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Adviser Edge

Adviser Guide to Sustainability Disclosure Requirements (SDR) and labelling regime

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Adviser Guide to Sustainability Disclosure Requirements (SDR) and labelling regime

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Explaining the key implications of SDR and AGR for Financial Advisers and their advice recommendations.

What are the Sustainability Disclosure Requirements (SDR)?

The FCA's "Sustainability Disclosure Requirements (SDR) and investment labels" Policy Statement (PS23/16) sets out in detail a sustainable disclosure and product labelling regime in the UK, outlining "**final rules and guidance to improve trust and transparency to the market for sustainable investment funds**".

Aimed at reducing greenwashing and other associated harms in the UK financial services marketplace the regime includes:

- **Four sustainability investment labels** – to help retail investors and Financial Advisers navigate the sustainable fund landscape and enhance trust.
- **Requirements for distributors (including Financial Advisers)** – to ensure product information is available to investors.
- **An Anti-Greenwashing Rule (AGR)** – to ensure sustainability claims are "fair, clear, and not misleading".
- **Naming and Marketing rules** – to ensure the use of sustainability related terms is accurate.
- **Consumer facing information** – to make it easy for investors to understand sustainability product features.
- **Detailed information** – to support all investors seeking more details.

The SDR regime applies principally to UK authorised asset managers, with an Anti-Greenwashing Rule (AGR) that extends to all FCA-authorised firms. However, importantly the statement confirms that Financial Advisers (referred to as Distributors) "**play a key role in communicating sustainability information to retail investors (clients)**".

Advisers will therefore need to be prepared for the sustainable investment labels and disclosures as they emerge and ensure their own client proposition and promotions meet the Anti-Greenwashing Rule and Guidance (AGR).

Distributor: a firm which offers, sells, recommends, advises on, arranges, deals, proposes or provides a UK authorised fund or alternative investment fund or a recognised scheme.

The four Sustainability labels

SDR introduced a consumer focused labelling regime designed to help investors confidently select financial products that align with their sustainability preferences. The regime also aims to ensure that investors receive clear, accessible, and standardised information, enabling them to make well informed decisions.

When an adviser is recommending a sustainability labelled fund, the adviser must provide the corresponding consumer facing disclosure document along with the personal recommendation.

Sustainability Impact

Sustainability Focus

Sustainability Improvers

Sustainability Mixed Goals

With the introduction of sustainability labels, UK funds now fall into three broad categories based on their sustainability focus and level of disclosure:

- **Sustainability labelled funds** – Funds that meet the FCA's criteria and use one of the four sustainability labels.
- **Unlabelled funds** – Funds that use sustainability related terms in their name or marketing but do not meet the requirements for a label.
- **Non ESG (Environmental, Social, Governance) funds** – Funds that do not use a sustainability label/ do not have any sustainability characteristics.

Sacha Sadan, the FCA's Director of Environment, Social and Governance, on SDR

"We're putting in place a simple, easy to understand regime so investors can judge whether funds meet their investment needs – this is a crucial step for consumer protection as sustainable investment grows in popularity."

"By improving trust in the sustainable investment market, the UK will be able to maintain its position at the forefront of sustainable finance and capture the benefits of being a leading international centre of investment."

Source: FCA Press Release - Sustainability Disclosure and labelling regime - 28th November 2023

Breakdown of the labels and qualifying criteria

Sustainability Focus

OBJECTIVE

Invests mainly in assets that focus on sustainability for people or the planet

SPECIFIC CRITERIA

This is for products with a sustainability objective consistent with an aim to invest at least 70% in assets that are environmentally and/or socially sustainable, determined using the robust, evidence based standard that is an absolute measure of environmental and/or social sustainability.

Sustainability Improvers

OBJECTIVE

Invests mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or planet over time".

SPECIFIC CRITERIA

This is for products with a sustainability objective consistent with an aim to invest at least 70% in assets that have the potential to improve environmental and/or social sustainability over time, and that are determined by their potential to meet a robust, evidence based standard of sustainability.

Firms must obtain robust evidence for selecting those assets. Firms must also identify the period of time in which the product and/or its assets are expected to the meet the standard, including short and medium term targets for improvements (commensurate with the investment horizon of the product).

Sustainability Impact

OBJECTIVE

Invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people and planet".

