report*; and

- (d) other non-sustainability related information in relation to a *sustainability product* – for example, costs and charges that are associated with that product; and
 - (10) for a *manager* that uses the ‘sustainability mixed goals’ *sustainability label*, details as to the proportion of the *sustainability product’s* assets which are invested in accordance with each of the 2 or more *sustainability objectives* referred to in ESG 4.2.18R.
- 5.2.3 G In relation to ESG 5.2.1R(2)(a), a *manager* may choose to disclose any further information in ESG 5.2.2R that it considers appropriate to include in a *consumer-facing disclosure*.
- 5.2.4 R A *manager* must ensure that the information at either ESG 5.2.1R(2)(b) or ESG 5.2.2R(5) (as applicable), together with the information at ESG 5.2.2R(6), is located in a prominent place at the front of the *consumer-facing disclosure*.
- 5.2.5 G Where applicable, a *manager* may, for the purposes of ESG 5.2.2R(9)(d), choose to refer to documents such as the *key information document*, the *key investor information document* or the *NURS-KII document* in relation to the particular *sustainability product*.
- 5.2.6 R A *manager* must ensure that a *consumer-facing disclosure* is clear, concise and can be easily read and understood by *retail clients* and that it does not exceed 2 pages of printed A4 paper in length.
- 5.2.7 G In relation to ESG 5.2.6R, a *manager* is reminded of its obligations under PRIN 2A.5.8R to PRIN 2A.5.12R in tailoring a *consumer disclosure* appropriately to the needs of its *retail clients*.
- 5.2.8 R A *manager* must ensure it keeps a copy of each version of its published *consumer-facing disclosure* for a minimum of 5 years and provides a copy to a *retail client* or the FCA on request.

Publication of a consumer-facing disclosure

- 5.2.9 R (1) A *manager* must publish a *consumer-facing disclosure* 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.
- (2) A *manager* must ensure that, in publishing a *consumer-facing disclosure*, it is easy for *retail clients* (including prospective *retail clients*) and *distributors* to:
- (a) identify the particular *sustainability product* to which the *consumer-facing disclosure* relates;
 - (b) identify the relevant *sustainability label* (if any); and
 - (c) access the information set out at ESG 5.2.2R(9).

- 5.2.10 G If a *manager* chooses to use a hyperlink in order to comply with *ESG 5.2.9R(2)*, it should ensure that the *consumer-facing disclosure* is available at no more than one mouse click away from the specific webpage at which the relevant *sustainability label* (if any) is located.

5.3 Pre-contractual disclosures

- 5.3.1 R A *manager* that is required to prepare and publish a *pre-contractual disclosure* under *ESG 5.1.1R* must do so in a clear and accessible way and include that disclosure in either:
- (1) the *pre-contractual materials* for the particular *sustainability product*; or
 - (2) where that product does not have *pre-contractual materials*, Part A of the *public-product-level sustainability report* relating to that product, as set out under *ESG 5.5.1R* to *ESG 5.5.4R*.
- 5.3.2 R (1) A *manager* must, where it uses a *sustainability label* in relation to a *sustainability product*, include in the *pre-contractual disclosure* for that product the information in *ESG 5.3.3R* and *ESG 5.3.6R*.
- (2) A *manager* must, where it does not use a *sustainability label* in relation to a *sustainability product*, but uses one or more of the terms in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)*, include in the *pre-contractual disclosure* for that product:
- (a) the information at *ESG 5.3.3R(3)(a)* and *ESG 5.3.3R(6)*; and
 - (b) the information set out under *ESG 4.3.5R(3)(a)* to (c).
- 5.3.3 R For the purposes of *ESG 5.3.2R*, a *manager* must include the following information in the *pre-contractual disclosure* which relates to a *sustainability product*:
- (1) the *sustainability label* that the *manager* is using in relation to the *sustainability product*;
 - (2) the *sustainability product's sustainability objective*, as part of its *investment objectives*, including details as to:
 - (a) any material effect (including expected effect), on the financial risk and return of the product as a result of the investment strategy the *manager* has adopted to pursue the product's *sustainability objective*;
 - (b) the link between the *sustainability product's sustainability objective* and a positive environmental and/or social outcome; and

- (c) any material negative environmental and/or social outcomes that may arise when pursuing the product's *sustainability objective*, as identified under *ESG 4.2.9R(1)*;
- (3) details of the *manager's* investment policy and strategy – in particular:
- (a) how the *manager* determines the assets the product invests in, including the criteria it applies in determining the *sustainability characteristics* of those assets;
 - (b) the standard which the *manager* relies upon under *ESG 4.2.4R(2)(b)* including:
 - (i) the basis on which that standard is considered to be appropriate for the purposes of determining the assets the product invests in (in accordance with its *sustainability objective*); and
 - (ii) the name of either the specific function within the *manager's* business or the third party that carried out the assessment; and
 - (c) the proportion of assets (which may be expressed as an approximate figure or range) that are invested in accordance with the *sustainability product's sustainability objective*, as well as the types of assets that are not invested in accordance with that objective, and the reason(s) for that;
- (4) where the *sustainability product* is an index-tracking product, how the index provider's methodology for index-construction aligns with the product's *sustainability objective*;
- (5) details of the *manager's* policies and procedures to monitor the performance of the *sustainability product* in achieving its *sustainability objective*;
- (6) details of the KPIs that the *manager* will use under *ESG 4.2.4R(3)* and/or other metrics a *retail client* may reasonably find useful in understanding the *manager's* investment policy and strategy for the product;
- (7) details of the *manager's* investor stewardship strategy and resources in relation to supporting the achievement of the product's *sustainability objective*, including:
- (a) where relevant, whether the *manager* is a signatory of the UK Stewardship Code 2020, published by the Financial Reporting Council; and

