



K&L GATES

# GLOBAL SURVEY OF ESG REGULATIONS FOR ASSET MANAGERS

ESG and the Sustainable Economy Handbook

Updated 5 June 2026

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# INTRODUCTION

# INTRODUCTION

Asset managers (i.e., investment advisers) offering funds in more than one country are accustomed to adapting to different regulatory requirements. However, the challenges presented by the global regulation of ESG investing strategies are presenting a particularly arduous burden, especially as countries' approaches to ESG regulation become more varied.

Not only do investor demands differ among countries, but the regulators and other controlling bodies have imposed, or proposed to impose, different requirements that will impact approaches to investing fund assets, disclosures, and marketing, even with respect to the same strategies. While the approaches and goals can vary across jurisdictions, one message is universal in all languages: Regulators want asset managers to say what they do and do what they say. Some regimes seek to accomplish this with specific ESG labeling or other requirements, while others are currently relying on existing rules prohibiting fraud and material misrepresentations.

To help asset managers keep up with the current regulatory landscape and get a comparative sense of the requirements and common issues in various regions, our lawyers—located in the Americas (the United States), Asia (Hong Kong, Japan, and Singapore), Australia, and Europe (the European Union, including Ireland and Luxembourg,<sup>1</sup> and the United Kingdom)—have provided an overview of regional regulations by responding to the same eight questions regarding the existing ESG-related rules and ESG developments impacting the investment management industry. We summarize, among other things, each country or region's position on ESG-related labeling and categories, investment requirements, disclosure and reporting requirements and restrictions for offshore products, as well as other ESG-related initiatives that could impact asset managers doing business in that country or region.

Taken together, this publication provides a high-level view of the overall global ESG regulatory landscape, allowing managers to think strategically about how their firms can navigate this changing environment and effectively approach their business activities in the various regions in which they offer services.

While we expect that governments will continue to address ESG concerns by amending existing or imposing new rules at a rapid pace, the following summary responses are designed to provide asset managers—particularly those with an international business—with a helpful guide, based on practical experience, to current requirements and trends impacting their services and products, as well as offer practical insight into how they can seek to straddle the various regulatory regimes.

## WHAT IS NEW?

The global landscape of ESG regulation continues to evolve quickly. Below are some of the key changes that occurred since the last publication of this survey on 19 February 2026:

**United States:** On 29 May 2026, the SEC proposed a complete rescission of its climate risk-related reporting rules. These rules, originally adopted in March 2024, would have required public issuers in the United States to make certain climate risk disclosures, including disclosure of emissions information, but these rules have been under judicial challenge and subject to a voluntary stay. At the state level, California's climate risk reporting obligations remain under judicial review, and the climate risk disclosure rules are subject to a judicial stay. However, the GHG emissions reporting requirements remain in effect and the initial reporting is currently due mid-August 2026.

**Hong Kong:** On 22 January 2026, the HKMA released the Phase 2A update of the Hong Kong Taxonomy, significantly expanding its scope. This update increases the number of eligible economic activities from 12 to 25, widens sector coverage from four to six (adding manufacturing and information and communications technology sectors), and introduces a structured transition category and climate adaptation elements.

Separately, the Cross-Agency Steering Group (described below) has published strategic priorities for 2026–2028, which focus on consolidating Hong Kong's sustainable finance ecosystem and further developing emerging areas.

**Japan:** On 17 April 2026, the Ministry of the Environment updated its Green Bonds Guidelines to provide clarity and additional examples of projects that will be considered “green” in connection with green bonds and loans.

**Singapore:** On 5 March 2026, MAS introduced the Transition Planning Guidelines on Environmental Risk Management for asset managers, which provide guidance regarding the assessment and management of climate-related risks.

**Australia:** There have been no new updates since the last edition of this survey was published.

**European Union:** On 20 November 2025, the European Commission published a proposal to amend the SFDR. If it proceeds, “SFDR 2.0” would introduce a classification framework and labels for sustainability-related financial products and would also make changes intended to reduce the ESG reporting burden. The proposals are under consideration by the European legislative bodies.

Meanwhile, for corporate entities, the European Commission's Omnibus I package (published on 26 February 2026) has been finalized. The changes include significant simplifications to the disclosure and reporting requirements introduced by the CSRD and CSDDD. As part of the package, a “stop-the-clock” regulation providing for a two-year postponement of certain CSRD reporting obligations entered into force on 17 April 2026.

Asset managers should also be aware of the regulatory framework for ESG ratings providers being introduced in the European Union, which will apply from 2 July 2026. ESMA has issued a Final Report on the draft RTS setting out detailed rules for ESG rating providers, and ESG rating providers active in the European Union are required to apply for a license or for recognition starting 2 August 2026 and before 2 November 2026.

**United Kingdom:** The United Kingdom is moving forward with the introduction of a regulatory regime for ESG ratings providers. The legislative framework has been finalized, and the FCA is consulting on the rules that will apply to providers of ESG ratings. The final rules are expected in Q4 2026, and the regime is expected to take effect in 2028.

For corporate entities, we are awaiting the outcome of the consultations on the UK sustainability reporting framework published in June 2025. On 30 January 2026, the FCA published a consultation paper regarding the sustainability disclosures applicable to listed entities. The consultation closed on 20 March 2026. The final rules are expected in autumn 2026 and are expected to come into force 1 January 2027. The proposed UK SRS are to be based on the ISSB standards published in June 2023.

Separately, the UK government has decided not to develop a UK green taxonomy.

# AMERICAS



# UNITED STATES

By Lance C. Dial and Keri E. Riemer

## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

At the federal level, no formal ESG-specific rule is currently in place for funds and advisers (i.e., fund managers). In March 2024, the SEC finalized its climate risk-related reporting rules applicable to public operating companies and other issuers of securities in the United States. These rules were promptly challenged in court; however, the litigation is currently paused in light of the SEC's determination in March 2025 to cease defending the regulations. On 29 May 2026, the SEC proposed a complete rescission of its climate risk-related reporting rules. This proposal will be open for public comment for a period of 60 days following its publication in the *Federal Register*.

In addition to SEC reporting requirements, the state of California has passed legislation that would require companies “doing business” in California to make certain disclosures of their emissions and climate-related risks. These laws, like the SEC's climate risk disclosure rules, are subject to challenge in federal court. In November 2025, the Ninth US Circuit Court of Appeals, which is hearing the challenge, issued an injunction prohibiting the state of California from enforcing one of the laws (SB 261) that was scheduled to go into effect at the beginning of January 2026. This law would have required companies to make certain climate risk disclosures. The other law (SB 253)—requiring disclosure of Scope 1, 2, and 3 emissions data—is still subject to the legal challenge, but it was not subject to the injunction. The first reporting under this law will be required by 10 August 2026.

Other states have adopted—or are considering adopting—various laws or regulations that seek to regulate how and whether ESG factors may be considered by those conducting business in such states. In general, these laws and regulations require advisers to consider only “pecuniary” factors, and advisers that consider ESG factors in investing may be subject to sanction. Many other states have adopted legislation that would prohibit the state government from doing business with or investing with firms that avoid investment in certain industries for ESG purposes. Additionally, on 8 April 2025, President Trump issued an executive order directing the attorney general to identify laws “purporting to address 'climate change' or involving 'environmental, social, or governance' initiatives, 'environmental justice,' carbon or 'greenhouse gas' emissions, and funds to collect carbon penalties or carbon taxes” and take action to prevent the enforcement of such laws. It does not appear that any action has been officially taken in response to this executive order at the time of this update.

While there are no laws or regulations specifically governing ESG disclosures for funds or advisers as of the date of this survey, the currently existing federal laws and rules prohibiting materially misleading statements and previously issued guidance from the SEC staff do provide limits and standards for funds and advisers with respect to their use of ESG factors. In addition, SEC enforcement actions taken in recent years indicate that the SEC will take a very strict read of ESG-related disclosures and expects that asset managers have in place procedures ensuring that any ESG-related processes they describe in fund disclosures or marketing materials are consistently followed.

### Existing Rules and Guidelines

As indicated previously, funds and advisers are currently subject to laws and rules that prohibit them from making materially misleading statements or untrue statements of material fact, including

statements about ESG. Accordingly, funds and advisers are presently required to provide accurate disclosures regarding their use of ESG-related factors in their investment strategies. In May 2021, the staff of the SEC issued a risk alert urging funds and advisers to, among other things, establish policies and procedures related to ESG investing, ensure that portfolio management practices were consistent with disclosures about ESG approaches, and implement adequate controls around the implementation and monitoring of negative screens (e.g., prohibitions on investing in tobacco).

Advisers are also subject to Rule 206(4)-1 (the Marketing Rule) under the Investment Advisers Act of 1940, as amended (the Advisers Act), which was designed to prevent false or misleading advertisements by advisers, including in connection with the private funds (e.g., hedge funds, private equity funds) they manage. Accordingly, even in the absence of a specific ESG rule, funds and advisers are still bound by existing requirements pertaining to material misstatements and omissions, and accurate reporting.

### **WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?**

There are no labels or categories currently required for funds or asset managers in the United States.

With respect to fund names, amendments to Rule 35d-1, which sets requirements with respect to registered fund (e.g., mutual fund, ETF, interval fund) names (the Names Rule) come into effect 11 June 2026 for registration statements filed on or after that date. Pursuant to the amended Rule 35d-1, a registered fund with a name suggesting an ESG-related investment program is required to disclose how it defines the relevant terms used in its name and adopt a policy to invest at least 80% of its assets in

investments suggested by its name. Notably, this rule applies only to registered investment companies and business development companies; it does not apply to private funds, such as hedge funds.

### **WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?**

There are no ESG-specific disclosure or reporting requirements applicable to funds or advisers at the federal level. That said, current regulations effectively require disclosure about material facts, including the incorporation of ESG factors. Thus, a fund that uses ESG factors as a material component of its investment strategies should disclose how such factors are used and any risks related to its ESG-related strategies in its registration statement and, if applicable, shareholder reports. Likewise, an adviser that employs one or more ESG strategies in formulating investment advice or managing assets is required to disclose information regarding such strategies (and related risks if such strategies are “significant”) in its Form ADV Part 2A (i.e., brochure), but there are no specific ESG-related requirements.

### **ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?**

The Marketing Rule (with respect to advisers) and antifraud rules currently apply to funds and advisers in connection with their ESG-related statements and investment activities. Existing rules under the Advisers Act and the Investment Company Act of 1940, as amended, relating to compliance programs impose certain obligations on advisers and Registered Funds, respectively, that could require funds or advisers to incorporate ESG elements into their compliance programs. Notably, under the Names Rule, a

Registered Fund with ESG terminology in its name will be required to invest at least 80% of its assets consistent with its name.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE UNITED STATES, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

Non-US funds may only be offered in the United States on a private placement basis and pursuant to certain securities law exemptions. While such offshore funds would not be subject to the rules impacting Registered Funds, they would be subject to the prohibitions against misrepresentations described previously.

### **ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?**

The SEC has not proposed or adopted specific rules for nonfund investors, such as natural persons. ERISA has provisions that impact how ESG factors may be considered for retirement plans. However, the US Department of Labor, which is responsible for overseeing ERISA, has indicated in court filings that it is considering rescinding rules relating to the consideration of ESG factors. That said, the US House of Representatives has passed a bill that would effectively prohibit the consideration of ESG factors in connection with the management of ERISA plan assets, although it does not appear that this bill will pass the Senate at this time.

### **ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?**

The climate risk-related reporting rules described previously would have required US public operating companies and other issuers to include certain disclosures regarding the financially material climate

risks associated with their businesses and operations, including by requiring Scope 1 and Scope 2 emissions information. As noted, these rules are likely to be rescinded by the SEC.

The SEC staff revised some guidance relevant to ESG managers relating to larger ownership reporting in the United States. In short, entities that own or control more than 5% of an issuer's voting securities are required to make a filing with the SEC notifying the SEC (and the public) of this ownership. This filing is made in Schedule 13D, but "institutional investors" that invest passively may file on a shorter form known as Schedule 13G. In February 2025, the SEC staff issued revised interpretations of the relevant rules clarifying its view that a shareholder that "exerts pressure" on an issuer's management to implement specific measures or changes to a policy may be "influencing" control over the issuer, and thus would not be able to file on Schedule 13G. Although not overtly stated in the updated guidance, this change has been interpreted as targeting investors that use the engagement process to pursue ESG-related goals.

In addition, various US states, such as California (as described previously), have been adopting their own legislation that impacts how ESG factors can be considered. While the legislation takes several forms and key details differ from state to state, the laws tend to share core common features. First, those passed to date apply only to the disposition or management of state funds (e.g., who the state can hire, in which companies the state can invest, or what standards must be applied by fiduciaries who are investing state money, particularly the assets of state pension plans). Second, with respect to the management of state funds, the state laws generally limit the consideration of ESG factors to financial or "pecuniary" decision making. In other words, even in states that have adopted laws presumably restricting the consideration of ESG factors, there remains room for investment managers to make decisions on investments based

on ESG factors so long as that consideration is grounded in the pursuit of financial returns. On the other hand, these state laws most likely prohibit states from investing in impact investment strategies.

Federal lawmakers and states have also focused on asset manager participation in ESG-related group initiatives, such as Climate Action 100+ and the NZAM initiative. For example, in November 2024, a group of states, led by the state of Texas, filed suit against a trio of large asset managers citing antitrust concerns arising from their participation in both of these initiatives. This suit remains ongoing.

These developments reflect an accelerating effort by lawmakers and state enforcement officials to look closely at asset manager participation in group initiatives for compliance with fiduciary duties and antitrust principles.

## WHAT IS ON THE HORIZON?

There are no ESG-related rules currently proposed for adoption, and it is likely that the SEC's climate risk reporting rules will be rescinded. It is also not likely that the SEC commissioners will prioritize ESG regulation over other initiatives, so little is likely to change in the near term. At the state level, although states continue to consider and adopt anti-ESG legislation, they largely follow the existing forms that generally do not prohibit the consideration of ESG factors where those factors are financially material. The largest questions concerning ESG regulation in the United States relate to the fate of the climate risk and emissions reporting requirements adopted by the SEC and passed by the state of California.