SPECIFIC CRITERIA

This is for products with a sustainability objective consistent with an aim to achieve a pre-defined positive, measurable, impact in relation to an environmental and/or social outcome (and invest at least 70% of their assets in accordance with that aim).

Firms must specify:

- a theory of change setting out how they expect their investment activities and the products assets to contribute to positive impact.
- a robust method for measuring and demonstrating the positive impact of both the managers investment activities and the products assets. Other labelled funds are restricted from using the term "impact" in the product name unless the product uses this particular label.

Sustainability Mixed Goals

OBJECTIVE

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".

SPECIFIC CRITERIA

This is for products with a sustainability objective to invest at least 70% in accordance with at least 2 of the sustainability objectives of the other labels.

Firms must identify (and disclose) the proportion of assets invested in accordance with any combination of the other labels. However, requirements for each of the other labels must be met.

This label allows for products invested in a mix of assets (e.g. multi asset funds) that are already sustainable, have the potential to improve their sustainability over time, and/or aim to achieve a positive impact.

Use of the sustainability label

- **Voluntary application** – Asset managers may choose to apply for a sustainability label for their funds.
- **Label graphic** – Once approved, asset managers must use the FCA sustainability label graphic to visually indicate the fund's sustainability classification.
- **FCA endorsement** – The FCA does not "approve" or "endorse" the use of a label. The label is not a certification of quality, but is an indication that the fund meets the defined sustainability criteria.

Unlike other ESG classifications that may imply a ranking system, such as the European Unions' 'Sustainable Finance Disclosure Regulation' (SFDR), the four SDR sustainability labels do not follow a hierarchical structure. Instead, they are designed to differentiate funds based on their specific sustainability objectives.

For a fund to qualify for a sustainability label, it must meet:

- **5 general criteria** – These apply to all sustainability labelled funds and ensure consistency and credibility.
- **Label specific requirements** – Each label has distinct eligibility criteria that the fund must satisfy.

This structured approach ensures that the labelling system remains transparent, credible, and meaningful for investors, helping them compare funds more effectively **and select products that align with their sustainability goals and risk tolerance.**

The general qualification criteria for using a sustainability investment label

To qualify for a sustainability investment label, a fund must meet 5 general qualifying criteria:

1 Sustainability objective

2 Investment policy and strategy

3 Key Performance Indicators ('KPI's')

4 Resources and governance

5 Stewardship

The general qualifying criteria that apply to all the labels are:

1 **Sustainability objective** – All funds using a label must have an explicit sustainability objective to improve or pursue positive environmental and/or social outcomes as part of their investment objectives – that sustainability objective must be clear, specific, and measurable.

In addition, firms must identify and disclose whether any material, negative environmental and/or social outcomes may arise as a result of pursuing the sustainability objective.

2 **Investment policy and strategy** – A firm must ensure that a fund's investment policy and strategy is aligned with its sustainability objective. A fund can invest in assets that are not aligned with its sustainability objective, e.g. for liquidity and risk management purposes, as long as the assets do not conflict with the objective.

3 **At least 70% of the gross value of a fund's assets must be invested in accordance with its stated sustainability objective.** For the Impact label firms must: specify a "theory of change" setting out how it expects its investment activities and the product's assets to contribute to achieving a positive impact. Those assets must be selected with reference to "a robust, evidence based standard that is an absolute measure of environmental and/or social sustainability".

Firms will be required to obtain or undertake an independent assessment and verification of the robust, evidence based standard. This could be carried out by an internal function of the asset manager (provided it is independent from the investment process) or an independent third party

4 **Key Performance Indicators (KPIs)** – The fund must have KPIs that measure progress towards achieving the sustainability objective. The FCA has not prescribed any KPI templates. Firms must also set out an escalation plan and be able to act when assets within the 70% threshold do not demonstrate performance against towards the sustainability objective and/or KPIs.

5 **Resources and governance** – Firms must have in place appropriate resources, governance, and organisational arrangements to support with the delivery of the fund's sustainability objective.

6 **Stewardship** – Firms must identify and disclose the investor stewardship strategy needed to support the delivery of the sustainability objective, including the expected activities and outcomes.