- (b) how the *manager* will apply its strategy and resources in a manner consistent with achieving the *sustainability product's sustainability objective*; and
 - (8) details of the actions the *manager* will take in accordance with the requirements of *ESG 4.2.9R(6)*.
- 5.3.4 G In relation to *ESG 5.3.2R(2)(a)*, a *manager* may choose to disclose any further information in *ESG 5.3.3R* that it considers appropriate to include in a *pre-contractual disclosure*.
- 5.3.5 G In relation to *ESG 5.3.3R(3)(a)*, a *manager* may consider disclosing the following information:
 - (1) the proportion of the product's assets that have *sustainability characteristics*;
 - (2) any screening criteria (either positive or negative) that apply; and
 - (3) the application of any index it uses.
- 5.3.6 R In addition to the information set out in *ESG 5.3.3R*, a *manager* must also include the following information in the *pre-contractual disclosure* for a *sustainability product*:
 - (1) where the *manager* uses the *sustainability label* 'sustainability improvers', it must include the following information:
 - (a) the timescale identified in *ESG 4.2.15R(1)* and the short and medium-term targets identified in *ESG 4.2.15R(2)*; and
 - (b) a summary of the types of evidence the *manager* has relied upon to satisfy itself that the assets in which the product invests have the potential to meet the robust, evidence-based standard set out under *ESG 4.2.4R(2)(b)*;
 - (2) where the *manager* uses the *sustainability label* 'sustainability impact', it must include the following information:
 - (a) the *manager's theory of change*, with clear examples that emphasise how the *manager* expects its investment activities and the product's assets to contribute to achieving a positive environmental and/or social impact; and
 - (b) a summary of the method used to measure and demonstrate that the *manager's investment* activities and the *sustainability product's* assets are achieving a positive environmental and/or social impact; and
 - (3) where the *manager* uses the *sustainability label* 'sustainability mixed goals', it must include the following information:

- (a) details as to the proportion of the *sustainability product's* assets which are invested in accordance with each of the *sustainability objectives* referred to in *ESG 4.2.18R*; and
 - (b) in relation to the proportion invested in accordance with:
 - (i) the requirements for using the *sustainability label* 'sustainability improvers' under *ESG 4.2.15R*, the information set out under *ESG 5.3.6R(1)*; and
 - (ii) the requirements for using the *sustainability label* 'sustainability impact' under *ESG 4.2.17R*, the information set out under *ESG 5.3.6R(2)*.
- 5.3.7 R A *manager* must, in order to meet the requirements of *ESG 5.3.3R* and *ESG 5.3.6R*, set out the required information so that it is clearly identifiable in the *pre-contractual materials* relating to the particular *sustainability product* (unless that information is otherwise being included in Part A of the relevant *public product-level sustainability report* for that *sustainability product* in accordance with *ESG 5.5.1R* to *ESG 5.5.4R*).
- 5.3.8 G In meeting the requirements of *ESG 5.3.7R*, a *manager* may, for example, choose to include the required information in a dedicated section of the *pre-contractual materials*.
- 5.3.9 R A *manager* must ensure that the information at either *ESG 5.3.2R(2)(b)* or *ESG 5.3.3R(1)* (as applicable), together with the information at *ESG 5.3.3R(2)*, is located in a prominent place in the *pre-contractual disclosure* for the *sustainability product*.

5.4 Preparation of sustainability reports

- 5.4.1 R (1) A *manager* must prepare the reports in *ESG 5.4.1R(2)* in accordance with this chapter where it:
- (a) is undertaking *sustainability in-scope business* in relation to a *sustainability product* that is not a *feeder fund*; and
 - (b) uses either a *sustainability label* or one or more of the terms in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)* in relation to that product.
- (2) The reports are:
- (a) Part A of a *public product-level sustainability report*, in circumstances where a *sustainability product* does not have *pre-contractual materials* that relate to it; and
 - (b) Part B of a *public product-level sustainability report* in accordance with *ESG 5.5.5R* to *ESG 5.5.12R*.

- 5.4.2 R A *manager* that is undertaking *sustainability in-scope business* in relation to a *sustainability product* must, subject to *ESG 3.1.3R*, prepare a *sustainability entity report*, regardless of whether it uses a *sustainability label* or one or more of the terms in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)* in relation to that product.
- 5.4.3 R A *manager* must meet the following requirements in relation to the timing and publication of Part B of a *public product-level sustainability report* and a *sustainability entity report*:
- (1) A *manager* must produce and publish Part B of a *public product-level sustainability report* annually, covering a reporting period of 12 months, and must publish the first report within 12 months after the *manager* first starts to use a *sustainability label* or uses one or more of the terms listed in *ESG 4.3.2R(2)* in accordance with *ESG 4.3.2R(1)* in relation to a *sustainability product*.
 - (2) A *manager* must produce and publish a *sustainability entity report* annually, covering a reporting period of 12 months and, in relation to the first report:
 - (a) where a *manager* meets the requirements of an *enhanced SMCR firm* pursuant to *SYSC 23 Annex 1 8.2R* paragraph 1 in relation to *sustainability in-scope business*, the first report must be produced and published by 2 December 2025; and
 - (b) where a *manager* does not meet the requirements of an *enhanced SMCR firm* pursuant to *SYSC 23 Annex 1 8.2R* paragraph 1 but has assets under management in relation to *sustainability in-scope business* of £5bn or more calculated as a 3-year rolling average on annual assessment, the first report must be produced and published by 2 December 2026.
 - (3) A *manager* may change the reporting dates in *ESG 5.4.3R(1)* and *ESG 5.4.3R(2)* for subsequent reports following the first report, but the *manager* must ensure that there is no period of time which is not covered by Part B of a *public product-level sustainability report* or a *sustainability entity report* and must issue an interim report if necessary.
 - (4) A *manager* must take reasonable steps to publish Part B of a *public product-level sustainability report* and a *sustainability entity report* in a way that makes it easy for *clients* to locate and access, including, at a minimum, by making the most recent edition of those reports available in a prominent place on the main website for the business of the *manager*.
- 5.4.4 R A *manager* must, where it is required to prepare a *public TCFD product report*, include the contents of that report (or a hyperlink to it) in Part B of a *public product-level sustainability report*, making clear that the *public TCFD product*