ASIA



# HONG KONG

*By Anson Chan, Alvin Lam, and Sook Young Yeu*

## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

Currently, there are prescribed ESG rules for funds that have been authorised by the SFC to be marketed to retail investors in Hong Kong and that consider ESG or sustainability factors (including climate change) in their investment process (Hong Kong ESG Funds). As described in greater detail below, Hong Kong ESG Funds are subject to certain disclosure and reporting requirements, as currently set out in the SFC's "[Circular to management companies of SFC-authorized unit trusts and mutual funds – ESG funds](#)," which took effect 1 January 2022.

The SFC maintains on its website a database of Hong Kong ESG Funds. The database is categorised according to the investment theme (e.g., climate change, environmental, sustainability, food security, forestry, nutrition, social, sustainable energy, and water) and investment strategy (e.g., best-in-class, positive screening, impact investing, and thematic), in each case as disclosed in the applicable Hong Kong ESG Fund's offering document. UCITS authorised by the SFC will be considered Hong Kong ESG Funds if they incorporate ESG factors as their key investment focus and reflect such in their investment objectives or strategies. This is irrespective of whether they are classified as falling under Article 8 or Article 9 of the SFDR.

Fund managers that are SFC-licensed intermediaries are subject to certain conduct rules. In particular, fund managers with investment discretion over collective investment schemes, including both SFC-authorized funds (i.e., funds authorised to be marketed to retail investors) and private funds (i.e., hedge funds), are

required to take climate-related risks into consideration as part of their investment and risk management processes and to make appropriate disclosures. These requirements, which largely reflect recommendations and proposals of the Financial Stability Board's TCFD, were imposed pursuant to the SFC's Consultation Conclusions on the Management and Disclosure of Climate-Related Risks by Fund Managers, which took effect 20 August 2022.

## WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

While no ESG investment labels or categories have been established for either SFC-authorized funds or private funds, there is a general requirement that licensed intermediaries must ensure that their product disclosures are not misleading. Accordingly, ESG-related names may only be used for products where such ESG-related considerations are applied in the investment process. In addition, there is a general requirement that a product's name must not be misleading, and references to ESG or related terms in an authorised fund's name or marketing materials should be accurate and proportionate. A fund that does not satisfy the definition of a "Hong Kong ESG Fund" (set forth above) would generally not be permitted to name or market itself as ESG related.

## WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

While there are currently no prescribed ESG-related disclosure or reporting requirements for non-SFC-authorized funds, as noted previously, intermediaries are required to ensure that their product disclosures are not misleading.

Unlike in some other regions, where specific ESG-related disclosures are not yet required, Hong Kong ESG Funds are currently required to make various ESG-related disclosures in their respective offering documents. Such required disclosures include information about the ESG focus or investment theme of the fund; the criteria used to measure the attainment of such focus or investment theme; the investment strategy and methodologies adopted (including any exclusion policies); the expected or minimum asset allocation to the designated ESG focus; any applicable reference benchmarks or additional information references used by the fund; and any risks or limitations associated with the fund's ESG focus. In addition, the Hong Kong ESG Fund or its manager must disclose to investors on its website or via other means, and review and keep updated certain additional information, including how the Hong Kong ESG focus is measured and monitored (and related internal and external control mechanisms); details regarding the due diligence carried out in respect of the fund's investments; a description of the fund's engagement policies (including proxy voting); and a description of the sources and processing of ESG data upon which the fund relies (including any assumptions made when data is not available).

In addition, a Hong Kong ESG Fund is required to conduct periodic assessments at least annually on how it has attained its ESG focus and then disclose to investors the results of such assessments by appropriate means (e.g., in annual reports).

In particular, the Hong Kong ESG Fund should disclose—such as in its annual report—the proportion of underlying investments that are commensurate with its ESG focus; the proportion of the investment universe that was eliminated or selected as a result of ESG-related screening; a comparison of the performance of the fund's ESG factors against any designated reference benchmarks; and information about actions (such as shareholder engagement or

proxy voting activities) taken by the fund to attain its ESG focus.

UCITS that are authorised by the SFC are generally subject to a streamlined regulatory approach. A UCITS fund authorised as a Hong Kong ESG Fund that meets the disclosure and reporting requirements for Article 8 or Article 9 funds under the SFDR will be deemed to have generally complied with the Hong Kong disclosure and reporting requirements for Hong Kong ESG Funds.

As noted previously, fund managers with investment discretion over collective investment schemes are required to take climate-related risks into consideration in their investment and risk management processes and to make appropriate disclosures. The applicable requirements depend on the relevance and materiality of climate-related risks to the investment strategies and funds managed. Required disclosures include baseline requirements applicable to all such fund managers, such as governance structure in relation to the management of climate-related risks and steps taken to incorporate risk management into the investment management process (including any key tools and metrics applied). Such disclosures must be made to investors via channels—such as websites, newsletters, or reports—and reviewed at least annually (and updated in the interim, where appropriate), and fund investors must be informed of any material changes as soon as practicable.

A large fund manager with HK\$8 billion or more in fund assets for any three months in the preceding reporting period may also be subject to enhanced risk management and disclosure standards, including a description of its engagement policy at the entity level regarding the management of material climate-related risks and disclosure of Scope 1 and Scope 2 GHG emissions associated with portfolio investments at the fund level, together with calculation methodology, underlying assumptions and limitations, and the

proportion of investments that are assessed or covered.

With respect to reporting requirements, fund managers are subject to SFC reporting requirements as licensed intermediaries. However, there are currently no prescribed ESG-related SFC reporting requirements.

### **ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?**

There are currently no prescribed ESG-related requirements for non-SFC-authorized funds.

Fund managers of Hong Kong ESG Funds are required to regularly monitor and evaluate the underlying investments to ensure that the Hong Kong ESG Funds continue to meet their stated ESG focus and requirements. In addition, SFC-authorized funds and their fund managers are required to comply with all applicable codes and guidelines in relation to their authorisation and licensing that are not specifically related to ESG.

There are general requirements for licensed intermediaries to know their client (including their investment objectives); to exercise due care, skill, and diligence in providing services to the client; and to act in the best interests of the client. If a client has indicated ESG- or climate-related investment preferences in its investment mandates, the intermediary is expected to take those into consideration. However, there is no current requirement that the intermediary determine a client's "sustainability preferences."

On 25 November 2024, the SFC issued a Circular to Intermediaries, guidance to asset managers regarding due diligence expectations for third-party ESG ratings and data product providers (the Guidance), referencing the VCoC for ESG ratings and data

providers published on 3 October 2024 by a working group comprised of Hong Kong and international representatives from the ESG ratings and data products industry. The VCoC is modelled on international best practices recommended by the International Organization of Securities Commissions and intended to be internationally interoperable and part of a globally consistent regulatory framework. The VCoC is intended to enhance transparency of methodologies for ESG ratings and data products and improve standards generally across the market, which should assist users of these products, including funds and fund managers, to better carry out their due diligence. According to the Guidance, asset managers should conduct reasonable due diligence and ongoing assessments on third-party ESG service providers and for this purpose may take into account the principles and recommended actions of the VCoC. ESG ratings and data products providers who signed up to the VCoC will be expected to make available publicly a self-attestation document that explains their approach and actions taken to adhere to the principles of the VCoC. Asset managers can use this information to facilitate their due diligence and ongoing assessment of the ESG service providers and their products.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

The requirements relating to SFC-authorized funds apply irrespective of domicile. As long as a fund, including an offshore fund, has been authorized by the SFC for marketing to retail investors in Hong Kong, it must comply with the applicable requirements.

## ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?

There are currently no prescribed ESG-related rules for investors. The SFC has issued a set of “Principles of Responsible Ownership,” which provides principles and guidance to assist investors in determining how to best meet their ownership responsibilities. These principles are nonbinding and voluntary, but investors are encouraged to adopt them and to disclose to their stakeholders that they have done so in whole or in part, as well as explain any deviations or alternative measures adopted.

## ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?

In May 2024, the HKMA published Phase 1 of the Hong Kong Taxonomy for Sustainable Finance (the Hong Kong Taxonomy), providing market participants with an assessment tool to support informed decision-making in green and sustainable finance. Phase 1 of the Hong Kong Taxonomy encompasses 12 economic activities under four sectors: power generation, transportation, construction, and water and waste management. It is designed to facilitate easy navigation among other taxonomies, including the Common Ground Taxonomy, China's Green Bond Endorsed Projects Catalogue, and the European Union's Taxonomy for Sustainable Activities. On 8 September 2025, the HKMA launched a public consultation on the Phase 2A Prototype of the Hong Kong Taxonomy.

On 22 January 2026, the HKMA released the finalised Phase 2A update of the Hong Kong Taxonomy. The Phase 2A update represents a significant expansion of the Hong Kong Taxonomy's technical scope:

- *Sector and activity coverage:* The Hong Kong Taxonomy now covers six sectors (adding manufacturing and information and

communications technology) and 25 economic activities.

- *Transition finance and climate adaptation framework:* The Phase 2A update introduces a three-tier classification for climate mitigation activities—Green, Transition, and Exclusion—distinguishing between activities that are already aligned with climate goals, those that are on a credible pathway toward alignment, and those that are incompatible with a net-zero future altogether. Climate change adaptation elements have also been incorporated under Phase 2A of the Hong Kong Taxonomy, recognizing investments that help build resilience to the impacts of climate change that are already occurring or expected in the future. Alongside climate mitigation and transition activities, the expanded Hong Kong Taxonomy now also captures activities that support adaptation to climate-related risks and impacts.

The Hong Kong Taxonomy provides practical guidance to fund managers who are required to take account of climate-related risks in their investment and risk management processes. It also provides guidance to fund managers of Hong Kong ESG Funds when selecting underlying investments.

In June 2023, the ISSB published its two inaugural IFRS sustainability standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (collectively, the ISSB Standards), for reporting periods beginning on or after 1 January 2024, subject to endorsement by local jurisdictions and transitional relief. On 12 December 2024, following a public consultation, HKICPA published its first two Hong Kong sustainability disclosure standards, HKFRS S1 and S2, which fully align with the ISSB Standards, with an effective date of 1 August 2025 (the Hong Kong Standards).

Unlike HKFRS accounting standards, the Hong Kong Standards are not mandatory for Hong Kong-incorporated companies or other entities in Hong Kong, unless there are other applicable legislative or regulatory requirements mandating compliance (e.g., listing rules issued by HKEX).

However, in December 2024, the Hong Kong government published the Roadmap on Sustainability Disclosure in Hong Kong (the 2024 Roadmap), which sets out Hong Kong's approach to require PAEs, which includes listed companies and large financial institutions, to adopt the Hong Kong Standards, with large PAEs (large-cap listed companies and large nonlisted financial institutions carrying a significant weight in Hong Kong) expected to do so no later than 2028.

The SFC's initial ESG focus in relation to fund managers has been on climate-related risks, as metrics are generally more developed in this area currently, and the SFC believes that this will help effective implementation. However, the SFC has also acknowledged the importance of ESG factors more generally and stated that it will remain abreast of international and market developments and consider an expansion of the regulatory coverage to other aspects of ESG over the longer term. The 2024 Roadmap further reinforces this approach.

Under the 2024 Roadmap, Hong Kong will prioritise the application of the Hong Kong Standards by large PAEs under a phased-in approach with reference to the ISSB Inaugural Jurisdictional Guide issued by the ISSB Foundation in May 2024.

As an interim step, all HKEX Main Board listed issuers are required to comply with the new climate disclosure requirements based on IFRS S2 on a “comply or explain” basis starting from 1 January 2025 (except for the mandatory disclosure requirement on Scope 1 and Scope 2 GHG emissions that apply to all HKEX listed issuers from 1 January 2025). Large-cap issuers will be required to disclose against the new climate

disclosure requirements on a mandatory basis starting from 1 January 2026. HKEX will then conduct a review in 2027 on how the Hong Kong Standards can be better applied to listed PAEs for the financial years beginning on or after 1 January 2028 (with an aim for large-cap issuers to fully adopt the Hong Kong Standards no later than 2028).

Nonlisted PAEs, which are expected to include asset managers if they carry significant weight in Hong Kong, are expected to be required by relevant financial regulators to apply the Hong Kong Standards no later than 2028, subject to stakeholders' comments and feedback. Relevant authorities and regulators, including the SFC, which regulates funds and fund managers, are expected to conduct sector-specific engagements to determine the approach and timing of adopting the Hong Kong Standards for different financial sectors.

Moreover, in February 2025, the MPFA gave a directive to MPF trustees to raise their disclosure standards on ESG-focused constituent funds available under MPF pension schemes (the Directive). In particular, the MPF trustees should make the disclosure in their MPF scheme brochures, as well as the annual governance reports on the salient investment and risk-management strategies, and also provide periodic (at least annually) assessment results of these funds. The Directive required existing funds to implement new disclosure requirements by 30 September 2025. As for new funds, MPF trustees should provide the MPFA with at least one of the following to confirm incorporation of ESG factors as the key investment focuses and ongoing monitoring of attainment of ESG focuses: (a) self-confirmation of compliance; or (b) confirmation supported by an independent third-party certification or fund label to demonstrate compliance.

## WHAT IS ON THE HORIZON?

The Cross-Agency Steering Group, comprised of various regulators and governmental bodies, was

established by the Hong Kong government to accelerate the growth of green and sustainable finance and support the government's climate strategies. The Cross-Agency Steering Group has published its strategic priorities for 2026–2028, built around two pillars: consolidating Hong Kong's sustainable finance ecosystem and developing strengths in emerging areas. Key measures include the following:

- Strengthening the sustainability disclosure ecosystem.
- Expanding sustainable finance and cross-border carbon markets.
- Supporting talent development.
- Scaling transition and adaptation finance.

The Cross-Agency Steering Group also reviewed progress on the 2024 Roadmap, noting advances in sustainability assurance, enhancements to the Hong Kong Taxonomy, transition planning guidance for banks, and continued development of Hong Kong's carbon market.