The impact of SDR on the current advice requirements for sustainable funds

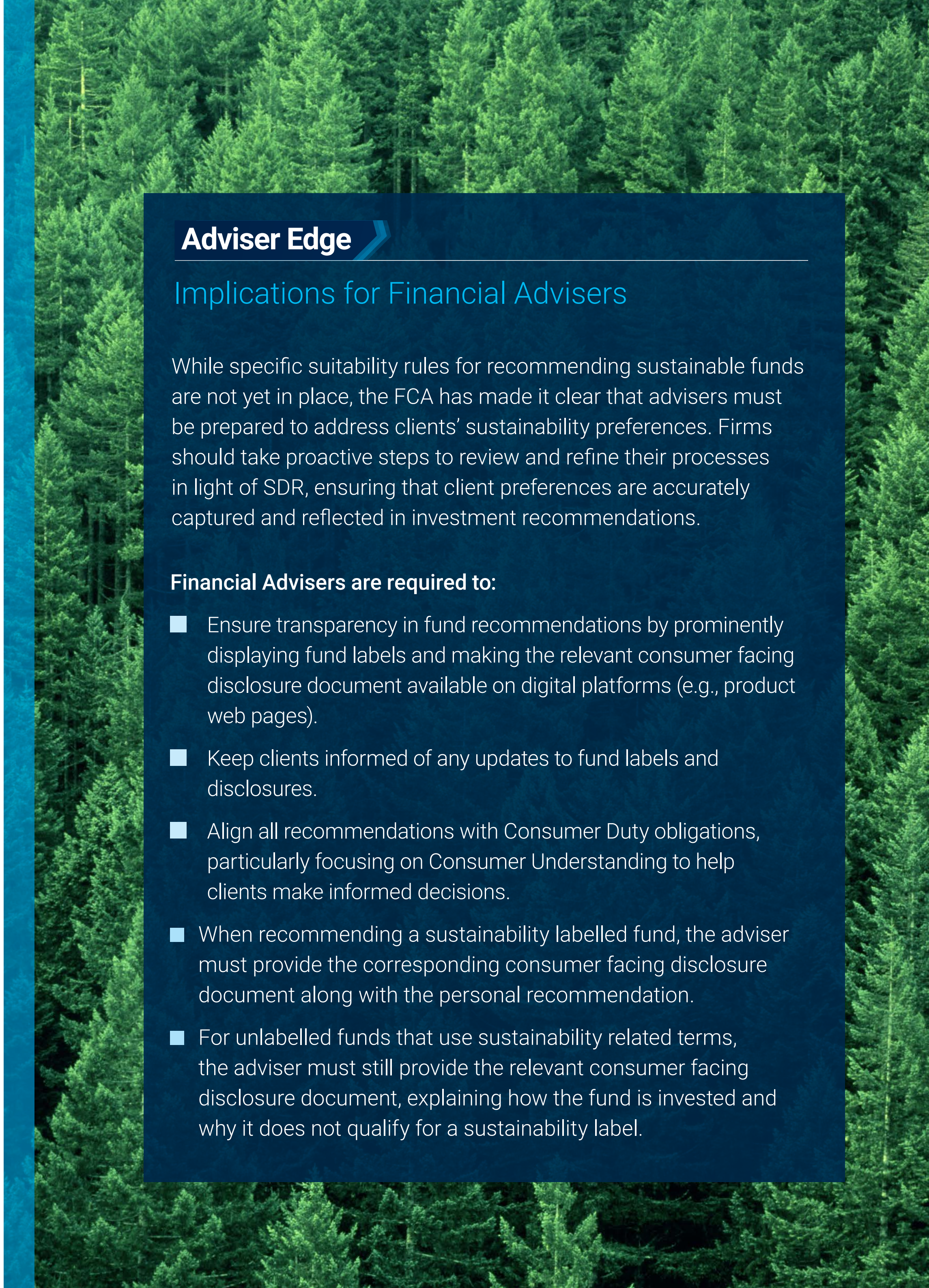
At present, there are no specific suitability rules in place for UK Financial Advisers when recommending sustainable funds.

However, the FCA has made it clear through SDR, PRIN, ESG Sourcebook, and Consumer Duty that advice firms are expected to "**enable and support clients to pursue their financial objectives**," including those with sustainability related needs and preferences. This means that advisers must be equipped to

identify, **understand**, and **incorporate**

their clients' sustainability preferences into their investment recommendations.