report forms part of the *manager's* overall Part B of a *public product-level sustainability report* with respect to climate-related disclosures.

- 5.4.5 R A *manager* must, where it is required to prepare a *TCFD entity report*, include the contents of that report (or a hyperlink to it) in its *sustainability entity report*, making clear that the *TCFD entity report* forms part of the *manager's* overall *sustainability entity report* with respect to climate-related disclosures.

Data considerations when preparing sustainability reports

- 5.4.6 R A *manager* must comply with *ESG 5.4.7R* to *ESG 5.4.10R* in relation to preparing Part B of a *public product-level sustainability report* or a *sustainability entity report*.
- 5.4.7 R In satisfying its reporting and disclosure obligations under *ESG 5.4* and *ESG 5.5*, a *manager* must, insofar as is reasonably practicable, use the most up to date information available.
- 5.4.8 R In preparing Part B of a *public product-level sustainability report*, a *manager* must select, from within the 12-month reporting period, the most recent calculation date for which up-to-date information is available.
- 5.4.9 R A *manager* must not disclose metrics 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 *manager*, being misleading.
- 5.4.10 R A *manager* must ensure that Part B of a *public product-level sustainability report* and a *sustainability entity report* include an adequate explanation of:
- (1) any gaps in the underlying data relied upon to make sustainability-related disclosures;
 - (2) how the *manager* 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 that the *manager* has not been able to disclose, on the basis that *ESG 5.4.9R* applies; and
 - (4) in respect of *ESG 5.4.10R(3)*:
 - (a) the gaps in underlying data or methodological challenges that have resulted in the *manager* being unable to make the relevant disclosure;
 - (b) why the *manager* has not been able to address those gaps or challenges using proxy data or assumptions; and

- (c) what steps the *manager* will take to address those gaps or challenges in the future.

- 5.4.11 G In addition, a *manager* may include in Part B of a *public product-level sustainability report* or its *sustainability entity report* an explanation of the proportion of assets in which each *sustainability product* invests for which data are verified, reported, estimated or unavailable.

Cross-referencing third-party sustainability-related disclosures

- 5.4.12 R *ESG 5.4.13R to ESG 5.4.15R* apply to a *manager* in relation to preparing Part B of a *public product-level sustainability report* or a *sustainability entity report*.
- 5.4.13 R A *manager* may include hyperlinks and cross-references to relevant sustainability-related disclosures contained in a third party's sustainability reporting where such information enables the *manager* to prepare Part B of a *public product-level sustainability report* or a *sustainability entity report*.
- 5.4.14 R The *manager* must set out the rationale for relying on any third-party sustainability disclosures, and any deviations between the third party's approach and that of the *manager*.
- 5.4.15 R Where relevant, a *manager* may also draw links and refer to Part B of its *public product-level sustainability report* from its *sustainability entity report* and vice versa.

5.5 Sustainability product-level reporting

Form and content of Part A of a public product-level sustainability report

- 5.5.1 R A *manager* must prepare Part A of a *public product-level sustainability report* in circumstances where a *sustainability product* does not have *pre-contractual materials* that relate to it.
- 5.5.2 R A *manager* must ensure that Part A of a *public product-level sustainability report*:
- (1) contains the information set out in *ESG 5.3.3R* and *ESG 5.3.6R*; and
 - (2) is made available to *clients* before they invest in a *sustainability product*.
- 5.5.3 R A *manager* must publish Part A of a *public product-level sustainability report* 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.
- 5.5.4 R A *manager* must ensure that it keeps the information set out in Part A of a *public product-level sustainability report* under review in accordance with *ESG 5.1.2R*.