# JAPAN

By Yuki Sako

## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

### Disclosure and Organizational Resources Requirements for Publicly Offered ESG Investment Trusts

The Comprehensive Guidelines for Supervision of Financial Instruments Business Operators (Supervisory Guidelines) issued by the FSA require asset managers to make certain disclosures and implement certain organizational or operational and due diligence measures (ESG Guidelines) regarding publicly offered ESG-focused investment trusts. The ESG Guidelines, which became effective 31 March 2023, include:

- **Definition of ESG Funds:** ESG Guidelines focus on “ESG Funds,” which are defined as publicly offered investment trusts that (a) consider ESG as “a key factor” in the selection of investment assets, and (b) disclose that ESG is such a key factor in their respective prospectuses (Japan ESG Funds). Asset managers must determine whether their funds are “ESG Funds” (referred to as Japan ESG Funds in this publication).
- **Required Disclosure Regarding Investment Strategies:** Japan ESG Fund managers are required to provide ESG-related disclosures in the fund's prospectuses, including (a) detailed information about key ESG factors considered in selecting investment assets; (b) a description of how key ESG factors are considered in the investment process; (c) the risks and limitations of such consideration; (d) for Japan ESG Funds that seek to achieve a certain impact, detailed information about the impact and how it is measured; (e) any fund-specific policy or the manager's companywide stewardship policy; and (f) if additional disclosure is provided on a website, references to such website.
- **Required Disclosure Regarding Portfolio Construction:** Japan ESG Fund managers are required to disclose in the fund's prospectus, with respect to any Japan ESG Fund, any designated target or standard ratios or indicators, whether on the basis of an amount of investments selected by key ESG factors or on the entire portfolio basis. If no target or standard ratios are designated, there should be an explanation as to why that is the case.
- **Required Disclosure Regarding Reference Index:** If a Japan ESG Fund seeks to track a specific ESG index, the Japan ESG Fund manager is required to disclose how ESG factors are considered by such ESG index and the manager's reasons for selecting such ESG index.
- **Required Periodic Disclosure:** Japan ESG Fund managers are required to provide, as applicable, the following periodic disclosures in the fund's investment reports or periodic disclosure documents: (a) if target or standard ratios of investments selected by key ESG factors are designated, actual investment ratios calculated using the amount of investments (market value) selected by such ESG factors against the total net assets; (b) if target or standard ESG valuation indicators used for selecting investments are designated for entire ESG portfolios, the status of achievement; (c) any ESG impact achieved; (d) actions taken in accordance with any related stewardship policy; and (e) if further information regarding these items is provided on a website or elsewhere, references to such website or places.
- **Required Due Diligence for Investment Management Outsourcing:** When management of a Japan ESG Fund is outsourced to another

manager, appropriate due diligence must be conducted with regard to such other manager, including its investment management practices and whether such manager provides all types of required disclosure and reporting listed previously or an explanation as to why it does not provide such disclosure or reporting.

- **Organizational Resources:** Japan ESG Fund managers must have adequate resources to both (a) provide investment management services in accordance with the funds' stated investment strategies, and (b) monitor such services, including by maintaining ESG-related data or information technology infrastructure or securing appropriate personnel. If management of a Japan ESG Fund is outsourced to another manager (i.e., a subadviser or submanager), the primary asset manager must have the internal resources necessary to conduct due diligence and ensure that the submanager's disclosures and reporting are accurate.
- **Due Diligence for ESG Rating and Data Providers:** Japan ESG Fund managers must conduct appropriate due diligence when using ESG ratings or data in their investment process.

The ESG Guidelines also apply to non-ESG publicly offered investment trusts (Non-Japan ESG Funds). Specifically, Non-Japan ESG Funds may not use ESG-related terms (e.g., ESG, sustainable development goals, green, decarbonization, impact, sustainable) in their names, and when ESG is only one factor to be considered along with other factors and has no greater significance, such Non-Japan ESG Funds' prospectuses and marketing materials should not include statements that would mislead customers to think that ESG is a key factor in selecting investment assets.

## Code of Conduct for ESG Rating and Data Providers

In December 2022, the FSA issued the final “Code of Conduct for ESG Evaluation and Data Providers” (Code of Conduct). The Code of Conduct consists of six principles and guidelines for ESG rating and data providers to (a) ensure quality of ESG ratings and data; (b) provide more transparency and fairness; (c) address conflicts of interest issues; (d) ensure the retention of appropriate personnel, including providing appropriate training; (e) mitigate conflicts of interest and ensure independence, objectiveness, and neutrality; (f) provide for proper handling of nonpublic information; and (g) facilitate better communications with operating companies that receive ESG ratings and other entities. Although the Code of Conduct is not a formal regulation, the FSA calls for ESG rating and data providers to formally endorse the Code of Conduct. Accordingly, such entities are subjected to a “comply or explain” regime; providers must comply with or provide an explanation as to why they are departing from, the Code of Conduct.

More directly relevant to asset managers, the Code of Conduct includes “recommendations to investors,” which are attached to the Code of Conduct as references but are not formally part of the Code of Conduct. For this purpose, the term “investors” includes entities and persons that invest proprietary or client funds, such as asset managers. The recommendations call for investors to:

- Carefully examine and understand the purpose, methodologies, and limitations of ESG evaluation and data they utilize for their investment decisions.
- To the extent there are issues in evaluation results, engage in dialogue with the applicable ESG evaluation and data providers or companies.
- Publicly clarify the basic approach of how they utilize ESG evaluation and data in their investment decisions.

While the FSA has stressed that the recommendations are voluntary and do not impose formal obligations, it also affirmed that each asset manager should consider implementing these principles as appropriate in consideration of the nature of its business, confidentiality, and fiduciary obligations. Asset managers using ESG ratings and data should be mindful that the FSA views these measures as an important part of proper ESG rating and data usage.

### **WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?**

No formal labels or categories have been established or proposed.

### **WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?**

Other than the disclosure and reporting requirements under the ESG Guidelines discussed above, there are no ESG-specific disclosure or reporting requirements applicable to funds or asset managers. Note, however, that Japan requires publicly listed companies to provide certain ESG-related disclosures under the corporate disclosure regime.

### **ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?**

No. However, the FSA convenes several groups of academic and industry experts to discuss various ESG-related issues in the financial sector. Upon public consultation on 29 March 2024, the FSA adopted the “Basic Guidelines on Impact Investment

(Impact Finance),” setting forth certain concepts and factors to be considered in pursuing “impact investments” (Impact Investment Guidelines). The Impact Investment Guidelines highlight four specific elements of impact investments: (a) intention; (b) contribution; (c) identification, measurement, and management; and (d) accelerating market transformations. They also provide guidance regarding these concepts. For example, with respect to intention, they describe how intended social and environmental impacts can be or should be clarified. The stated purposes of the Impact Investment Guidelines include setting forth shared understandings and expectations for concepts relating to impact investments among asset managers, investors, and other stakeholders, and encouraging further discussions among them. While the Impact Investment Guidelines do not create any legal or regulatory obligations per se, asset managers may want to consider these elements when providing services to Japanese investors in the area of impact investments.

Separately, the Ministry of the Environment has issued the Green Bonds Guideline to provide a guideline regarding assessment of “green projects” and examples of projects that may be considered as green projects in connection with green bonds and loans. While the guideline is not a regulation per se, it does have weight in clarifying the government’s view and expectation on this issue.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

The FSA has stated that the ESG Guidelines generally do not apply to foreign domiciled investment funds that are managed outside of Japan. While the Supervisory Guidelines primarily apply to asset managers registered in Japan or certain managers

that are relying on exemptions that are subject to the FSA's supervision, non-Japanese managers whose asset management services to Japan ESG Funds were delegated to them by Japanese managers may be indirectly impacted as a result of that outsourcing. Accordingly, such non-Japanese submanagers may ultimately be required to satisfy some of the aforementioned disclosure and reporting requirements.

### **ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?**

As discussed previously, the Code of Conduct for ESG rating and data providers includes recommendations (i.e., not formal rules) for investors, including fund managers. As noted, these include recommendations that certain disclosures be provided and actions be taken by investors with respect to their use of ESG ratings and data.

In August 2024, the Japanese government adopted “Asset Owner Principles,” which set forth five principles that should be considered by asset owners in fulfilling their fiduciary responsibilities. These principles include consideration relating to stewardship activities, including engaging in sustainable investments or requiring their managers to consider sustainability in investing in their assets. These principles are not regulations per se. Nevertheless, a number of Japanese institutional investors—including corporate and public pensions, insurance companies, and universities—announced that they adopted these principles.

### **ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?**

Since December 2020, the Expert Panel on Sustainable Finance established by the FSA has discussed various issues, including sustainable investments and disclosure. Members of the panel

include asset management, broker and banking industry associations, and other business associations and stakeholders. Most recently, the panel issued its fourth report summarizing the current state of play in various aspects, including disclosure, accessibility to sustainable investment opportunities, and various initiatives relating to sustainable finance. While the most recent report did not include specific noteworthy regulatory proposals, we will continue to monitor policy priorities discussed at the panel.

### **WHAT IS ON THE HORIZON?**

We expect that, in light of the current global trends, the FSA may not be as active as it had been in reviewing various ESG-related policy and regulatory issues, as well as setting forth guidelines for ESG-related products. Rather, one of the recent policy focuses appears to be on the governance factor to promote dialogue and engagement between investors and companies.

On 26 June 2025, following several meetings at an expert panel called by the FSA, amendments to the Stewardship Code were finalized. The Stewardship Code was first adopted in 2014 to promote stewardship responsibilities of institutional asset owners to promote sustainable growth through constructive engagement in consideration of sustainability (more specifically, medium- to long-term sustainability including ESG factors). The finalized Stewardship Code requires an asset owner who has adopted the Stewardship Code to, if requested by a company, both (a) disclose its shareholdings to the requesting company, and (b) publicly disclose its policy on how they respond to such requests by a company. The purpose of this requirement is to promote constructive dialogue between the asset owner and companies.

Separately, as a related matter, the Japanese government is currently considering updating the Companies Act to give companies an inquiry right through which a company may find an ultimate

beneficiary of its shares who has the right to decide on shareholder voting rights. Such inquiry right and related shareholder transparency is considered as a means to promoting dialogue and engagement between companies and asset owners.

# SINGAPORE

*By Edward M. Bennett and Anu L. Jose, K&L Gates Straits Law LLC*

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## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

Given the growing international investor interest in ESG-related investment products, in late July 2022, MAS released MAS Circular No. CFC 02/2022 (Circular), setting out ESG disclosure and reporting guidelines to mitigate the risk of greenwashing with respect to a retail ESG fund (called a “scheme” in the Circular).

MAS also used the Circular, which took effect 1 January 2023, to explain how the requirements under the existing CIS Code and Securities and Futures (Offers of Investment) (Collective Investment Schemes) Regulations 2005 (SF(CIS)R) should apply to retail ESG funds.

The Circular pertains to retail “ESG funds” and the related CMS licensees and approved trustees under Section 289 of the SFA who sponsor and operate such ESG funds.

The Circular defines an “ESG fund” as an authorised or recognised scheme (i.e., fund) that: (a) uses or includes ESG factors as its key investment focus and strategy (i.e., ESG factors significantly influence the scheme's selection of investment assets), and (b) represents itself as an ESG-focused scheme. ESG funds may incorporate sustainable investing strategies

with significant ESG influences, such as impact investing and ESG inclusionary investing. This could include broad strategies, such as the application of best-in-class positive screening and ESG tilts, and thematic strategies, such as strategies with a specific focus on ESG outcomes, such as low-carbon transition. Notably, a scheme would not be regarded as having an ESG investment focus if it only uses negative screening or merely incorporates or integrates ESG considerations into its investment process to seek financial returns.

In assessing the compliance of a fund with the Circular, MAS will consider its compliance with the relevant ESG rules in its home jurisdiction, if any. For example, a UCITS scheme that is an ESG fund would be considered to have complied with the Circular's disclosure requirements if it complies with Article 8 or 9 of the European Union's SFDR. However, compliance with the naming requirements under Section B of the Circular (as discussed in more detail below) is still required for any such UCITS fund.

On 4 December 2024, MAS published the Information Paper, which sets out good disclosure practices that ESG funds may adopt in their adherence to the ESG disclosure guidelines set out in the Circular.

Notably, the Information Paper calls for ESG fund managers to clearly define, within the context of an ESG fund, vague or subjective terms such as “favourable/improving ESG characteristics,” “sustainable leaders,” or “strong sustainability profile.” This is because such terms, on their own, do not give investors adequate insight into the types of ESG investments or strategies that an ESG fund may seek to employ. The overall intention is for greater alignment of expectations and to empower investors to make informed investment decisions.

The Information Paper also recommends that ESG fund managers provide clear descriptions of ESG metrics used by their ESG funds and the extent to which they are to be used. The aim is to improve

manager accountability and minimise potential greenwashing by providing clear yardsticks by which investors can assess whether an ESG fund has met its claims. Key areas that MAS considers ESG fund managers should disclose as a matter of good practice include: (a) sources of ESG criteria or metrics; (b) calculation methodologies and description of underlying data used; (c) the minimum ESG rating or score that investments must meet; and (d) the basis for sustainability targets set (if any).

## WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

Chapter 4.1 of the CIS Code provides that scheme names must be “appropriate, and not undesirable or misleading.” Therefore, should an ESG fund wish to use an ESG-related name, an ESG focus should be reflected in its investment portfolio or strategy in a substantial manner.

To assess whether a scheme is ESG focused, MAS will consider factors such as whether the scheme's capital is primarily invested in an ESG strategy (i.e., generally, at least two-thirds of the scheme's net asset value must be invested in accordance with an ESG-related investment strategy).

MAS also expects fund managers to explain in each scheme's offering documents how its investments are substantially ESG focused on cases where it is neither possible nor practicable to determine, at the individual asset level, the proportion of a scheme's net asset value that is invested in accordance with ESG investing strategies.

On 3 December 2023, MAS launched the Singapore-Asia Taxonomy for Sustainable Finance (the Taxonomy). The Taxonomy sets out detailed thresholds and criteria for defining green and transition activities that contribute to climate change mitigation across eight focus sectors: energy,

industrial, carbon capture and sequestration, agriculture and forestry, construction and real estate, waste and circular economy, information and communications technology, and transportation.

This initiative is designed to mitigate the risk of greenwashing and ensure that financed activities are on a credible path to net-zero emissions.