Many adviser firms already have processes in place to assess and discuss clients' sustainability preferences. However, these processes will now need to be reviewed and refined to ensure continued alignment with the SDR labelling system. Specifically, firms must ensure they accurately capture the strength and nature of a client's sustainability convictions, helping to determine whether a client prioritises investing in funds that have a specific sustainability goal.



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Implications for Financial Advisers

While specific suitability rules for recommending sustainable funds are not yet in place, the FCA has made it clear that advisers must be prepared to address clients' sustainability preferences. Firms should take proactive steps to review and refine their processes in light of SDR, ensuring that client preferences are accurately captured and reflected in investment recommendations.

Financial Advisers are required to:

- Ensure transparency in fund recommendations by prominently displaying fund labels and making the relevant consumer facing disclosure document available on digital platforms (e.g., product web pages).
- Keep clients informed of any updates to fund labels and disclosures.
- Align all recommendations with Consumer Duty obligations, particularly focusing on Consumer Understanding to help clients make informed decisions.
- When recommending a sustainability labelled fund, the adviser must provide the corresponding consumer facing disclosure document along with the personal recommendation.
- For unlabelled funds that use sustainability related terms, the adviser must still provide the relevant consumer facing disclosure document, explaining how the fund is invested and why it does not qualify for a sustainability label.

Proportionality for different sized firms

Recognising the diversity in the scale of firms in the financial advice sector, the FCA has emphasised that its approach to sustainable investment advice must be proportionate. Smaller firms, in particular, may require tailored guidance and support to meet the evolving requirements without imposing excessive regulatory burdens.

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FCA's ongoing work with Financial Adviser expectations in respect to sustainable investing

The FCA has acknowledged that advisers may need further clarity on how to integrate sustainability considerations into investment advice and suitability assessments. As part of this, they are actively exploring ways to enhance guidance for advisers on incorporating sustainability factors into the advice process.

Additionally, the FCA recognises that not all advisers currently feel confident discussing sustainable investing with clients. To address this, they have established the **Advisers' Sustainability Group (ASG)**, an independent industry working group aimed at supporting advisers in developing expertise in sustainable finance.

Advisers' Sustainability Group

The ASG is focused on four key areas:

1. **Sustainability Issues**
   Understanding key sustainability risks and opportunities.
2. **Regulation**
   Keeping up to date with evolving regulatory expectations.
3. **Good Practice**
   Establishing best practices for integrating sustainability into financial advice.
4. **Training**
   Enhancing adviser knowledge and confidence in discussing sustainable investing.

The Anti-Greenwashing Rule (AGR)

The FCA's Anti-Greenwashing Rule (AGR) came into force on 31st May 2024 as part of SDR. It is outlined in a new chapter of the FCA's Environmental, Social, and Governance (ESG) Sourcebook (ESG 4.3.1R).

The AGR applies to all FCA regulated firms and all financial products and services that are marketed for sale in the UK, regardless of whether they use an SDR sustainability label. It is particularly relevant to any firm making sustainability related claims, including:

- Asset managers marketing ESG or sustainable funds.
- **Financial Advisers recommending sustainable investments.**
- Firms using sustainability related terms in their services or marketing.

Clarifying existing FCA obligations

The AGR reinforces and is consistent with existing obligations under FCA rules, including:

- Consumer Duty (PRIN2A)
- Principles for Businesses (PRIN)
- Conduct of Business Sourcebook (COBS 4)

Firms must ensure that any sustainability related claims are:

- "Clear, fair and not misleading".
- "Consistent with the actual environmental or social characteristics of the product or service".

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FCA expectations for sustainability related communications

The FCA requires that any communication making sustainability related claims must be:

1. Factually **CORRECT** and capable of being substantiated with robust, credible evidence
2. **COMPLETE**, meaning they should not omit or hide important information that might influence a client's decision
3. **CLEAR** and presented in a way that can be understood, with minimal use of jargon, broad generalisations or misleading visuals
4. Fair and meaningful when making **COMPARISONS** to other funds or services

“The AGR applies to all FCA regulated firms and all financial products and services that are marketed for sale in the UK, regardless of whether they use an SDR sustainability label.”