Form and content of Part B of a public product-level sustainability report

- 5.5.5 R (1) *ESG 2.3.1R to ESG 2.3.4R apply for the purposes of a manager preparing Part B of a public product-level sustainability report, where the reference to ‘public TCFD product report’ is substituted with the reference to ‘public product-level sustainability report’.*
- (2) *A manager must:*
- (a) *where a manager uses a sustainability label in relation to a sustainability product, include in Part B of its public product-level sustainability report the information set out under ESG 5.5.6R; or*
 - (b) *where a manager does not use a sustainability label in relation to a sustainability product but uses one or more of the terms in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1), include in Part B of its public product-level sustainability report the information at:*
 - (i) *ESG 5.5.6R(3);*
 - (ii) *ESG 5.5.6R(5);*
 - (iii) *ESG 5.5.6R(8) (in relation to the manager’s investment policy and strategy);*
 - (iv) *ESG 5.5.6R(9); and*
 - (v) *ESG 5.5.6R(10)*
- 5.5.6 R In addition to the requirements at *ESG 5.4.4R*, a *manager* must include the following information in relation to a *sustainability product* in Part B of a *public product-level sustainability report*:
- (1) *the sustainability label that the manager is using in relation to the sustainability product;*
 - (2) *details of the product’s sustainability objective;*
 - (3) *the date of the report;*
 - (4) *details as to the product’s progress towards achieving its sustainability objective;*
 - (5) *details as to how the product invests in accordance with the manager’s investment policy and strategy for that product on an ongoing basis;*
 - (6) *the proportion of assets (which may be expressed as an approximate figure or range) that are invested in accordance with the product’s sustainability objective, as well as the types of assets that are not invested in accordance with that objective and the reason(s) for that;*

- (7) details of the *sustainability product's* performance against the KPIs under *ESG 4.2.4R(3)*;
 - (8) details of the relevant metrics (other than those set out in *ESG 5.5.6R(7)*) that a *retail client* might reasonably find useful in understanding the product's *sustainability objective* and/or the *manager's* investment policy and strategy for that product;
 - (9) details of the following information, where this is relevant to a *retail client's* understanding of the metrics set out at *ESG 5.5.6R(7)* and *ESG 5.5.6R(8)*:
 - (a) relevant contextual information such as how the metrics should be interpreted and their associated limitations – for example, if particular assumptions or proxies have been used; and
 - (b) historical annual calculations of the metrics in *ESG 5.5.6R(7)* and *ESG 5.5.6R(8)* after the first year of preparing Part B of a *public product-level sustainability report* in relation to the product that enable *clients* to compare the product's sustainability performance year-on-year in a way that is easy to understand and is not misleading;
 - (10) details (if any) of how the *manager's* approach in relation to the product deviates materially from the *manager's* overarching approach disclosed in the *manager's sustainability entity report*;
 - (11) details of how the *manager's* investor stewardship strategy has been applied in relation to the *sustainability product*, including the activities undertaken and the outcomes the *manager* has achieved or expects to achieve; and
 - (12) details of the matters escalated (if any) in accordance with the *manager's* escalation plan under *ESG 4.2.9R(6)*.
- 5.5.7 R In addition to the information set out in *ESG 5.5.6R*, where a *manager* uses the *sustainability label* 'sustainability impact', it must also include in Part B of a *public product-level sustainability report* details of the progress that the *sustainability product's* assets are making towards achieving a positive environmental and/or social impact, as measured in accordance with the method set out under *ESG 4.2.17R(2)*.
- 5.5.8 G In relation to *ESG 5.5.5R(2)(b)*, a *manager* may choose to disclose any further information in *ESG 5.5.6R* that it considers appropriate to include in Part B of a *public product-level sustainability report*.
- 5.5.9 G To the extent that a *manager* discloses the information referred to at *ESG 5.5.6R(9)*:

- (1) the *manager* should clearly explain the methodology used in providing each relevant metric and ensure that the metrics calculated under *ESG 5.5.6R(7)* and *ESG 5.5.6R(8)* are at least as prominently presented; and
 - (2) the metrics referred to in *ESG 5.5.6R(8)* may include (for example) KPIs that are not linked specifically to the *sustainability objective* of the *sustainability product*, but which may be common metrics within a particular sector.
- 5.5.10 G If a *manager* discloses material deviations under *ESG 5.5.6R(10)*, it may refer to the relevant sections of its *sustainability entity report*, and similarly its *sustainability entity report* may refer to these disclosures in Part B of its *public product-level sustainability report*.
- 5.5.11 G A *manager* may, for the purposes of *ESG 5.5.6R(11)*, choose to cross-reference and include a hyperlink in its *public product-level sustainability report* to a report that it has published for the purposes of demonstrating its compliance with the UK Stewardship Code 2020, published by the Financial Reporting Council; if doing so, it should clearly signpost the information which is relevant to the *sustainability product*.

Reviewing Part B of a public product-level sustainability report

- 5.5.12 R A *manager* must ensure that Part B of a *public product-level sustainability report* remains consistent with the *sustainability label* that is used in relation to a *sustainability product*, as well as the disclosures required under *ESG 5.2* and *ESG 5.3* in relation to that product.

On-demand product-level sustainability information

- 5.5.13 R (1) A *manager* must prepare and provide *on-demand sustainability information* to a *person* who requests it in order to satisfy sustainability-related disclosure obligations, whether under this chapter or as a result of other legal or regulatory requirements:
- (a) within a reasonable period of time; and
 - (b) in a format which the *manager*, acting reasonably, considers appropriate to meet the information needs of that *person*.
- (2) A *manager* that receives a request for *on-demand sustainability information* under *ESG 5.5.13R(1)* must provide the information under *ESG 5.4.4*, *ESG 5.5.1R* to *ESG 5.5.4* (as applicable) and *ESG 5.5.5R* to *ESG 5.5.7R*.
- 5.5.14 R (1) On receipt of a request from a *person* under *ESG 5.5.13R(1)*, a *manager* must provide *on-demand sustainability information* as at a calculation date determined in accordance with *ESG 5.4.8R* or at an alternative calculation date where this has been agreed between the *person* and the *manager*.

(2) A *manager* is not required to comply with a request made under *ESG* 5.5.13R(1) before 2 December 2025.