Transition activities are defined through two approaches:

- A “traffic light” system that defines green, transition, and ineligible activities across the eight focus sectors. In this context, “transition” refers to activities that do not meet the green thresholds now but are on a pathway to net-zero—or contributing to net-zero outcomes.
- A “measures-based approach” that seeks to encourage capital investments into decarbonisation measures or processes that will help reduce the emissions intensity of activities and enable the activities to meet the green criteria over time.

MAS plans to collaborate with industry stakeholders and government agencies to explore the Taxonomy's use in developing taxonomy-aligned financial instruments, accelerating the flow of capital into green and transition activities, and encouraging companies to disclose transition plans and use the Taxonomy to support these disclosures.

## WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

### Prospectus Disclosure Requirements and Guidelines

The third schedule of the SF(CIS)R sets out the requirements for information to be disclosed in a scheme's prospectus. In addition, the Circular requires

that the prospectus of an ESG fund lodged (i.e., filed) with MAS clearly defines ESG-related terms and discloses information relating to the fund's investment focus, investment strategy, reference benchmark, and the risks associated with investing in the scheme. The Circular sets out some practical examples of the disclosure requirements:

- *Investment Focus*: The ESG focus of the scheme and the relevant ESG criteria, methodologies, or metrics used to measure whether the ESG focus is achieved.
- *Investment Strategy*: An explanation of how the sustainable investing strategy is used to achieve the scheme's ESG focus, the binding elements of the strategy in the investment process, and how the strategy is applied in the investment process on a continuous basis; the relevant ESG criteria, metrics, or principles considered in the investment selection process; and the minimum allocation into assets used to achieve the scheme's ESG focus.
- *Reference Benchmark*: Where the scheme references a benchmark or index to measure whether an ESG focus is achieved, an explanation of how the benchmark or index is consistent with or relevant to its investment focus; and where the scheme references a benchmark or index for financial performance measurement only, a statement to this effect.
- *Risk Factors*: Risks associated with the scheme's ESG focus and investment strategy, such as concentration in investments with a certain ESG focus and limitations of methodology and data.

### Annual Report Disclosure Requirements and Guidelines

Annual reports of ESG funds must include the following information:

- Details of how, and the extent to which, the scheme's ESG focus was fulfilled during the financial period, including a comparison with the previous period (if any).
- The actual proportion of the scheme's investments that meet its ESG focus (if applicable).
- Actions taken to achieve the scheme's ESG focus (e.g., through engaging with stakeholders).

### Additional Information Disclosures

Fund managers should disclose, by appropriate means, additional information regarding an ESG fund, such as:

- How the ESG focus is measured and monitored, as well as the related internal or external control mechanisms that are in place to monitor compliance with the scheme's ESG focus on a continuous basis (including methodologies used to measure the attainment of the scheme's ESG focus, if any).
- Sources and usage of ESG data or any assumptions made where data is lacking.
- Due diligence carried out in respect of the ESG-related features of the scheme's investments.
- Any stakeholder engagement policies (including proxy voting) that can help influence corporate behaviour of investee companies and contribute to the attainment of the scheme's ESG focus.

### Climate Reporting

From FY 2025, certain categories of listed companies in Singapore will be required to make ISSB-aligned climate-related disclosures of GHG emissions if any of the three following categories of GHG emissions are applicable:

- Scope 1 GHG emissions: Direct emissions from owned or controlled resources of the entity.

- Scope 2 GHG emissions: Indirect emissions from the generation of purchased energy by the entity.
- Scope 3 GHG emissions: Any indirect emissions that occur in the value chain of the entity, including upstream and downstream emissions.

There is a three-tiered structure to the climate reporting obligations based on market capitalization for SGX listed companies:

- STI constituents (i.e., the top 30 companies listed on SGX based on market capitalization).
- Non-STI constituent listed companies with a market capitalization of S\$1 billion and above.
- Non-STI constituent listed companies with a market capitalization of less than S\$1 billion.

All entities listed on the SGX will have to report on Scope 1 and Scope 2 GHG emissions from FY 2025. From FY 2026, only STI constituents will be required to report on the much broader Scope 3 GHG emissions where applicable. For non-STI constituent listed companies, Scope 3 GHG emissions reporting will be voluntary until further notice. Other ISSB-based climate-related disclosures cover details on how companies address climate risks and opportunities through their governance, strategic planning, and risk management processes, as well as the key metrics and targets used to track progress. These other ISSB-based climate-related disclosures—beyond Scope 1, 2, and 3 GHG emissions—will remain mandatory for STI constituent listed companies starting from FY 2025. For non-STI listed companies with a market capitalization of S\$1 billion or more, the requirement will apply from FY 2028, while those with a market capitalization below S\$1 billion will need to comply from FY 2030. External limited assurance for Scope 1 and Scope 2 GHG emissions is deferred to FY 2029 for all listed companies.

From FY 2030, large nonlisted companies with at least S\$1 billion in revenue and total assets of at least S\$500 million will also be required to report on Scope

1 and Scope 2 GHG emissions. The reporting requirements for these companies in relation to Scope 3 GHG emissions will be on a voluntary basis until further notice. In addition, the requirement to obtain external limited assurance for Scope 1 and Scope 2 GHG emissions has been deferred from FY 2029 to FY 2032 for these companies.

The reporting requirements will apply to listed business trusts, investment funds (excluding ETFs), and real estate investment trusts. It remains to be seen if this climate-related disclosure requirement will extend to private investment funds in the future.

In view of the increasing demand for companies to publish climate-related disclosures, Singapore's Economic Development Board and EnterpriseSG has launched a Sustainability Reporting Grant. This grant provides funding support for large companies with annual revenue of at least S\$100 million to cover a portion of their costs in producing their first sustainability report in Singapore. The grant defrays up to 30% of qualifying costs, capped at the lower of S\$150,000 per company or 30% of the qualifying costs in the preparation of their first sustainability report.

While sustainability reporting is currently not mandatory for SMEs, it is fast becoming a critical capability given the increasing requirement by large corporations to assess their suppliers' sustainability performance. To enable SMEs to report on sustainability, EnterpriseSG has partnered with appointed sustainability service providers to launch a program to help SMEs develop their first sustainability reports. The program will be available for three years (from 1 November 2024 to 31 October 2027). EnterpriseSG will defray 70% of eligible costs for SMEs participating in the first year of the program and 50% of costs for the following two years.

## **ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?**

No, requirements are currently limited to the enhanced disclosure and reporting obligations described above.

## **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

As noted above, MAS will consider an offshore fund's compliance with its local regulations, to the extent adequately demonstrated by the fund sponsor. MAS will also consider the compliance of a foreign “recognised” scheme with the relevant ESG rules in its home jurisdiction when assessing compliance with the Singapore requirements.

## **ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?**

There are currently no prescribed ESG-related rules or voluntary codes for investors.

## **ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?**

With the release of the final report of the International Organization of Securities Commissions on “ESG Ratings and Data Products Providers” identifying key areas of concern and providing recommendations for good practices around governance, management of conflicts of interest, and transparency for ESG rating and data product providers, MAS, like other regulators, is developing an approach to regulate this nascent and rapidly changing industry.

Following public consultation from June to August 2023, in December 2023, MAS published a CoC and an accompanying compliance checklist for providers (Checklist). The CoC covers best practices on governance, management of conflicts of interest, and transparency of methodologies and data sources, including disclosure on how forward-looking elements are taken into account in data products. This disclosure is intended to allow users to better consider transition risks and opportunities when determining capital allocation. MAS is encouraging providers to disclose their adoption of the CoC and publish their completed Checklist within 12 months from publication of the CoC. In addition, providers must apply the CoC on a “comply or explain” basis. MAS has also encouraged market participants that use ESG ratings and data products to engage with providers that adopt the CoC.

For the long-term regulation of ESG rating providers, MAS proposed to apply the CMS licensing regime under the SFA to ESG rating providers. The proposed regulatory regime for the provision of ESG rating services will likely emulate the regulatory regime for the provision of credit rating services. As CMS licensees, the ESG rating providers will have to comply with the corresponding regulations, guidelines, and notices under the SFA, including a code of conduct that could be modelled on the CoC. MAS will have supervisory and enforcement powers over ESG rating service providers.

On 5 March 2026, MAS introduced the Transition Planning Guidelines on Environmental Risk Management for asset managers. These guidelines aim to support asset managers in assessing and managing climate-related risks arising from their business strategies across different time horizons, insofar as these risks affect the portfolios they manage, and to ensure that their business strategies adequately consider climate-related risks.

The guidelines will take effect September 2027, after an 18-month transition period. Under the guidelines,

MAS expects asset managers to implement structured, risk-proportionate processes that address climate-related risks across their operations and portfolio, including the following:

- Integrating climate-related risks into governance structures and strategic decision making, as well as ensuring senior management oversight of transition planning.
- Assessing how physical and transition risks may impact portfolio exposures and traditional risk factors (such as market and credit risks), as well as incorporating these considerations into investment and portfolio risk management processes.
- Engaging investors on material climate-related risks and their management of such risks, with the objective of supporting an orderly transition rather than indiscriminate divestment.
- Establishing robust internal processes to manage risks arising from climate-related targets set by asset managers, as well as managing potential legal and reputational risks if targets are not met.
- Taking a pragmatic approach to data collection, recognising current limitations, and improving data quality and risk assessment capabilities over time.

## WHAT IS ON THE HORIZON?

The Singapore Green Plan 2030 (Green Plan) was unveiled in February 2021 to advance Singapore's sustainable development agenda and charts Singapore's green targets over the next decade. The Green Plan includes targets for Singapore to become a leading centre for green finance in Asia and globally. Various requirements were identified for green finance to work effectively, such as implementing a consistent set of global disclosure and reporting standards; improving the quality, availability, and comparability of data; and developing taxonomies for green and transition activities.

MAS also launched Project Greenprint in December 2020, which aims to harness technology to support green finance in conjunction with the financial industry—establishing data platforms to mobilise capital for green projects, facilitating the acquisition and certification of climate-relevant data, and monitoring the financial industry's commitments to emissions reductions. In November 2023, MAS launched Gprnt (pronounced “Greenprint”). Gprnt is the culmination of Project Greenprint and offers an enhanced digital reporting solution for businesses to seamlessly report their ESG information by enabling them to automatically convert their economic data into sustainability-related information. It seeks to achieve this by integrating with a range of digital systems used in day-to-day business operations, including systems for utilities consumption; bookkeeping and payroll solutions; building and waste management; payments gateways; and networks for artificial intelligence of things, sensors, and devices. Through these integrations, it is intended that Gprnt will enable companies to easily share their operational data with end users such as financial institutions and regulators, which will then be used to compute key sustainability metrics. Gprnt will initially focus on addressing the baseline reporting needs of SMEs, and will progressively scale its capabilities and network of data sources in the future, to serve the more advanced needs of larger multinational corporations, financial institutions, supply chain players, and national authorities.

# AUSTRALIA



# AUSTRALIA

By Jim Bulling, Michelle Huo, and Lisa Lautier

## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

Funds and asset managers are prohibited from making statements that are false or misleading, and from engaging in dishonest, misleading, or deceptive conduct when offering or promoting sustainability-related products. These prohibitions are set out under the Corporations Act 2001 (Cth) (Corporations Act) and the ASIC Act.

In addition, funds and asset managers must comply with certain disclosure obligations and guidelines when preparing a product disclosure statement for sustainability-related products that are offered to retail investors. These obligations are set out under the Corporations Act, which requires disclosure of the extent to which labour standards or environmental, social, or ethical considerations are taken into account in selecting, retaining, or realising an investment.

To assist funds and asset managers in complying with their obligations, ASIC issued [Information Sheet 271](#). The information sheet defines “greenwashing” and sets out nine questions to consider when offering or promoting sustainability-related products. There is an expectation that funds and asset managers will consider this information sheet when offering or promoting sustainability-related products. In addition, ASIC Regulatory Guide 168 provides guidelines that must be complied with when Product Disclosure Statements for investment products make any claim that labour standards or environmental, social, or ethical considerations are taken into account in investment decisions. ASIC continues to increase enforcement action in relation to these obligations.

On 1 January 2025, obligations began to roll out in relation to mandatory climate-related financial disclosures. The reporting requirements will apply to certain large Australian businesses and financial institutions. It will require certain funds and asset managers to prepare a “sustainability report” in addition to annual financial statements.

## WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

On 18 July 2025, Treasury released a consultation paper on the design of Australia's Sustainable Investment Product Label regime. Treasury's objective for creating this regime is to increase investor confidence in sustainability claims made by product issuers and to enable investors to make comparisons between different products that have sustainability claims.

Treasury is consulting on three areas of design options for the regime. The first area is considering how to define investment approaches as “sustainable.” This involves either explicitly defining sustainable investment approaches in legislation by using standardised terminology or leaving the range of permitted investment approaches undefined.

The second area is determining the circumstances under which a product issuer would be required to use a product label. The two possible options involve either mandating labelling upon all financial products or limiting the requirement to products that are named or marketed with terms such as “sustainable” or “ethical.”

The third area under consideration is what level of evidence is required to substantiate the usage of a product label. This could involve adopting a prescriptive approach that sets out specific types of eligible assets, activities, or thresholds. In the alternative, a principle-based approach could be

adopted and supported by a requirement that claims are certified by reputable third parties.

Consultation on the product labelling regime closed on 28 August 2025, with commencement anticipated in 2027.

In the meantime, industry guidance has been prepared by the FSC, a local industry body. This guidance is set out in:

- [FSC Guidance Note No. 44 Climate Risk Disclosure in Investment Management](#) (Guidance Note 44) dated 3 August 2022.
- FSC Information Sheet: Labelling Responsible Investment Products dated 24 February 2024.

FSC Guidance Note 44 addresses the use of product labels such as “climate friendly,” “net-zero,” “impact,” and “best of sector,” and it offers asset managers recommendations as to how they can approach disclosure to ensure it aligns with such labels.

The FSC Information Sheet released in 2024 outlines overarching principles in relation to the use of responsible or suitability-related terms in investment product labelling. It also provides guidance on commonly used labels, such as “ESG,” “Responsible,” “Sustainable,” “Sustainable Development Goals,” “Earth/Nature,” “Impact,” “Ethical,” “Stewardship,” “Active Ownership,” “Low carbon,” and “Net zero,” and labels with religious meanings. The information sheet sets out an expectation of what that label represents and provides good practice examples of funds that use those labels.