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Implications for Financial Advisers of AGR

Advisers who promote their services as sustainable whether in investment advice, advisory model portfolios, or non-investment services must review and validate all sustainability related claims. This includes:

- **Naming conventions** – Ensuring that the name of an advisory service or portfolio accurately reflects its sustainability approach.
- **Marketing and promotional materials** – Checking that advertisements, brochures, and presentations do not exaggerate sustainability credentials.
- **Digital content and social media** – Ensuring website descriptions, social media posts, and email campaigns align with the reality of the service or product being offered.
- **Client communications** – Making sure all sustainability related claims in client reports, proposals, and recommendations are accurate and substantiated.
- **Train staff** – Ensuring staff are able to accurately communicate sustainability related information.
- **Record-keeping** – Keep records of sustainability claims and ensure they are supported by credible evidence.

By adhering to the AGR, adviser firms can avoid regulatory scrutiny, enhance investor confidence, and contribute to a more transparent and trustworthy sustainable investment market.

Fund Naming and Marketing rules

The AGR serves as the foundation for the SDR “Naming and Marketing Rules”, ensuring that sustainability related terminology is used accurately and transparently in fund names and promotional materials.

These rules should be considered alongside the FCA’s Consumer Duty, particularly the Consumer Understanding outcome, which requires firms to provide information that is clear, fair, and not misleading to support informed investor decision making.

Application of “Naming and Marketing” rules to unlabelled funds

The AGR and Naming and Marketing rules not only apply to SDR labelled funds but also to unlabelled funds that use “sustainability related terms” in their names or marketing. These funds do not use an SDR sustainability label but still reference terms such as “green,” “net-zero,” “climate,” “responsible,” or similar wording in their disclosures.

“Requires firms to provide information that is **clear**, **fair**, and **not misleading** to support informed investor decision making.”

Disclosure requirements for unlabelled funds

Funds that do not qualify for an SDR label but have sustainability characteristics and are marketed to retail investors must comply with specific consumer facing disclosure requirements, including:

- Providing a consumer facing disclosure document, as required for labelled funds.
- Clearly stating how the fund is invested, ensuring transparency about its sustainability in its pre-contractual disclosures.
- Explaining why the fund does not carry an SDR label, allowing investors to make informed comparisons.

Restrictions on the use of “Sustainable” “Sustainability” and “Impact” in fund names

To prevent misleading marketing practices, retail funds that do not use an SDR label are prohibited from using the terms:

- “Sustainable”
- “Sustainability” (or any variation of the term)
- “Impact”

However, these unlabelled funds may use other sustainability related terms (e.g., “climate-focused,” “responsible,” “low-carbon”) if at least 70% of the fund’s assets have sustainability characteristics that accurately reflect the name.

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Implications for Financial Advisers and Asset Managers

- Ensure fund names and marketing materials align with sustainability characteristics.
- Review and update fund disclosures to comply with SDR and AGR requirements.
- Provide clear and substantiated explanations for the use of sustainability related terms in unlabelled funds.
- Avoid misleading claims or implied endorsements regarding sustainability performance.

By enforcing stricter naming and marketing standards, the FCA aims to enhance transparency, reduce greenwashing risks, and improve investor confidence in sustainable investments.

"The AGR and Naming and Marketing rules not only apply to SDR labelled funds but also to unlabelled funds that use "sustainability related terms" in their names or marketing."

Sustainability related terms

(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 product has sustainability characteristics.

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Consumer Facing Disclosure Document

The consumer facing disclosure document is a mandatory document produced by the asset manager for any fund using one of the four sustainability labels or an unlabelled fund that have sustainability characteristics.