5.5.15 R The entitlement in *ESG* 5.5.13R(1) is limited to one request for *on-demand product-level sustainability information* in respect of each *sustainability product* in each of the *manager's* 12-month reporting periods under *ESG* 5.4.8R.

5.5.16 G A *manager* is encouraged to consider, where practicable, making available to a *person* the information under *ESG* 5.5.13R(2) irrespective of the *person's* eligibility to request such information under *ESG* 5.5.13R(1).

5.6 Sustainability entity report

Content of a sustainability entity report

5.6.1 R In addition to the requirements at *ESG* 5.4.5R, a *manager* must, in relation to the overall assets it manages within its *sustainability in-scope business*:

- (1) set out the following information relating to:
 - (a) the *manager's* approach to governance, with respect to managing sustainability risks and opportunities;
 - (b) the actual and potential impacts of any material sustainability-related risks and opportunities on the *manager's* businesses, strategy and financial planning;
 - (c) how the *manager* identifies, assesses and manages sustainability-related risks; and
 - (d) the metrics and targets used by the *manager* to assess and manage relevant material sustainability-related risks;
- (2) explain, either in its *sustainability entity report* or in a cross-referenced *public product-level sustainability 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, risk management or targets and metrics; and
- (3) where relevant, briefly explain in its *sustainability entity report* how the *manager's* strategy 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.

5.6.2 G The *FCA* considers the following documents relevant in relation to a *manager* determining the content of disclosures under *ESG* 5.6.1R(1):

- (1) the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* with respect to the *manager's* disclosures on sustainability-related risks and opportunities;
- (2) the Sustainability Accounting Standards Board standards with respect to relevant sector-specific matters; and
- (3) the *Global Reporting Initiative Standards* with respect to disclosing the impacts of the *manager* on the environment and/or society.

5.6.3 G A *manager* should, in meeting the requirements of ESG 5.6.1R(1):

- (1) consider disclosing sustainability-related topics that it has prioritised in its governance, strategy and risk management, and the rationale for doing so;
- (2) consider disclosing the impact of the *manager* on the environment and/or society, having regard to the *Global Reporting Initiative Standards*; and
- (3) refer to part 4, section D of the *TCFD Annex*, entitled 'Asset managers' in determining how to make disclosures required under ESG 5.6.1R(1) with respect to assets managed on behalf of *clients*.

5.6.4 R Where a *manager* uses either a *sustainability label* or one or more of the terms in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1) in relation to a *sustainability product*, it must, to the extent relevant to the particular product, include the following information in a clear and accessible way in a *sustainability entity report*:

- (1) a description of the resources, governance and organisational arrangements the *manager* has in place, commensurate with the achievement of the product's *sustainability objective* and/or the *manager's* investment policy and strategy for the product; and
- (2) a description of the processes in place to ensure that there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the *sustainability product*.

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

5.6.5 R (1) If a *manager* is a member of a *group*, it may rely on disclosures consistent with those of the *group* or a member of its *group* when producing its *sustainability entity report*, but only to the extent that those *group* disclosures are relevant to the *manager* and cover the assets the *manager* manages as part of its *sustainability in-scope business*.

- (2) If a *manager* relies on such *group* disclosures, it must ensure that its *sustainability entity report*:

- (a) includes cross-references, including hyperlinks, to any disclosures contained within the *group* or *group* member’s report that relate to assets managed by the *manager* in relation to its *sustainability in-scope business* on which the *manager* 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 by the *manager* in relation to its sustainability in-scope business.

5.6.6 R A *manager* must also ensure that any material deviations between its approach to governance, strategy, risk management or targets and metrics disclosed under *ESG 5.6.1R(1)* and the disclosures contained within the *group* report are clearly explained, either in its *sustainability entity report* or in the report made by its *group* or a member of its *group*.

5.6.7 R (1) If a *manager* or a member of its *group* produces a document, other than its annual financial report, which includes disclosures relating to *sustainability characteristics*, the *manager* may cross-refer to these disclosures in its *sustainability entity report* where this information is relevant to *clients* or a *person* who is an investor in an unauthorised *UK AIF* managed by a *full-scope UK AIFM* or a *small authorised UK AIFM*, including hyperlinks to where the relevant disclosures are available.

(2) Where a *manager* cross-refers to disclosures made by a member of its *group* in accordance with *ESG 5.6.7R(1)*, it must explain in its *sustainability 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* which is a *UK AIF* managed by a *full-scope UK AIFM* or a *small authorised UK AIFM* of the *manager’s sustainability in-scope business*.

Compliance statement

5.6.8 R *ESG 2.2.7R* applies in relation to the preparation of a compliance statement for the purposes of a *sustainability entity report* as if the reference to a *manager’s TCFD entity report* has been substituted by the reference to a *manager’s sustainability entity report*.

Amend the following as shown.

