

## Chapter 5

# Disclosure of sustainability- related information



## 5.1 Preparation of sustainability disclosures

5.1.1

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- (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

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- (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;

### 5.1.3

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- (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.
- (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

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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).

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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
 

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).

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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**



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 5.3.6(2)R**.
- 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).

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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*.

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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

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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:

5.5.6

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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*:

- (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)

- (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*.