FSC guidance is, strictly speaking, only relevant for FSC members, but it is influential in establishing industry standards and expectations.

In addition to industry guidance, funds and asset managers should continue to be aware of ASIC's expectations. In August 2024, ASIC released [ASIC Report 791](#) on its regulatory interventions between 1 April 2023 and 30 June 2024. In this report, there are

several interventions identified from ASIC's surveillance activities relating to instances where underlying investments were inconsistent with disclosed ESG investment screens and policies. Failure to act in accordance with ASIC's expectations has attracted enforcement actions, such as corrective disclosure outcomes and infringement notices.

On 31 March 2025, ASIC finalised RG 280, which details labelling requirements related to sustainability reporting. This includes that the terms “sustainability reports,” “climate statements,” “voluntary sustainability statements,” and “voluntary climate statements” have precise meanings under the sustainability reporting regime. As such, these terms must be appropriately distinguished from other reports that may have been historically labelled as “sustainability reports.”

Additionally, RG 280 provides that fund and asset managers should exercise caution in relation to the selective use or reproduction of information contained within sustainability reports. ASIC has warned that reporting entities that selectively reproduce or use information from a sustainability report:

- Increase the risk of compromising the objective of the sustainability reporting regime.
- Increase the risk that these disclosures may be misleading.

Examples of where selective reproduction could be misleading include where:

- A climate-related target is used in the headline of an investor presentation without referencing the inputs, assumptions, and contingencies as are disclosed in the sustainability report.
- Information from a sustainability report is summarised in corporate documents in a manner that distorts the balance, tenor, or prominence of information disclosed in the sustainability report.

## WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

Australia's disclosure requirements for funds and asset managers are set out in legislation, ASIC regulatory guidance, and industry guidance.

Australia's reporting requirements with respect to climate-related financial disclosures, on the other hand, are being progressively phased in over the next three to four years, having commenced as of 1 January 2025.

Under the Corporations Act, entities will be required to report climate-related information under a “sustainability report” to be lodged with ASIC each financial year. The proposed regime builds on the existing financial reporting framework for entities that lodge financial reports under the Corporations Act.

Climate-related information that is reported will need to comply with [Australian SRS](#) issued by the AASB, which were finalized on 20 September 2024. The standards comprise:

- *AASB S1*: General requirements for Disclosure of Sustainability-related Financial information; and
- *AASB S2*: Climate-related Disclosures.

AASB S1 is a voluntary standard while AASB S2 is a mandatory standard. These standards largely align with the ISSB standards with some modifications.

Under the legislation, reporting obligations will be phased in over the next three to four years. Funds and asset managers will fall within one of three groups if they meet two of the three asset, revenue, and employee size thresholds:

- *Group 1*: 1 January 2025: Entities that have consolidated revenue of at least AU\$500 million, consolidated assets of AU\$1 billion, and 500 or more employees.

- *Group 2*: 1 July 2026: Entities that have a consolidated revenue of at least AU\$200 million, consolidated assets of AU\$500 million, and 250 or more employees. Importantly, Group 2 Entities also include fund managers at the registered entity level and superannuation funds if the value of assets at the end of the financial year of the entity and the entities it controls is AU\$5 billion.
- *Group 3*: 1 July 2027: Entities that have at least AU\$50 million of consolidated revenue, AU\$25 million of consolidated gross assets, and 100 or more employees.

Details required to be incorporated in the “sustainability reports” include:

- Material climate risks and opportunities (noting certain smaller entities that do not face material climate risks and opportunities may state as such).
- Any metrics and targets of the entity for the financial year related to climate that are required to be disclosed pursuant to the Draft Reporting Standards, including metrics and targets relating to Scope 1, 2, and 3 GHG emissions, with reporting of Scope 3 emissions to follow after a 12-month grace period.<sup>2</sup>

The AUASB has now issued the Australian Standard on Sustainability Assurance 5010 Timeline for Audits and Reviews of Information in Sustainability Reports (the Standard) under the Corporations Act 2001 which outlines the proposed assurance phasing model. The details of the Standard are not yet available but are expected to specify how assurance requirements will be phased in, with reasonable assurance required of all climate-related disclosures made from years commencing on 1 July 2030 onward.

In addition, the legislation contains some limited immunities which provide that, with respect to Scope 3 emissions and scenario analysis, no legal action can be made against a person in relation to statements

made in sustainability reports lodged during the transitional period. However, this limited immunity does not apply to criminal proceedings or where ASIC brings a civil claim and, with respect to that claim, there is a fault element or ASIC seeks an injunction or declaration as remedy.

Where entities make incorrect statements in their sustainability disclosure reports during this transitional period, ASIC may direct the entity to confirm, explain, and rectify such errors. Where ASIC gives a direction, it must hold a hearing with the entity and provide reasonable opportunity for the entity to make submissions.

RG 280 incorporated feedback on:

- ASIC's proposals to issue a regulatory guide for entities required to prepare a sustainability report under Ch 2M of the Corporations Act.
- ASIC's proposals to facilitate sustainability reporting relief for stapled entities.
- Broader questions, issues, or uncertainties that may inform our approach to any future guidance.

RG 280 explains how ASIC will exercise specific powers under legislation, how ASIC interprets the law and the principles underlying ASIC's approach, as well as provides practical guidance to entities about complying with their sustainability reporting obligations. Specifically, the regulatory guidance deals with matters including how the sustainability report should be prepared, content required in the sustainability report, and how sustainability-related financial disclosures outside of the sustainability report should be handled. RG 280 outlines ASIC's approach to the administration of sustainability reporting requirements, including for relief from reporting requirements. Fund and asset managers should consider the regulatory guidance as a useful resource in respect of sustainability reporting.

ASIC has encouraged reporting entities that are thinking of applying for relief from sustainability reporting to do so as early as possible.

On 16 September 2025, ASIC also published responses to some frequently asked questions about the review and auditing requirements for the preparation of sustainability reports under the Corporations Act.

Importantly, ASIC has stated that:

- An entity required to prepare a sustainability report must have it reviewed or audited and obtain an auditor's report on the sustainability report.
- The review or audit of the sustainability report must follow the auditing standards under the Corporations Act and be conducted by an individual auditor, audit company, or audit firm.

Additionally, ASIC also details what the audit report must include and what opinion the auditor must form.

ASIC has noted that it will take a “pragmatic and proportionate approach” to the supervision and enforcement of the review and audit requirements, being more likely to take action if they see serious or reckless misconduct.

On 31 October 2025, the ASX released Compliance Update no. 12/25, announcing the release of a consultation paper on proposed amendments to ASX Listing Rule 17.5 following recent changes to the Corporations Act 2001 (Cth). Legislation now requires mandatory annual sustainability reporting for certain listed entities, potentially expanding the scope of ASX Listing Rule 17.5 to include suspension of the listed entity's securities for late lodgement of sustainability reports.

The ASX seeks to maintain the current approach, whereby mandatory suspension under ASX Listing Rule 17.5 will only apply if an entity fails to lodge its annual directors' report, statutory financial report, or auditor's report by the due date. Late submission of

sustainability reports would not trigger automatic suspension, preserving market stability while ensuring compliance with new statutory requirements. As such, a listed entity's failure to lodge a sustainability report on time will not automatically suspend trading in that entity's securities.

## ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?

The third priority in the Australian government's Sustainable Finance Roadmap involves supporting credible net-zero transition planning.

On 15 August 2025, Treasury released its consultation paper on climate-related transition planning guidance. The objective of this guidance is to support organizations in planning for climate risks and opportunities which will help inform the decision-making of investors, lenders, and other stakeholders.

Although it is not mandatory for organizations to prepare and publish transition plans under Australia's climate-related financial disclosures regime, AASB S2 requires organizations to disclose certain information to allow users of general purpose financial reports to understand how climate-related risks and opportunities affect the strategy and decision-making of the organization. This includes disclosing any climate-related transition plan the organization has, the key assumptions used to develop the transition plan, and any dependencies the transition plan relies upon.

The consultation paper makes it clear that the Treasury's transition planning guidance does not intend to be advice as to what information an organization needs to disclose under the climate-related financial disclosure regime. Rather, the guidance seeks to support best practice transition planning.

Treasury's proposed guidance is directed by the following design principles, such that the guidance will:

- Be internationally aligned, with the Treasury endorsing the latest International Financial Reporting Standards Foundation's Transition Planning Taskforce Disclosure Framework.
- Support domestic decarbonisation and adaptation to help organizations contribute to the 2050 net-zero emissions target.
- Balance ambition and flexibility.
- Be focused on climate transition plans while also recognising other sustainability objectives of organizations.

Consultation closed on 24 September 2025.

The APRA—which regulates Australian banks, insurers, and superannuation funds—has outlined its expectations for such entities with respect to their consideration of ESG factors in their investment risk management framework and investment strategy in the Prudential Practice Guide, [SPG 530 Investment Governance](#). This supports APRA's revised Prudential Standard, [SPS 530 Investment Governance](#), which commenced on 1 January 2023. Fund and asset managers are expected to consider ESG factors when forming, implementing, and monitoring their investment risk management framework and investment strategy. This report makes specific reference to the importance of stress testing and due diligence, with APRA expecting entities to consider scenarios that address climate risk, including both physical and transition risks. Once again, these are merely guiding principles and do not create enforceable requirements.

In November 2024, APRA released its Climate Risk Self-Assessment Information Paper outlining the results of the Self-Assessment Survey. The Self-Assessment Survey was carried out to "provide a better understanding of the alignment of entities'

practices with APRA's guidance on climate risk.” Key insights from the Self-Assessment Survey included the following:

- Entities on average showed slightly lower maturity for climate risk disclosure in 2024.
- More mature governance structures are typically in place at entities where climate risk has been integrated into risk management.
- Entities are starting to consider adjacent risks and practices, such as nature risk and transition plans.

APRA has signalled that it continues to lift its expectations for entities considering climate-related financial risks in their decision making. In 2025, APRA has demonstrated that it intends to do the following:

- Commence consultation on amending Prudential Standard CPS 220 Risk Management (CPS 220) and Prudential Standard SPS 220 Risk Management (SPS 220) to include climate risk.
- Continue its work to understand how APRA can best incorporate climate risk within its broader supervision framework.

Fund and asset managers should be aware that changes to CPS 220 and SPS 220 may result in changes to APRA's approach to the integration of climate risk into risk management frameworks and functions more broadly.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

The disclosure obligations discussed previously and the expectations of ASIC in relation to greenwashing will apply to all investment products offered to Australian investors, including those offered by offshore managers. In addition, Australian

superannuation funds will be seeking climate-related information from their asset managers (both local and offshore) in order to ensure that they can comply with their disclosure obligations.

The new legislation and the AASB Reporting Standards do not specifically consider the proposed application of mandatory climate-related reporting regimes to foreign companies operating in Australia.

In that regard, the proposed mandatory regime applies to entities that meet the required size thresholds for Group 1 and Group 2 Entities, or where they can be properly classified as a 2M Entity. In addition, the regime is proposed to apply to each entity that is a registered corporation—or is required to be—under the National Greenhouse and Energy Reporting Act 2007 (Cth). According to the act, corporations are required to be registered if they:

- Emit more than 50 kilotons of GHG or produce 200 terajoules of energy for a financial year.
- Are a constitutional corporation (meaning a foreign corporation, and trading or financial corporation formed within the limits of the Commonwealth).
- Do not have a holding company incorporated in Australia.

Interestingly, this could include a foreign-incorporated entity that operates directly in Australia without an Australian-incorporated subsidiary.

RG 280 has clarified that foreign companies that are registered under Div 2 of Pt 5B.2 of the Corporations Act are not required to prepare a sustainability report or keep sustainability records.

Entities that have obtained relief from the requirement to prepare an annual financial report under Chapter 2M will also not be required to prepare a sustainability report or keep sustainability records.

## ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?

APRA's Prudential Practice Guide, SPG 530 Investment Governance, has outlined its expectation that RSE Licensees clearly articulate the extent to which ESG considerations inform their investment decision making. APRA expects entities to consider ESG factors at all stages of the investment process, including in formulating the investment strategy and determining an appropriate level of diversification, conducting due diligence, and monitoring investment performance. Therefore, as superannuation funds are "RSE Licensees," this will incidentally impact fund managers whose clients are typically superannuation funds; these considerations will be passed from the superannuation fund through to the manager.

Investors may also be subject to Australia's climate-related reporting regime, as discussed above, if they can be classified as a Group 1 Entity, Group 2 Entity, Group 3 Entity, or 2M Entity.

## ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?

As part of ASIC's continued Sustainable Finance enforcement priority, ASIC continues to focus on greenwashing, most recently issuing a penalty of AU\$10.5 million against Active Super for false and misleading representations in relation to ESG disclosures.

Action taken by ASIC to date includes action in relation to:

- Scope and application of sustainability-related investment screens being overstated or inconsistently applied.
- Vague and insufficiently explained terms when describing investment approach.

- Inaccurate representations of an investment screen in an index methodology.
- Projects or products being described as "carbon neutral," "clean," or "green" with no reasonable basis for these claims.
- Net-zero statements and targets not having a reasonable basis or were factually incorrect.

### Action Arising Out of Insufficient Exclusionary Screening

On [25 September 2024](#), the Federal Court ruled on an ASIC greenwashing action resulting in a record AU\$12.9 million penalty. The Federal Court found the product issuer contravened the ASIC Act by making false or misleading representations about certain ESG exclusionary screens applied to investments in respect of a quoted index fund (the Fund).

The representations were made to the public in a range of communications, including an interview on YouTube, a presentation at a fund manager event, a media release, and statements published on the product issuer's website. Investments held by the fund were based on the Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted Index (Index). The product issuer had claimed the Index excluded only companies with significant business activities in a range of industries, including those involving fossil fuels, but has admitted that a significant proportion of securities in the Index and the Fund were from issuers that were not researched or screened against applicable ESG criteria.

The case highlights the importance of disclosure and the importance of clarifying how any ESG screening is applied across a fund portfolio.