Purpose of the consumer facing disclosure

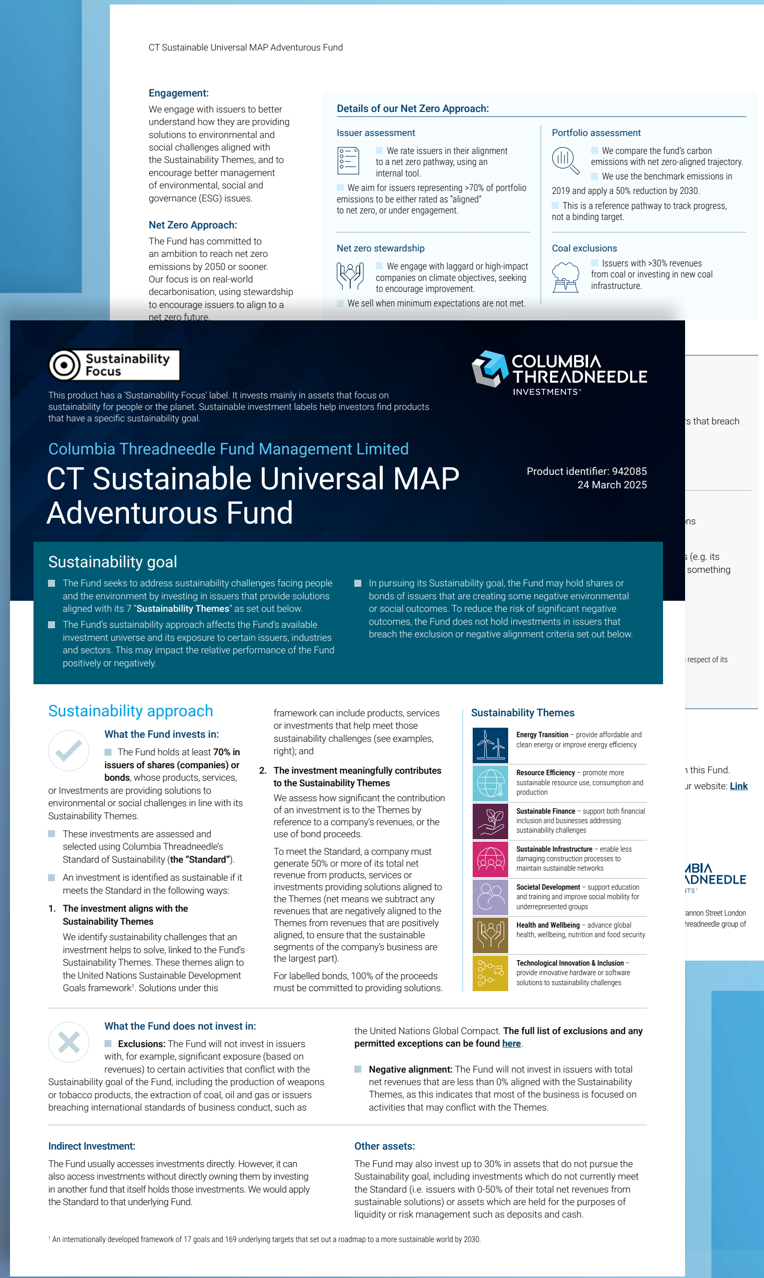
- Summarises the key sustainability features of the fund.
- Must be clear, concise, and easy to understand, supporting investor comprehension and enabling comparisons between funds.
- Should be standalone, limited to two pages of A4 when printed.
- Must be available to advisers via the asset manager's website, alongside other key fund documents, such as the Key Investor Information Document (KIID).

The purpose of this document is to provide investors with consistent and accessible sustainability information to help them make informed investment decisions.

Key components of the Consumer Facing Disclosure

The consumer facing disclosure document must include the following sections in a structured order:

- **Basic Information** – General details about the fund.
- **Label and Descriptor** – The sustainability label and description, or an explanation if the fund does not have a label.
- **Sustainability Goal** – A clear statement of the fund's sustainability objective.
- **Sustainability Approach** – Explanation of the investment policy and strategy, including key sustainability characteristics and the types of assets the fund will or will not invest in.
- **Sustainability Metrics** – Data showing the fund's progress toward achieving its sustainability objective and/or any other metrics a retail client may find useful in understanding the sustainability characteristics of the fund.
- **For the 'Sustainability Mixed Goals' label only** – The proportion of assets aligned with each relevant label.
- **Additional Resources** – Information on where investors can access further sustainability and non-sustainability information.



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Fund label review and updates

The responsibility for maintaining the sustainability label and ensuring it remains up to date rests with the asset manager. The FCA requires:

- Asset managers must review their sustainability labels at least every 12 months to ensure they remain accurate and up to date.
- If a fund's sustainability objectives are not met, the asset manager must implement an escalation plan, specifying how and when corrective actions will be taken.
- If a label is revised or removed, asset managers must notify advisers and publish the changes prominently on their website.