TP 1 Transitional provisions

(1)	(2)	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision:
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	Material to which the transitional provision applies				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> <i>ESG 1A.1.1R(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> <i>ESG 1A.1.1R(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
...					
1.5	<i>ESG 2.3.5R(3)</i>	R	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, (a) the earliest reporting period for which a <i>person</i> can request <i>on-demand TCFD information</i> is to commence from 1 January 2023, and (b) the earliest a <i>person</i> can request <i>on-demand TCFD information</i> is 1 July 2024.	From 1 January 2022	Effective date of instrument
1.6	<i>ESG 2.3.9R(1)(b)</i>	R	The first reporting deadline for scope 3 greenhouse gas	From 1 January 2022	Effective date of instrument

			emissions is 30 June 2024.		
<u>1.7</u>	<u>ESG 4.1.16R to ESG 4.1.19R</u>	<u>R</u>	<p><u>A distributor is not required to comply with the rules specified in column 2 until:</u></p> <p>(1) <u>in relation to ESG 4.1.16R to ESG 4.1.18R, 31 July 2024; and</u></p> <p>(2) <u>in relation to ESG 4.1.19R, 2 December 2024.</u></p>	<p><u>From 31 July 2024 in relation to a distributor in paragraph (1) of column 4; and from 2 December 2024 in relation to a distributor in paragraph (2) of column 4.</u></p>	<u>28 November 2023</u>
<u>1.8</u>	<u>ESG 4.3.1R</u>	<u>R</u>	<u>The rule in column 2 applies from 31 May 2024.</u>	<u>From 31 May 2024</u>	<u>28 November 2023</u>
<u>1.9</u>	<u>ESG 4.3.2R to ESG 4.3.8R</u>	<u>R</u>	<p><u>A manager is not required to comply with the rules specified in column 2 until either:</u></p> <p>(1) <u>the date on which a sustainability label is first used in relation to a sustainability product; or</u></p> <p>(2) <u>2 December 2024.</u></p>	<p><u>From either the date on which a sustainability label is first used in relation to a sustainability product or 2 December 2024.</u></p>	<u>28 November 2023</u>
<u>1.10</u>	<u>ESG 5.1 to ESG 5.3; ESG 5.4 insofar as it relates to the preparation of Part A of a public product-level sustainability report; and ESG</u>	<u>R</u>	<p><u>A manager is not required to comply with the rules specified in column 2 until either:</u></p> <p>(1) <u>the date on which a sustainability</u></p>	<p><u>From either the date on which a sustainability label is first used in relation to a sustainability</u></p>	<u>28 November 2023</u>

	<u>5.5.1R to ESG</u> <u>5.5.4R</u>		<u>label is first</u> <u>used in relation</u> <u>to a</u> <u>sustainability</u> <u>product; or</u>	<u>product or 2</u> <u>December 2024.</u>	
		<u>(2)</u>	<u>2 December</u> <u>2024.</u>		

Annex K

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

4 Investor Relations

...

4.2 Pre-sale notifications

...

Table: contents of the prospectus

4.2.5 R This table belongs to *COLL* 4.2.2R (Publishing the prospectus).

Document status	
...	
Investment in overseas property through an intermediate holding vehicle	
26A	...
<u>Sustainability information</u>	
<u>26B</u>	The following information, as applicable:
	(a) <u>where a <i>sustainability label</i> is used in relation to a <i>scheme</i>, the information set out at <i>ESG 5.3.3R</i> and <i>ESG 5.3.6R</i>, in accordance with <i>ESG 5.3.2R(1)</i>;</u>
	(b) <u>where a <i>sustainability label</i> is not used in relation to a <i>scheme</i>, but that <i>scheme</i> uses the terms in <i>ESG 4.3.2R(2)</i> under <i>ESG 4.3.2R(1)</i> in the product's name or in a <i>financial promotion</i> relating to that <i>scheme</i>, the information required under <i>ESG 5.3.2R(2)</i>.</u>
...	

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:

...

- (e) the report of the auditor in accordance with *COLL* 4.5.12R (Report of the auditor); ~~and~~
- (f) subject to *COLL* 4.5.7R(1)(g), 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; and
- (g) where applicable, Part B of its *public product-level sustainability 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* 5.5.5R.

(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*:

...

- (iii) comparative information in accordance with *COLL* 4.5.10R; ~~and~~
- (iv) subject to *COLL* 4.5.7R(2)(a)(v), 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; and
- (v) where applicable, Part B of its *public product-level sustainability 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* 5.5.5R;

...

...

...

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:

...

- (b) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R* (Authorised fund manager’s report); ~~and~~
 - (c) subject to *COLL 4.5.8R(1)(d)*, 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)*; and
 - (d) where applicable, Part B of its *public product-level sustainability 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 5.5.5R*, where the half-yearly long report is the report that most closely follows the date on which Part B of the *public product-level sustainability report* was published.
- (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*:

...

- (ii) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R*; ~~and~~
- (iii) subject to *COLL 4.5.8R(2)(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*, where the half-yearly long report most closely follows the reporting deadline of 30 June, under *ESG 2.1.1R(1)*; and
- (iv) where applicable, Part B of its *public product-level sustainability 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 5.5.5R*, where the half-yearly long report is the report that most closely follows the date on which Part B of the *public product-level sustainability report* was published.

...

...

6 Operating duties and responsibilities

...

6.9 Independence, names and UCITS business restrictions

...

Use of the term ‘long-term asset fund’ or ‘LTAF’

...

6.9.8D G ...

ESG naming restrictions

6.9.8E G Further requirements related to the naming and marketing of *authorised funds* are found in *ESG 4.3*.

...

8 Qualified investor schemes

...

8.3 Investor relations

...

Table: contents of qualified investor scheme prospectus

8.3.4 R This table belongs to *COLL 8.3.2R*.

1	Document status	
...		
18B	Information on authorised contractual schemes	
	A statement that:	
	...	
	(4)	the <i>scheme property</i> of a <i>co-ownership scheme</i> is beneficially owned by the <i>participants</i> as tenants in common (or, in Scotland, is the common property of the <i>participants</i>).
18C	<u>Sustainability information</u>	
	The following information, as applicable:	
	(1)	<u>where a <i>sustainability label</i> is used in relation to a <i>scheme</i>, the information set out at <i>ESG 5.3.3R</i> and <i>ESG 5.3.6R</i>, in accordance with <i>ESG 5.3.2R(1)</i>; or</u>

	(2)	<u>where a <i>sustainability label</i> is not used in relation to a <i>scheme</i>, but that <i>scheme</i> uses the terms in <i>ESG 4.3.2R(2)</i> under <i>ESG 4.3.2R(1)</i> the information required under <i>ESG 5.3.2R(2)</i>.</u>
	...	
...		

