

Chapter 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*:
- (i) 'Sustainability focus';
 - (i) 'Sustainability improvers';
 - (i) 'Sustainability impact'; or
 - (i) '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

		<p>environmental and/or social sustainability, as applicable under ■ ESG 4.2.13R, ■ ESG 4.2.14R and ■ ESG 4.2.17R(1); and</p> <p>(c) where the product invests in assets that are not in accordance with its <i>sustainability objective</i>, those assets must not have attributes that conflict with that objective; and</p> <p>(3) have robust and evidence-based key performance indicators (KPIs) that can demonstrate the product's progress towards meeting its <i>sustainability objective</i>.</p>
4.2.5	G	A manager may, in determining the <i>sustainability objective</i> of a sustainability product, refer to the standards produced by the Sustainability Accounting Standards Board in order to help determine the topics that a <i>retail client</i> would reasonably associate with <i>sustainability characteristics</i> .
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 <i>sustainability products</i> that are designed to build their initial portfolio over time, such as may be in the case of an <i>LTAf</i> .
4.2.7	G	In relation to ■ ESG 4.2.4R(2)(b), assets should be selected using a methodology or approach which: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (a) the <i>sustainability characteristics</i> 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 <i>sustainability product's</i> progress towards achieving its <i>sustainability objective</i> 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 <i>sustainability product</i> meets the requirements set out in ■ ESG 4.2.4R: <ul style="list-style-type: none"> (1) determine whether pursuing that product's <i>sustainability objective</i> could result in negative environmental and/or social outcomes; (2) determine the <i>sustainability product's</i>: <ul style="list-style-type: none"> (a) investment policy for achieving its <i>sustainability objective</i>; 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:
- consistent with the *sustainability characteristics* of the product or service; and
 - fair, clear and not misleading.

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

4.3.2

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.