It is the financial adviser's responsibility to ensure that clients are kept informed about any updates to the label.

Whether for a labelled fund or an unlabelled fund with sustainability related terms in its name.

Sustainability label requirements and passive investment strategies

Both active and passive investment strategies can use a sustainability label.

For passive funds, asset managers must ensure that:

- The chosen index aligns with the fund's sustainability objectives.
- The index provider's methodology is disclosed in the pre-contractual documents, explaining how it aligns with the fund's sustainability goals.

Alignment with Consumer Duty

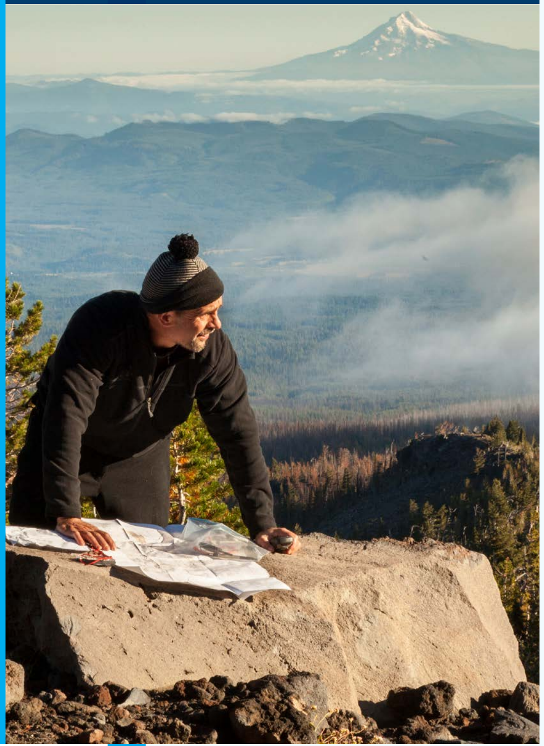
The Consumer Duty emphasises the importance of consumer understanding, requiring firms to:

- Support and enable clients to make informed decisions
- Provide relevant information at the right time
- Present information in a way that is clear and accessible
- **The consumer facing disclosure document plays a key role in meeting these requirements, ensuring that investors can compare funds on a like for like basis and understand the sustainability features of their investments.**

"Both active and passive investment strategies can use a sustainability label."

"Ensure that firms support and enable consumers to make informed decisions about financial products and services. Firms must provide the information consumers need, at the right time, in a format they can understand."

FCA Consumer Duty (PS22/9)



Additional Disclosure Requirements

Pre-Contractual Disclosures

These are detailed sustainability disclosures included in a fund's prospectus or offering documents. They:

- Provide more in depth sustainability information than the consumer facing disclosure.
- Are primarily intended for retail investors who require further detail or for institutional investors.

Ongoing Product-Level Disclosures

- First published 12 months after a label is granted (or from the first use of sustainability related terms for unlabelled funds).
- Must be updated annually.
- Provide investors with detailed updates on the fund's investment policy, sustainability strategy, and key sustainability metrics.

Entity-Level Disclosures

- Required for asset managers managing over £50 billion in assets from 2nd December 2025.
- Required for asset managers managing over £5 billion in assets from 2nd December 2026.
- These disclosures set out how the firm manages sustainability related risks and opportunities at the entity level.

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Implications for Financial Advisers

- Fund labels and consumer facing disclosure documents are now essential for client recommendations – Advisers must provide these documents for both labelled and unlabelled funds with sustainability characteristics.
- Advisers must ensure clients understand sustainability features and keep them informed about any label updates.
- Advisers must understand that Passive funds, with sustainability labels, must have an index aligned with their sustainability objective and clearly disclose this alignment.
- Sustainability related communications must be "clear, fair, and not misleading" – Compliance with Consumer Duty and Anti-Greenwashing Rules is critical.
- Ongoing and entity-level disclosures will enhance transparency – Advisers should understand how these additional reports may influence client investment decisions.

Out of scope products and future expansion of SDR

The FCA has stated its intention for SDR to evolve over time, with the potential for expansion into other investment products. The regulator is actively working with other bodies to explore how SDR can be extended to additional areas of the financial services industry.