### Action Arising Out of Unequivocal Language

On [5 June 2024](#), in an action brought by ASIC against a superannuation entity with approximately AU\$13.5 billion in superannuation assets, the Federal Court has found that the superannuation entity made

misleading ESG claims by stating that it had no investments posing too great a risk to the environment and the community.

In its marketing material, the superannuation entity used language, such as “No Way” and “eliminate,” which the court found to be unequivocal statements that were not the subject of any potential qualifications. However, in reality, the superannuation entity had direct or indirect exposure (through managed funds or ETFs) to securities with the exposure to gambling, oil tar sands, and coal mining, as well as sanctioned entities.

In this case, the trustee was ordered to pay an AU\$10.5 million penalty and ASIC's costs.

### Action Arising Out of Misleading Characterisation of Investment Products

On [2 August 2024](#), in an action brought by ASIC against a major superannuation trustee, the Federal Court found that the trustee made misleading statements about the sustainable nature and characteristics of some of its investment products.

It was found the trustee had statements on its website marketing certain sustainability-focused investment products as suitable for members who were “deeply committed to sustainability” because they excluded investments in companies involved in carbon-intensive fossil fuels, alcohol products, and gambling. In reality, the investment products in question had direct investee companies which were involved in the stated exclusionary business purposes.

In this case, the trustee was ordered to pay an AU\$11.3 million penalty and ASIC's costs.

## WHAT IS ON THE HORIZON?

The introduction to sustainability reporting is a “once in a generation” change to the reporting obligations of corporate Australia. ASIC will be responsible for administering sustainability reporting requirements in

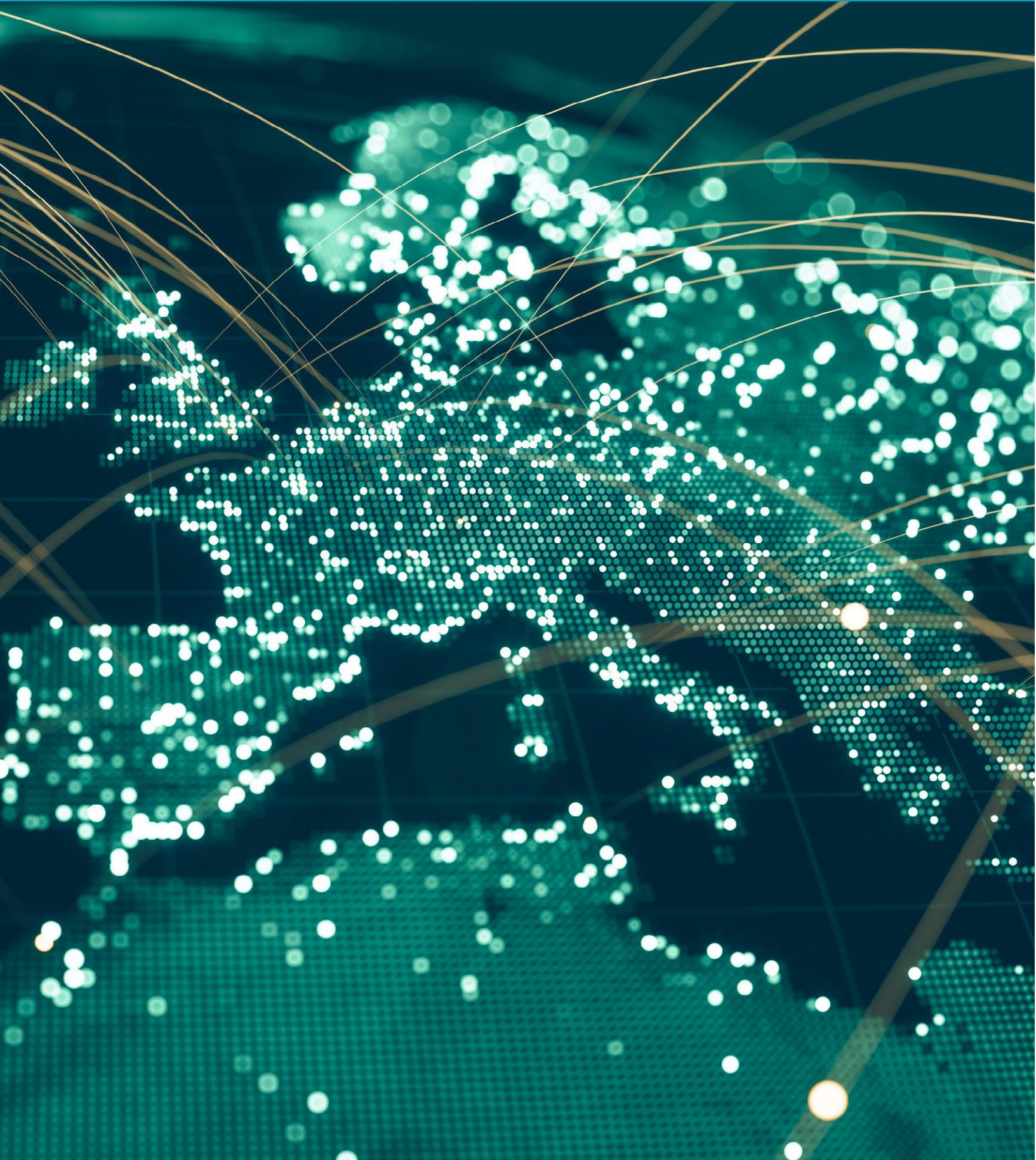
the Corporations Act and will monitor entities' compliance with the new requirements. While modified liability settings apply until the financial year ending 31 December 2028, these only apply to certain statements and do not apply to any voluntary statements made outside of sustainability reports or auditors' reports.

Further guidance on the content of sustainability reports will come with the submission of Group 1 entities reports in the second quarter of 2026.

The ASFI released the Australian sustainable finance taxonomy on 17 June 2025. The taxonomy offers businesses a robust, “Paris-aligned” voluntary framework to confidently invest in net-zero projects.

ASFI will be working with Australia's leading financial institutions to pilot the taxonomy in the making of real-world investment decisions over several months.

# EUROPE



# EUROPEAN UNION

By Gayle Bowen (Ireland), Andrew J. Massey (United Kingdom), Adam M. Paschalidis (Luxembourg), and Dr. Philipp Riedl (Germany)

## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

### Sustainable Finance Disclosure Regulation

The European Union's SFDR<sup>3</sup> and its Delegated Regulation<sup>4</sup> require FMPs (including fund managers and other asset managers) to make certain prospectus, website, and other disclosures regarding how ESG factors, risks, and impacts are integrated into their processes and products at both the FMP level and the applicable product level. The SFDR is a key aspect of the European Union's wider sustainable finance policy, designed to attract private investment to support the transition to a sustainable economy. It does this by requiring FMPs to be transparent to investors with respect to sustainability risks and how they may affect financial returns, as well as the impact that investments may have on the environment and society. This approach is known as “double materiality.”

### EU Taxonomy Regulation

The EU Taxonomy Regulation<sup>5</sup> and its Delegated Regulations (including the TSCs) set out a classification system (the EU Taxonomy) that currently establishes economic activities that can be considered environmentally sustainable. Under the EU Taxonomy, an activity is considered environmentally sustainable (also referred to as “taxonomy-aligned”) if the activity does the following:

- Contributes substantially to one of six environmental objectives identified in the EU Taxonomy Regulation.

- Does not do any significant harm to any of the six environmental objectives.
- Avoids violation of minimum social impacts.
- Complies with the relevant TSCs.

The six environmental objectives comprise two climate-related objectives and four non-climate-related environmental objectives. The TSCs set out additional details and requirements, including for the climate-related objectives and the criteria for determining if activities cause significant harm to other environmental objectives. The TSCs specify criteria for particular sectors, including the manufacturing, energy, transportation, construction and real estate, and information and communication sectors. The requirement for a company to assess (and report on) whether a specific economic activity is EU Taxonomy-aligned is now subject to a materiality threshold, introduced as part of the Taxonomy Regulation simplification initiative (discussed further below). An activity will not be (financially) material if it accounts for less than 10% of the relevant KPI measure, which will vary depending on the categorisation of the company. (For instance, for an asset manager, this refers to 10% of all assets under management whose “use of proceeds” is known, meaning that information is available about the asset to undertake the KPI assessment.)

The EU Taxonomy Regulation interacts with other legal acts, and significantly with the SFDR. In particular, a financial product (e.g., a fund or a managed account) is deemed to be making environmentally sustainable investments for the purposes of the SFDR if its investments are aligned with the EU Taxonomy Regulation. The EU Taxonomy Regulation is being further simplified (as discussed further below).

### Organisational Requirements

EU financial market players—including UCITS management companies, AIFMs, and firms subject to

MiFID II (e.g., investment firms, broker-dealers, and other entities that provide investment-related services)—are required to observe specific ESG-related measures relating to ESG risk management. For example, such firms must take into account risks related to sustainability with respect to reporting, risk controlling, and internal policies.

### MiFID Code of Conduct

MiFID II firms that provide investment advice are required to consider their clients' sustainability preferences when determining the clients' respective investment objectives and selecting suitable financial products. For example, such firms must consider the extent to which clients require that a minimum portion of their assets be invested in environmentally sustainable investments (EU Taxonomy-aligned) or other sustainable investments (as defined in the SFDR), and whether clients require that financial products consider PAIs on sustainability factors. MiFID II firms must also take into account sustainability risks when providing investment advice.

### Corporate Sustainability Reporting Directive

The CSRD is a European directive that requires certain entities to report on sustainability matters on a double-materiality basis. The CSRD has been amended as part of the Omnibus I package. The mandatory requirements were initially applied on a roll-out basis (commonly referred to as “Waves”) in accordance with an entity's size, which started in 2024. This has been amended under the Omnibus I package as follows:

- Certain in-scope “public-interest entities” (defined to include certain listed entities, banks, insurers, and other entities designated as such) with more than 500 employees (and meeting certain other size criteria) were required to report in 2025 for the 2024 financial year. This was previously referred to as “Wave 1” entities. Wave 1 entities are essentially exempted from reporting for the 2025 and 2026 financial years. Most of the current

Wave 1 entities will no longer fall within scope for the 2027 financial year.

- Entities (listed or otherwise) with net turnover of over €450 million and 1,000 employees are due to report in the 2027 and 2028 financial year.

The CSRD complements the SFDR in that the data and reporting produced and published by companies under the CSRD may be used by FMPs in the preparation of the disclosures required under the SFDR. The availability of sustainability reports and additional data under the CSRD is intended to enhance the quality of disclosures to investors under the SFDR.

### Corporate Sustainability Due Diligence Directive

The CSDDD is a European directive that, from 2029, will require certain (large) companies to identify, prevent, and mitigate potential or actual adverse human rights and environmental impacts connected with their operations, including both upstream and certain downstream impacts. It will impose a due diligence obligation on in-scope companies with respect to their supply chain (upstream and downstream). It will be supported by requirements relating to governance, a requirement for public reporting, a requirement for companies to establish notification and complaints mechanisms, and the power to impose financial penalties for noncompliance. As part of the Omnibus I package (discussed further below), changes have been made to the original CSDDD that will “simplify” certain of those requirements.

## WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

While the European Union has not (yet) formally adopted ESG “labels” or “categories” for financial products, in practice, financial products are often

described according to the applicable SFDR disclosure obligations:

- “Article 6 product”—no ESG strategy.
- “Article 8 product”—ESG strategy.
- “Article 8+ product”—ESG strategy and a minimum proportion of EU Taxonomy-aligned investments or other sustainable investments (SFDR-aligned).
- “Article 9 product”—exclusively EU Taxonomy-aligned investments or other sustainable investments (SFDR-aligned).

The disclosure obligations are described in greater detail below.

## WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

The SFDR and EU Taxonomy Regulation provide for four basic disclosure and reporting obligations:

### Sustainability Risks (SFDR Articles 3, 5, and 6)

FMPs are required to disclose if and how they integrate sustainability risks into their investment decisions in relation to a financial product, as well as the impact of sustainability risks (including transition risks) on the returns of the financial product and the remuneration of their employees. To the extent that sustainability risks are considered irrelevant, participants must explain why. These disclosure requirements apply to all FMPs and to all financial products. Disclosures must be made on an entity (i.e., firm, asset manager) level on the firm's website and on a product (i.e., fund, managed account) level in a precontractual document (e.g., prospectus, private placement memorandum).

### Approach to Principal Adverse Impacts on Sustainability Factors (SFDR Articles 4 and 7)

All FMPs are generally required to comply with the PAI disclosure requirements on an entity level and a product level. Accordingly, firm websites and product documents must include disclosures regarding how PAIs on environment, social, and employee matters are considered when investment decisions are made. In addition, on an annual basis, firms and products must provide information about quantitative impacts (e.g., GHG emissions, energy consumption) of the firm's managed portfolio and the respective product. An exemption from this disclosure requirement may be available for smaller firms. If an FMP does not consider PAIs, there must be a clear statement of this and the reason for not doing so.

### Products Investing in Sustainable Investments (SFDR Articles 9, 10, and 11)

An FMP is required to disclose whether a financial product has sustainable investments as its investment objective. For these purposes, sustainable investments refer to the following:

- An investment in an economic activity that contributes to an environmental or social objective.
- The investment does not significantly harm any environmental or social objective.
- Investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff, and tax compliance.

An Article 9 financial product must comply with the same disclosure requirements applicable to an Article 8 financial product. In addition, an Article 9 financial product must state whether the fund will invest in EU Taxonomy-aligned investments and provide enhanced disclosure on PAIs. As a result, the compliance, due diligence, and reporting burden is greater for Article 9 financial products.

## Products Promoting Environmental or Social Characteristics (SFDR Articles 8, 10, and 11)

If a financial product promotes environmental or social characteristics, information must be provided regarding such characteristics, the indicators used to measure the attainment of the promoted ESG strategy, and the binding elements of the ESG strategy. An Article 8 financial product must (among other matters) make certain precontractual disclosures (using the SFDR template), publish a website disclosure explaining the characteristics being promoted and how they were promoted, and publish an annual periodic disclosure on how the characteristics were promoted during the reporting period. For financial products promoting environmental or social characteristics and committing to make a minimum proportion of sustainable investments (known as “Article 8+ financial products”), information regarding allocation of sustainable investments is also required.

## ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?

ESMA has published guidelines for fund names containing ESG or sustainability-related terms. The guidelines state the expected minimum sustainability requirements for funds using particular terms, as summarized below. The guidelines are relevant to EU managers and managers of funds marketed into the European Union (as discussed further below under “Do the Existing or Proposed Rules Apply Equally to Offshore Funds Being Marketed in the Region, or Do They Apply Solely to Locally Domiciled Products?”).

Funds using transition-, social-, and governance-related terms (e.g., “transition,” “transformation,” “net-zero,” “social,” “equality,” or “governance”) should:

- Meet an 80% threshold linked to the proportion of investments used to meet environmental or social

characteristics or sustainable investment objectives in accordance with the binding elements of the investment strategy disclosed in compliance with SFDR.

- Apply certain EU-Climate Transition Benchmark exclusions (i.e., companies involved in any activities related to controversial weapons or tobacco or companies in violation of the United Nations Global Compact’s principles or the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises).

Funds using environmental- or impact-related terms (e.g., “green,” “environmental,” “climate,” “ESG,” “SRI,” or “impact”) should:

- Meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristics or sustainable investment objectives in accordance with the binding elements of the investment strategy disclosed in compliance with SFDR.
- Apply all EU Paris-Aligned Benchmark exclusions (i.e., in addition to the above-mentioned companies, companies that derive a certain percentage of their revenues from business activities in relation to coal, oil fuels, gaseous fuels, or electricity generation with a high GHG intensity).

Funds using terms derived from the word “sustainable” should:

- Meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristics or sustainable investment objectives in accordance with the binding elements of the investment strategy disclosed in compliance with SFDR.
- Apply all EU Paris-Aligned Benchmark exclusions.

- Commit to invest meaningfully in sustainable investments referred to in the SFDR (in its questions and answers, ESMA clarified that this means a proportion of sustainable investments of at least 50%).

According to ESMA's questions and answers, the EU Paris-Aligned Benchmark exclusions do not need to be assessed for the three categories above when investing into green bonds under the EU Green Bond Regulation.

The guidelines apply to new funds from 21 November 2024, and existing funds from 21 May 2025. Since they are guidelines, adoption is dependent on whether the national competent authority in each EU member state will require compliance with those guidelines. As of 16 July 2025, most member states had confirmed to ESMA that they require compliance with the guidelines.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

The disclosure and reporting requirements under the SFDR also apply to non-EU asset managers and funds (i.e., non-EU funds with an EU or non-EU AIFM that are marketed in the EU). There remains some ambiguity regarding whether a non-EU fund would be required to comply with the foregoing obligations where interests in the fund (i.e., shares or units) are distributed to an EU investor at the initiative of the investor (known as a reverse solicitation). In relation to the ESMA guidelines on fund names (discussed above), while the guidelines themselves are silent on whether they apply to non-EU managers of funds being marketed in the EU, the current prevailing view is that they do apply in such circumstances.

### **ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?**

Certain types of institutional investors are subject to sustainability-related requirements. For example, insurance companies and pension scheme providers may themselves be FMPs subject to SFDR, or may be within scope of the CSRD and CSDDD.

### **ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?**

The ESG Rating Regulation, a regulatory framework for ESG rating agencies that is intended to enhance their transparency and integrity, has passed and will apply on 2 July 2026. It will apply to ratings that provide an opinion on a company's or a financial instrument's sustainability profile by assessing its exposure to sustainability risk and its impact on society and the environment. Under the ESG Rating Regulation, EU providers of ESG ratings will require a license from, and be supervised by, ESMA. The regulation imposes certain operational requirements, such as rules relating to the methodology for ratings and certain disclosure requirements. It provides for the possibility of issuing separate ESG ratings. If only a single rating is issued, the weighting of the ESG factors will need to be stated. Non-EU rating providers wishing to operate in the European Union will need to have their ESG ratings endorsed by an authorised EU ESG rating provider. An EU Commission equivalence decision in relation to their country of origin may also give third-country providers access to the European Union. Until the EU Commission has adopted such decision, small rating providers (annual turnover below €12 million) outside the European Union may alternatively seek recognition by ESMA if they apply the ESG Rating Regulation's requirements (other than licensing). ESG rating providers that are active in the European Union are required to apply for a license or for recognition between 2 August and 2 November 2026. The EU Commission started adopting

Delegated Regulations that will set out technical standards in relation to the ESG Rating Regulation. These include, *inter alia*, measures to be implemented by service providers to separate ESG rating activities from other activities, as well as technical standards regarding rating disclosures to the public, users, and issuers. The adopted Delegated Acts are still reviewed by the European Parliament and the Council of the European Union and are planned to apply from 2 July 2026. In addition, ESMA started a consultation on guidelines regarding the endorsement of ESG ratings from a rating provider established outside of the European Union.

## WHAT IS ON THE HORIZON?

### SFDR 2.0

On 20 November 2025, the EU Commission published a proposal to amend the SFDR. The proposed changes would replace the current disclosure obligations under Articles 6, 8, and 9 of the SFDR with disclosure requirements that would depend on how the product is categorized under a new product categorization system. The proposed categorizations are as follows:

- Products with transition-related objectives (draft Article 7 SFDR).
- Products with integrated sustainability factors (draft Article 8 SFDR).
- Products with sustainability-related objectives (draft Article 9 SFDR).

All three categories would require a minimum 70% allocation to the respective ESG strategy, as well as compliance with other requirements (some of which would differ among the categories). The proposal would remove the requirement for entity-level disclosures regarding PAIs, and the PAI concept would be largely abandoned at the product level. It is also proposed that the SFDR requirements would no longer apply to portfolio management and investment

advisory services. In addition, special AIFs that admit only professional investors would be excluded from the product categorisation rules, and transitional provisions would exempt existing closed-ended funds. It is important to note that the proposed directive is currently under negotiation by the European Parliament and the Council of the European Union and is therefore subject to significant change before adoption.

On 28 April 2026, the rapporteur on the SFDR 2.0 legislative process published the draft report of ECON. This important committee of the EU Parliament proposes several changes to the initial EU Commission's SFDR 2.0 proposal. Among other proposals, the scope of SFDR 2.0 shall be extended to other packaged investment products (e.g., derivative products and structured securities). Unlike the EU Commission's proposal, ECON prefers an identification and disclosure of (standardized) mandatory principal adverse impact indicators that shall apply to all SFDR-categorized products. Furthermore, ECON proposes to raise the minimum proportion of investments in taxonomy-aligned economic activities for products under draft Articles 7 and 9 SFDR from 15% to 20%. The industry should get 24 months to adopt the new rules (six months longer than suggested by the EU Commission), whereas the removal of entity-level PAI reporting shall take immediate effect. We expect that additional amendments will be discussed in the parliamentary process.

### ESMA Fund-Naming Guidelines

In connection with the SFDR 2.0 legislative process, ESMA has indicated that it will review and, where necessary, revise the fund-naming guidelines discussed above once the revised SFDR product categorisation framework is finalised. The objective is to align the naming requirements with the new product categories.

## Omnibus I Package

As part of the prevailing desire to simplify regulatory requirements and reduce the administrative burden on FMPs and small- and medium-sized businesses, the EU institutions have been working on various so-called “Omnibus” packages.

The Omnibus I legislative package represents a significant development in EU sustainable finance regulation. It comprises two Omnibus Directives—one published in April 2025 that delays the application date of the CSRD and CSDDD, and one published in February 2026 that reduces the scope of the CSRD and CSDDD. The key features of the package are as follows:

- *Delay of application of CSRD and CSDDD:* The CSRD initially applied to the 2024 financial year. This has effectively been postponed to the 2027 financial year, meaning in-scope entities are due to report in compliance with the detailed CSRD requirements in 2028 for the 2027 financial year. The CSDDD was originally scheduled to apply on a phased-in basis starting from 26 July 2027. Instead, the CSDDD will apply from 26 July 2029 for all in-scope entities.
- *Changes to scope of CSRD and CSDDD:* The CSRD was originally intended to apply to a broad range of entities. Its scope has now been reduced to entities with more than 1,000 employees and a net turnover of over €450 million. The scope of the CSDDD has also been reduced to, in summary, EU entities with more than 5,000 employees and a net worldwide turnover of over €1.5 billion. (The original thresholds were 1,000 and €450 million, respectively.) It will also apply to non-EU entities with a net EU turnover of over €1.5 billion (a change from the initial threshold of €450 million).

## Taxonomy Regulation Simplification

The Taxonomy Regulation is being simplified, primarily via amendments to the various “Level 2” delegated regulations made thereunder.

- *Changes to, among others, the Level 2 Disclosure Delegated Act:* An amending regulation was published on 8 January 2026 and applies retroactively from 1 January 2026. This makes various changes to the disclosure requirements under the Taxonomy Regulation, notably adding a materiality threshold of 10% for the requirement to assess whether an economic activity is EU Taxonomy-eligible or EU Taxonomy-aligned.
- *Changes to the Level 2 EDA and CDA:* On 17 March 2026, the European Commission published for consultation two draft regulations amending the EDA and CDA. These consultations propose various changes to the TSCs. The consultation closed on 14 April 2026.

## Further ESMA Guidance

ESMA has indicated that it intends to update its Q&A documents on the SFDR and the ESMA fund-naming guidelines in 2026 to address market questions that have arisen in connection with the practical application of both frameworks. Updated Q&As are expected in the second half of 2026. In addition, ESMA continues to prioritise sustainable finance in its supervisory convergence work, including through common supervisory actions coordinated with national competent authorities, and has signalled that it will focus on the consistency and quality of SFDR disclosures across the European Union.

## CONSIDERATIONS FOR IRELAND AND LUXEMBOURG

Asset managers offering funds or other services in EU countries should bear in mind that some such

individual countries may have additional considerations or guidelines. Ireland and Luxembourg are two popular domiciles for establishing funds for cross-border distribution, not just across the European Union but globally as well. Asset managers should identify additional requirements in the country where the fund is domiciled, in the country of the investment manager (if different to the fund domicile), and in the countries where the fund is distributed.

## Ireland

Given Ireland's position as the second-largest and fastest-growing EU fund domicile and the largest ETF domicile in Europe, it has continued to apply the requirements of the SFDR without formal “gold plating.” However, over the last year there has been a shift away from a purely disclosure-led approach toward a more outcomes-focused supervision, with the Central Bank highlighting its expectations around governance, control frameworks, data quality, and the substantiation of sustainability-related claims across UCITS and AIFs. This shift is reflected in the Central Bank's Feedback Report on the ESMA Common Supervisory Action on Sustainability Risks and Disclosures in the Investment Funds Sector, issued in October 2025 following ESMA's final report. In that feedback, the Central Bank set out detailed observations arising from desk-based reviews and on-site inspections of Irish UCITS management companies and AIFMs, and it articulated clear supervisory expectations in relation to sustainability risk integration, data quality, ongoing monitoring, and the alignment between SFDR disclosures and underlying portfolio holdings. The Central Bank has confirmed that the findings of the CSA are embedded within its new supervisory framework and will inform ongoing and future supervisory engagement.

While approximately 25% of Irish domiciled funds remain classified as Article 8, Article 8+, or Article 9 funds, the Central Bank has made clear that all SFDR in-scope firms, including those managing Article 6 funds, are expected to demonstrate robust

governance arrangements and documented processes for the integration of sustainability risks. Regulatory scrutiny has increasingly focused on avoiding “form over substance” disclosures and mitigating greenwashing risk, particularly in fund naming, marketing, and ongoing portfolio construction.

Following the publication of ESMA's guidelines on fund names using ESG or sustainability-related terms in August 2024, the Central Bank implemented a time-limited streamlined filing process to facilitate compliance by existing funds during the transition period (21 November 2024 to 21 May 2025). This fast-track process allowed for fund name changes and minor associated SFDR disclosure updates, subject to appropriate manager and board attestations. The Central Bank has since indicated that filings made under the streamlined process will be subject to post-implementation supervisory review. All new funds authorised on or after 21 November 2024 are required to comply with the ESMA fund naming guidelines at the point of authorisation. More broadly, the Central Bank's recent thematic reviews and participation in ESMA-led Common Supervisory Actions underline that compliance will be assessed not only by reference to disclosure, but by reference to whether ESG claims are supported by investment strategy, data, controls, and ongoing oversight.

## Luxembourg

In an effort to further enhance Luxembourg's reputation as an attractive place to organise and operate investment funds, particularly alternative investment products, while also maintaining quality control, the Luxembourg financial regulator, the CSSF, has sought to create a level and transparent playing field for all FMPs conducting business in Luxembourg and to facilitate FMPs' compliance with SFDR. In seeking to achieve these goals, the CSSF: (a) implemented an expedited process for FMPs to review, amend, and obtain CSSF authorisation<sup>6</sup> for their funds' documents for purposes of complying with

SFDR disclosure requirements; (b) requires investment fund managers, among others, to complete an annual SFDR questionnaire in accordance with the financial year-end of the financial products that will be used to determine the level of compliance of the FMPs with SFDR and ESG standards; and (c) has issued a frequently asked questions document, “FAQ Sustainable Finance Disclosure Regulation (SFDR),” initially in 2022 and which is kept up to date (last updated 18 December 2024).

In light of ESMA's report on the CSA, the CSSF published a feedback report on 30 September 2025 wherein it was noted that the overall level of compliance for Luxembourg-domiciled investment fund managers is consistent with ESMA's conclusions. This feedback report also presented the main observations, related recommendations for improvements, and examples of good practices, as well as CSSF's recommendation to AIFMs to conduct a comprehensive assessment of their compliance with observations in ESMA's report and CSSF's feedback reports, as well as take necessary corrective measures.