Contents of the annual report

- 8.3.5A R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
- ...
- (d) the report of the auditor in accordance with *COLL 4.5.12R* (Report of the auditor); ~~and~~
- (e) subject to *COLL 8.3.5AR(1)(d)*, 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*; and
- (f) where applicable, Part B of its *public product-level sustainability 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 5.5.5R*.
- (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*:
- ...
- (iii) comparative information in accordance with *COLL 4.5.10R* (1A) and (2A); ~~and~~
- (iv) subject to *COLL 8.3.5AR(2)(v)*, 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*; and
- (v) where applicable, Part B of its *public product-level sustainability 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 5.5.5R*.

...
 ...
 ...

Contents of the half-yearly report

8.3.5B R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:

- ...
- (b) the report of the *authorised fund manager* in accordance with *COLL 8.3.5CR*; ~~and~~
 - (c) subject to *COLL 8.3.5BR(1)(d)*, 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)*; and
 - (d) where applicable, Part B of its *public product-level sustainability 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 5.5.5R*, where the half-yearly report is the report that most closely follows the date on which Part B of the *public product-level sustainability report* was published.

...
 ...

15 Long-term asset funds

...

15.4 Prospectus and other pre-sale notifications

...

Table: contents of a long-term asset fund prospectus

15.4.5 This table belongs to *COLL 15.4.2R*.

1	Document status
	...

28	Information on authorised contractual schemes
	...
(4)	the <i>scheme property</i> of a <i>co-ownership scheme</i> is beneficially owned by the <i>participants</i> as tenants in common (or, in Scotland, is the common property of the <i>participants</i>).
<u>28A</u>	<u>Sustainability information</u>
	<u>The following information, as appropriate:</u>
(1)	<u>where a <i>sustainability label</i> is used in relation to a <i>scheme</i>, the information set out at <i>ESG 5.3.3R</i> and <i>ESG 5.3.6R</i>, in accordance with <i>ESG 5.3.2R(1)</i>; and</u>
(2)	<u>where a <i>sustainability label</i> is not used in relation to a <i>scheme</i>, but that <i>scheme</i> uses the terms in <i>ESG 4.3.2R(2)</i> under <i>ESG 4.3.2R(1)</i> the information required under <i>ESG 5.3.2R(2)</i>.</u>
...	

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:
- ...
- (e) the report of the auditor in accordance with *COLL 4.5.12R* (Report of the auditor); ~~and~~
 - (f) subject to *COLL 15.5.3R(1)(g)*, 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*; and
 - (g) where applicable, Part B of its *public product-level sustainability report* or an adequately contextualised and prominent cross-reference and to the report's location on the *firm's* website, in accordance with *ESG 5.5.5R*.
- (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*:

...

- (iii) comparative information in accordance with *COLL* 4.5.10R(1A) and (2A); ~~and~~
- (iv) subject to *COLL* 15.5.3R(2)(v), 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; ~~and~~
- (v) where applicable, Part B of its *public product-level sustainability 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* 5.5.5R.

...

...

...

Contents of the half-yearly report

15.5.5 R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:

...

- (b) the report of the *authorised fund manager* in accordance with *COLL* 15.5.6R; ~~and~~
- (c) subject to *COLL* 15.5.5R(1)(d) 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); ~~and~~
- (d) where applicable, Part B of its *public product-level sustainability 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* 5.5.5R, where the half-yearly report is the report that most closely follows the date on which Part B of the *public product-level sustainability report* was published.

...

...

TP 1 Transitional provisions

COLL TP 1.1

(1)	(2)	(3)	(4)	(5)	(6)				
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force				
...									
<u>57</u> <u>58</u>	<i>COLL</i> 15.4.5R(16)(10A)	R	The <i>authorised fund manager</i> of a <i>long-term asset fund</i> , in respect of which an <i>authorisation order</i> is in force on 3 July 2023, is not required to comply with the <i>rule</i> specified in column (2) until: <table border="1" data-bbox="690 1008 974 1270"> <tr> <td>(a)</td> <td>the <i>prospectus</i> is next updated; or</td> </tr> <tr> <td>(b)</td> <td>3 July 2024, whichever is earlier.</td> </tr> </table>	(a)	the <i>prospectus</i> is next updated; or	(b)	3 July 2024, whichever is earlier.	From 3 July 2023 to 3 July 2024	3 July 2023
(a)	the <i>prospectus</i> is next updated; or								
(b)	3 July 2024, whichever is earlier.								
<u>Amendments made by the Sustainability Labelling and Disclosure of Sustainability-Related Financial Information Instrument 2023</u>									
<u>59</u>	<u>The rules and amendments referred to in <i>COLL TP 1 60R, 62R and 63R.</i></u>	G	The effect of <i>ESG 4.1.1R(2)</i> is that the <i>authorised fund manager</i> of an <i>authorised fund</i> cannot use a <i>sustainability label</i> before 31 July 2024.	From <u>28 November 2023</u> to <u>31 July 2024</u>	<u>28 November 2023</u>				
<u>60</u>	<u><i>COLL</i> 4.2.5R(26B)(a), <i>COLL</i> 8.3.4R(18C)(1) and</u>	R	The <i>authorised fund manager</i> is not required to comply with a <i>rule</i> specified in column (2) until	From <u>28 November 2023</u> until the date on which a <i>sustainability</i>	<u>28 November 2023</u>				