Portfolio Management and Wealth Management Services

- In April 2024, the FCA published a consultation paper (CP24/8) outlining its proposal to extend SDR to portfolio management.
- The focus is on wealth management services for individuals and model portfolios for retail investors.
- In February 2025, the FCA confirmed it would publish a Policy Statement detailing the final rules and the implementation timeline in late 2025.

Pensions and other investment products

- The FCA is in discussions regarding the potential inclusion of pensions and other investment products under the SDR framework.
- Further announcements on this expansion are expected as the market and regulatory priorities evolve.

Overseas funds

- The UK Government is assessing whether SDR should be applied to overseas funds, including Undertakings for Collective Investment in Transferable Securities (UCITS) domiciled in the European Union (EU).
- Further guidance will clarify whether these funds will be subject to SDR and how cross border sustainability disclosures will be managed.

Compliance with SDR

The FCA will apply its usual supervisory and enforcement approaches to the SDR regime. This includes:

- Monitoring compliance and responding to potential breaches.
- Acting on intelligence regarding non-compliance or misleading sustainability claims.
- Taking enforcement action in cases of serious misconduct, such as firms making misleading sustainability claims that could harm investors.

Firms and advisers should proactively ensure compliance by maintaining accurate, fair, and transparent sustainability related communications.

Conclusion and future expectations

The sustainable investment market is rapidly evolving, and SDR is intended to improve trust and transparency by ensuring investors receive clear, reliable information about sustainable funds.

Although most SDR rules apply to asset managers, advisers must understand how the framework impacts their role, particularly in client recommendations.

Adviser Responsibilities Under SDR

Sustainability Labels and Disclosures:

- SDR introduces four sustainability labels:
  - Sustainability Focus
  - Sustainability Improvers
  - Sustainability Impact
  - Sustainability Mixed Goals
- **Advisers must communicate the labels and provide the consumer facing disclosures (for both labelled products and products using sustainability-related terms without a label), ensuring clients understand the fund's objectives, sustainability approach, and key characteristics.**

Compliance with the Anti-Greenwashing Rule (AGR):

The AGR applies to all FCA regulated firms and covers all funds, whether they have an SDR label or not. All sustainability related claims must be "fair, clear, and not misleading" and consistent with the sustainability profile of the fund.

This applies to:

- Fund names and descriptions
- Marketing materials (websites, brochures, presentations)
- Client communications (emails, reports)
- Investment product promotions

Client education and communication:

- **Advisers must be able to clearly explain sustainability labels and fund disclosures to clients.**
- **Advisers should also ensure that their clients are aware of any updates to sustainability labels and disclosures that may impact their investment decisions.**

Supporting Financial Advisers in sustainable investment advice

The FCA acknowledges that some advisers may feel uncertain or lack confidence when discussing sustainability in investment advice.

To address this, the regulator has established an independent working group known as the Adviser Sustainability Group (ASG), in collaboration with PIMFA (the Personal Investment Management & Financial Advice Association).

The ASG aims to:

- Provide guidance and resources for advisers.
- Help advisers integrate sustainability considerations into their investment recommendations.
- Offer insights into best practices and regulatory expectations.

Future regulatory clarifications

The FCA is exploring ways to clarify expectations for advisers regarding sustainability considerations in investment advice and suitability assessments.

This may lead to future guidance that outlines how advisers should assess client sustainability preferences and match investment solutions accordingly.

Encouraging Financial Adviser development in sustainable investments

Given the fast evolving nature of the sustainable investment landscape, advisers should:

- **Engage in continuous professional development (CPD) to stay up to date with SDR, ESG regulations, and sustainability trends.**
- **Build relationships with asset managers to gain deeper insights into sustainability labelled funds.**
- **Proactively integrate sustainability considerations into their advice process and client discussions.**

By staying informed and actively adapting to regulatory changes, advisers will have the tools to provide guidance and investment recommendations to clients that align with both regulatory requirements and their suitability preferences.

For more information and further reading:

- FCA Environmental, Social and Governance (ESG) sourcebook
- FCA Implementing the Overseas Fund Regime, CP23/26, December 2023
- FCA Sustainability Disclosure Requirements (SDR) and investment labels, PS23/16, November 2023
- FCA Finalised Guidance on the Anti-Greenwashing rule, FG24/3
- FCA Extending the Sustainability Disclosure Requirements (SDR) regime to Portfolio Management CP24/8, April 2024

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