

**SUSTAINABILITY LABELLING AND DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION (AMENDMENT) (No 2) INSTRUMENT
2025**

Powers exercised

A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the 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 (SI 2018/1253);
- (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 19 December 2025.

Amendments to the Handbook

D. The Environmental, Social and Governance sourcebook (ESG) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Sustainability Labelling and Disclosure of Sustainability-Related Financial Information (Amendment) (No 2) Instrument 2025.

By order of the Board
18 December 2025

Annex

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

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

4 Sustainability labelling, naming and marketing

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4.2 Criteria for applying sustainability labels

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

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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 assets should be selected using a methodology or approach which:~~
 - (a) ~~is applied in a systematic way; and~~
 - (b) ~~may be based on, or determined by, an authoritative body, industry practice or proprietary methodology for determining:~~
 - (i) ~~the sustainability characteristics of a product's assets; and~~
 - (ii) ~~the ability of those assets to contribute to a positive environmental or social outcome.~~
- (2) ~~may be based on, or determined by, an authoritative body, industry practice or proprietary methodology for determining: a manager may, with respect to a sustainability product that is an index-tracking product, meet the requirements of the rule through the index provider's selection of assets, where such assets are referable 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).~~
 - (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.~~

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5 **Disclosure of sustainability-related information**

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5.4 Preparation of sustainability reports

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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, subject to (1A) and (1B), 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 16 *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*.

(1A) A manager may prepare and publish Part B of a *public product-level sustainability report* which covers a reporting period of less than 12 *months* or which includes a period of time during which neither a *sustainability label* nor one or more of the terms listed in ESG 4.3.2R(2) were used in accordance with ESG 4.3.2R(1) in relation to the relevant *sustainability product*, providing that the *manager*:

- (a) makes clear in the report the reporting period that has been covered;
- (b) provides contextual information to explain why that particular reporting period has been chosen; and
- (c) publishes the report no later than 4 *months* after the end of the chosen reporting period.

(1B) A manager that first started to use a *sustainability label* or 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* before 28 February 2025 may, for the first report, choose a reporting period exceeding 12 *months*, providing that:

- (a) that first report is published no later than 30 June 2026; and
- (b) the *manager* complies with the requirements in (1A)(a) to (c).

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Data considerations when preparing sustainability reports

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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.~~ [deleted]

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5.5 Sustainability product-level reporting

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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~~ *ESG 2.3.1R and ESG 2.3.3R 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*'.

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On-demand product-level sustainability information

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

- (1) no earlier than 16 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 that *product*; or
- (2) in relation to a *manager* that falls within *ESG 5.4.3R(1B)*, no earlier than 30 June 2026.

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