	<u>COLL</u> <u>15.4.5R(28A)(1)</u>		the date on which a <u>sustainability label</u> is first used in relation to the <u>authorised fund</u> .	<u>label</u> is first used in relation to the <u>authorised fund</u> .	
61	<u>COLL</u> <u>4.2.5R(26B)(b)</u> , <u>COLL</u> <u>8.3.4R(18C)(2)</u> and <u>COLL</u> <u>15.4.5R(28A)(2)</u>	R	Where a <u>sustainability label</u> is not used in relation to an <u>authorised fund</u> , but the <u>authorised fund</u> uses the terms in <u>ESG 4.3.2R(2)</u> under <u>ESG 4.3.2R(1)</u> , the <u>authorised fund manager</u> is not required to comply with a <u>rule</u> specified in column (2) until 2 December 2024.	From 28 November 2023 to 2 December 2024	<u>28 November 2023</u> .
62	The amendments to <u>COLL 4.5.7R</u> , <u>COLL 8.3.5AR</u> and <u>COLL 15.5.3R</u>	R	An <u>authorised fund manager</u> is not required to include the information prescribed by the amendments made to the <u>rules</u> specified in column (2) in its annual long report or (if applicable) its annual report in respect of any <u>annual accounting period</u> ending before Part B of the <u>authorised fund's public product-level sustainability report</u> is first published in accordance with <u>ESG 5.4.3R</u> .	From 28 November 2023 to the end of the <u>annual accounting period</u> during which Part B of the <u>authorised fund's public product-level sustainability report</u> is first published in accordance with <u>ESG 5.4.3R</u> .	<u>28 November 2023</u>

63	The amendments to <u>COLL 4.5.8R</u> , <u>COLL 8.3.5BR</u> and <u>COLL 15.5.5R</u>	<u>R</u>	<u>An authorised fund manager is not required to include the information prescribed by the amendments made to the rules specified in column (2) in its half-yearly long report or (if applicable) its half-yearly report in respect of any half-yearly accounting period ending before Part B of the authorised fund's public product-level sustainability report is first published in accordance with ESG 5.4.3R.</u>	<u>From 28 November 2023 to the end of the half-yearly accounting period during which Part B of the authorised fund's public product-level sustainability report is first published in accordance with ESG 5.4.3R.</u>	<u>28 November 2023</u>
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Annex L

Amendments to the Consumer Credit sourcebook (CONC)

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

3 Financial promotions and communications with customers

...

3.3 The clear fair and not misleading rule and general requirements

...

Guidance on clear, fair and not misleading

...

3.3.9 G ...

3.3.9A G A firm is reminded of its obligations under ESG 4.3.1R when it communicates or approves a financial promotion that references the sustainability characteristics of a product or service.

...

Annex M

Amendments to the Investment Funds sourcebook (FUND)

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

3 Requirements for alternative investment fund managers

...

3.2 Investor information

...

Prior disclosure of information to investors

3.2.2 R An *AIFM* must, for each *UK AIF* that it manages, and for each *AIF* it *markets* in the *UK*, make available to *AIF* investors before they invest, in line with the *instrument constituting the fund*, the following information and any material changes to it:

...

3.2.2A G An *AIFM* will also need to include the following when making available the information required by *FUND* 3.2.2R:

- (1) where a *sustainability label* is used in relation to a *UK AIF*, the information set out at *ESG* 5.3.3R and *ESG* 5.3.6R, in accordance with *ESG* 5.3.2R(1); and
- (2) where a *sustainability label* is not used in relation to a *UK AIF*, but the *AIF* uses any of the terms in *ESG* 4.3.2R(2) in accordance with *ESG* 4.3.2R(1), the information required under *ESG* 5.3.2R(2).

...

TP1 Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: date in force	Handbook provisions: coming into force
...					
7	<i>FUND</i> 3.2.4AG	G	A <i>full-scope UK AIFM</i> does not need to comply with the	From 23 September	23 September 2016

			provisions of the <i>Securities Financing Transactions Regulation</i> referred to in <i>FUND 3.2.4AG</i> for:	2016 until 12 July 2017	
			...		
<u>8</u>	<u><i>FUND 3.2.2AG(1)</i></u>	<u>G</u>	An <i>AIFM</i> of a <i>UK AIF</i> is not required to include the information specified under <i>ESG 5.3.2R(1)</i> when making available the information required by <i>FUND 3.2.2R</i> until the date on which a <i>sustainability label</i> is first used in relation to the <i>UK AIF</i> .	From <u>28 November 2023</u> until the <u>date on which a <i>sustainability label</i> is first used in relation to the <i>UK AIF</i></u>	<u>28 November 2023</u>
<u>9</u>	<u><i>FUND 3.2.2AG(2)</i></u>	<u>G</u>	An <i>AIFM</i> of a <i>UK AIF</i> that is not using a <i>sustainability label</i> but is using any of the terms in <i>ESG 4.3.2R(2)</i> does not need to include the information required under <i>ESG 5.3.2R(2)</i> when making available the information required by <i>FUND 3.2.2R</i> until <u>2 December 2024</u> .	From <u>28 November 2023</u> to <u>2 December 2024</u>	<u>28 November 2023</u>