Furthermore, on 2 March 2026, the CSSF updated its supervisory priorities in the area of sustainable finance. The CSSF reaffirmed its intention to continue monitoring compliance with sustainability-related provisions, applying a risk-based approach that integrates on-site and off-site supervision across five priority areas: (a) verifying that sustainability risks are properly integrated into AIFMs' organisational arrangements, including governance, human resources, investment processes, remuneration, risk management, and conflicts of interest; (b) verifying compliance of precontractual and periodic disclosures with SFDR, the SFDR RTS, and the Taxonomy Regulation; (c) verifying the consistency of sustainability-related disclosures across fund documentation and marketing materials; (d) verifying compliance with AIFMs' website disclosure obligations

relating to the publication and maintenance of SFDR-related information; and (e) conducting portfolio analysis to ensure portfolio holdings reflect the name, investment objective, strategy, and characteristics displayed in investor-facing documentation—with the overarching aim of increasing investor transparency and preventing greenwashing.

At the end of February 2026, CSSF followed up on its previous report on the current situation of net assets of authorised UCIs (including UCITS and AIFs, but excluding RAIFs) that are disclosing under Article 8 and Article 9 of the SFDR.

# UNITED KINGDOM

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## WHAT RULES, IF ANY, ARE CURRENTLY IN PLACE (I.E., HAVE BEEN ADOPTED) FOR FUNDS AND ASSET MANAGERS?

As part of the FCA's SDR, the FCA has introduced an “anti-greenwashing” rule. The rule applies in relation to sustainability claims, and is additional to the existing general rules and principles in the FCA Handbook that require clear, fair, and not misleading communications. All FCA-authorized firms communicating with UK prospects or clients in the United Kingdom in relation to a product or service are required to comply with the anti-greenwashing rule. The anti-greenwashing rule applies indirectly to non-UK products managed by non-UK firms in relation to sustainability claims communicated to a person in the United Kingdom by an FCA- or PRA-authorized distributor.

The FCA's SDR regime also introduced naming and marketing rules for certain types of products. These rules have different components. First, ESG-related labels have been available for FCA-authorized firms to use in relation to UK funds since 31 July 2024, subject to compliance with relevant rules which include naming and marketing and disclosure requirements (see further below). Second, for unlabelled products, there are requirements relating to permitted names, marketing, and required disclosures (see further below).

In relation to climate-related disclosures, the UK government has been supportive of the standards established by the TCFD. FCA-authorized firms with at least £5 billion of assets under management of in-scope activities must prepare and publish a TCFD “entity report” (i.e., a public report that outlines an

asset manager's approach to climate-related matters when managing or administering investments on behalf of clients) and “public TCFD product reports” (i.e., reports containing disclosures regarding key metrics, such as GHG emissions, in relation to the funds and separate accounts managed by the asset manager) on an annual basis. FCA guidance also encourages UK asset managers to assess the extent that they have considered the United Kingdom's commitment to a net-zero economy in developing and disclosing their transition plan as part of their entity report or otherwise explain why they have not done this.

There are other more general provisions within the FCA's rules and guiding principles that will or may apply to ESG investment strategies, even if those provisions are not specifically ESG related. These include, by way of example, the overarching Principles for Business (Principles), which set out, as enforceable rules, high-level standards of market conduct. Those Principles include, for example, requirements that firms: (a) must conduct business with integrity; (b) must communicate information to their clients in a manner that is clear, fair, and not misleading; and (c) must ensure that a communication or a financial promotion is fair, clear, and not misleading. The Principles also include a “Consumer Duty” requiring firms to act to deliver good outcomes for consumers, including supporting consumer understanding by communicating information to them in a way that is clear, fair, and not misleading.

Specifically for FCA-authorized (retail) funds, managers should consider the FCA's guiding principles on the design, delivery, and disclosure of ESG and sustainable investment funds set forth in the FCA's [“Dear Chair” letter](#) dated 19 July 2021 (Guiding Principles). The Guiding Principles state the FCA's expectations for UK FCA-authorized funds that make ESG-related claims. The Guiding Principles are relevant to both new products and existing ones.

Aside from regulations specifically applicable to financial services firms, there are other UK laws, rules, and guidance that may also be relevant to ESG-related claims made to UK persons. These include, for example, the rules on misleading statements and impressions under Sections 89 and 90 of the Financial Services Act 2012, which may impose criminal liability in certain egregious cases. Other rules and codes apply in relation to businesses—including asset managers, funds, and fund distributors—that are selling to UK consumers (i.e., natural persons). This includes the rules found in the CMA's guidance on making environmental claims on goods and services published on 20 September 2021, often referred to as the "[Green Claims Code](#)." The CMA also shares certain consumer protection functions with the ASA, which administers the requirements for advertising in the UK Code of Non-Broadcast Advertising and Direct and Promotional Marketing and the UK Code of Broadcast Advertising. The ASA has issued guidance designed to help firms interpret the codes regarding environment-related advertising issues.

## WHAT LABELS OR CATEGORIES, IF ANY, ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

The FCA's SDR regime currently applies only to (broadly) FCA-authorized asset managers. It is expected to expand and evolve over time. The SDR introduced certain core elements: (a) sustainable investment labels, (b) qualifying criteria that firms must meet to use a label, (c) product- and entity-level disclosures, and (d) naming and marketing rules.

Under the SDR, the FCA has introduced an optional labelling regime for FCA-authorized firms to use in relation to UK funds. The labels are not currently available for non-UK funds, even if the non-UK fund is permitted to be distributed in the United Kingdom under the United Kingdom's overseas funds regime. The labelling regime, and disclosure and naming and

marketing requirements applicable where a label is used, took effect on 31 July 2024. All products using a label must have a sustainability objective to improve or pursue positive environmental or social outcomes as part of their investment objectives. Firms must identify and disclose whether pursuing the positive sustainability outcomes may result in material negative outcomes.

The available labels are:

- **Sustainable Focus:** The sustainability objective must be consistent with an aim to invest in environmentally or socially sustainable assets determined using a robust evidence-based standard that is an absolute measure of sustainability.
- **Sustainable Improvers:** The sustainability objective must be consistent with an aim to invest in assets that have the potential to improve environmental or social sustainability over time—determined by their potential to meet a robust, evidence-based standard that is an absolute measure of environmental or social sustainability.
- **Sustainable Impact:** The sustainability objective must be consistent with an aim to achieve a predefined positive measurable impact in relation to an environmental or social outcome, measured using a robust method. These products must align with a clearly specified theory of change.
- **Sustainability Mixed Goals:** Products with a sustainability objective to invest in accordance with two or more of the sustainability objectives of the other three labels. Firms must identify (and disclose) the proportion of assets invested in accordance with any combination of the other labels.

Subject to limited exceptions, at least 70% of a labelled product's assets must be invested in accordance with its sustainability objective. However, in the case of the Sustainability Mixed Goals label,

products must invest at least 70% of their assets in accordance with a combination of the sustainability objectives from two or more of the other labels.

Since 2 December 2024, UK distributors to UK retail clients of overseas funds that: (a) have been recognised for UK retail distribution (including recognised ETFs); and (b) include certain sustainability-related terms, are required to prepare and display a notice that, “This product is based overseas and is not subject to UK sustainable investment labelling and disclosure requirements.”

As mentioned above, the labels are not available for non-UK funds that are sold to UK investors. Non-UK funds are subject to the overseas product notice rule mentioned in the previous paragraph, and they may be indirectly subject to the anti-greenwashing rule, as discussed above. The FCA has disclosed its intention to work with the UK government to consider options as to whether and how non-UK funds may be able to use labels. A UK government consultation on the possible extension of SDR, including labels, to funds admitted to the United Kingdom's overseas funds regime was expected but is yet to materialise.

## WHAT DISCLOSURE AND REPORTING REQUIREMENTS ARE CURRENTLY REQUIRED OR HAVE BEEN PROPOSED FOR FUNDS AND ASSET MANAGERS?

The current disclosure requirements are principally set forth in the FCA's ESG Sourcebook. There are broadly two sets of disclosure requirements:

- Disclosures on climate-related matters in accordance with the TCFD recommendations. This requires entity disclosures for FCA-authorized firms and product disclosures for in-scope products.
- Disclosures on sustainability matters under the FCA's SDR regime. This requires entity disclosures for FCA-authorized firms carrying on

in-scope business and product disclosures for in-scope products.

Specifically in relation to the SDR regime, the disclosure requirements include: (a) for in-scope products, a requirement for a consumer-facing disclosure document that is intended to help consumers understand the key sustainability-related features of the product; (b) for in-scope products, required precontractual disclosures regarding the products' sustainability-related features to be included in the offering document; (c) for in-scope products, ongoing sustainability-related performance information to be disclosed in sustainability product reports; and (d) sustainability entity reports covering how firms are managing sustainability-related risks and opportunities.

In-scope firms undertaking in-scope business for retail clients and using certain ESG-related terms in an unlabelled fund's name or financial promotions have been required to comply with disclosure requirements under the SDR. For each of the product disclosures described above, the SDR requires additional, more detailed information to be disclosed if the product uses an SDR label.

## ARE THERE ANY CURRENT OR PROPOSED REQUIREMENTS OUTSIDE OF DISCLOSURE AND REPORTING (E.G., PRODUCT-LEVEL INVESTMENT REQUIREMENTS)?

As part of the SDR, the FCA has imposed new naming and marketing requirements on FCA-regulated firms that provide in-scope products to retail investors and use sustainability-related words in product names or marketing. Since 2 December 2024, in-scope products that are not labelled products have not been able to use the terms “sustainable,” “sustainability,” or “impact,” or any variation of those terms, in their names.

Other sustainability-related words (e.g., “responsible” or “green”) may only be used in the nonlabelled

product's name if the product has sustainability characteristics that the product's name accurately reflects. The new rules also prohibit "Sustainability Focus," "Sustainability Improvers," and "Sustainability Mixed Goals" labelled products from using the term "impact" in product names, and this rule will apply to labelled products from the date on which the label is first used. A nonlabelled product will only be able to use a sustainability-related term in its name or marketing material if the relevant firm: (a) complies with the "anti-greenwashing" rule referred to previously, (b) publishes the disclosures required under the SDR regime (see the previous section above), and (c) prominently publishes a statement to clarify that the product does not have a label and the reasons why.

As part of the SDR, where in-scope products are offered to retail investors and have an investment label, FCA-authorized distributors must display prominently, and keep up to date, the correct label on a relevant digital medium (e.g., product webpage) and provide access to the accompanying retail investor-facing disclosures. In relation to nonlabelled products that use sustainability-related terms in their names or marketing, distributors will be required to provide retail investors with access to the required consumer-facing disclosure.

### **DO THE EXISTING OR PROPOSED RULES APPLY EQUALLY TO OFFSHORE FUNDS BEING MARKETED IN THE REGION, OR DO THEY APPLY SOLELY TO LOCALLY DOMICILED PRODUCTS?**

In general, the rules discussed herein do not apply to offshore funds being marketed in the United Kingdom. However, as discussed above, the anti-greenwashing and overseas product notice rules apply indirectly to offshore funds being marketed in the United Kingdom where a UK distributor is used. As noted previously, we expect a UK government consultation on the possible extension of the SDR, including labels, to

funds admitted to the United Kingdom's overseas funds regime. The timing of this is currently uncertain.

### **ARE ANY RULES IN PLACE FOR INVESTORS (VERSUS FUNDS AND FUND MANAGERS)?**

There are specialist rules in place for, for example, pension schemes, which aim to create greater transparency and oversight within the pension sector. Trustees of certain pension funds are required to report and publish climate-related risks. The impact on funds and fund managers is that if their underlying investors include an affected pension scheme, the relevant pension scheme investor may insist on a fund or fund manager making pertinent disclosures to the pension scheme to allow the scheme to assess climate-related risks.

### **ARE THERE OTHER ACTIONS OR INITIATIVES THAT COULD IMPACT FUNDS AND MANAGERS?**

#### **UK Sustainability Reporting Standards**

The UK government is considering changes to corporate reporting for listed and private entities involving the introduction of UK SRS based on the ISSB standards. This is part of the UK government's plans to modernize the UK framework for corporate reporting.

The FCA published a consultation on aligning the sustainability disclosures applicable to listed issuers with international standards. The proposed rules aim to replace the TCFD-aligned listing rules with requirements for in-scope listed companies to report against the new UK SRS. The consultation closed on 20 March 2026. The FCA is aiming to publish a policy statement in autumn 2026, and the new rules are expected to come into force from 1 January 2027 (subject to transition reliefs). Separately, the UK government has announced it would consider UK SRS reporting for private entities as part of a broader reform of corporate reporting.

## UK Taxonomy

The UK government has decided that it will not produce a UK-specific taxonomy in conjunction with these or other sustainability disclosure requirements.

## UK Transition Plan Requirements

The UK government has previously committed to mandating UK-regulated financial institutions (including banks, asset managers, pension funds, and insurers) and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement. The UK government has consulted on options to take forward climate-related transition plan requirements, and we await the outcome of that consultation.

## UK Regulation of ESG Ratings Providers

The United Kingdom is introducing a regulatory framework for providers of ESG ratings. ESG ratings providers will be brought within the FCA's regulatory perimeter and required to be authorised and supervised by the FCA (unless specifically exempt). The FCA consultation on the potential rules for ESG ratings providers relating to transparency, reliability, and comparability of ESG ratings has now closed. The FCA's policy statement and final rules are expected in the fourth quarter of 2026. The proposed rules include:

- *Transparency*: Minimum disclosure requirements for methodologies, data sources, and objectives, so users better understand the ratings, and rated entities understand how they are assessed.
- *Systems and controls*: Requirements for robust arrangements to ensure the integrity of the ratings process, including quality control, data validation, and methodology reviews.
- *Governance*: Requirements to maintain operational responsibility over the ratings process, including any outsourcing, to ensure appropriate oversight and compliance with the regime.

- *Conflicts of interest*: Requirements to identify, prevent, manage, and disclose conflicts of interest at the organisational and personnel level, to maintain the ratings' independence and integrity.
- *Stakeholder engagement*: Requirements to provide rated entities with the opportunity to correct factual errors, procedures to allow other stakeholders to provide feedback, and a fair complaints-handling procedure.

In addition, it is proposed that ESG rating providers will be subject to certain “baseline standards” under the FCA rules, including (among others) the FCA's senior managers and certification regime. The ESG ratings regime is scheduled to take effect on 29 June 2028.

## WHAT IS ON THE HORIZON?

Following a review on “climate reporting by asset managers, life insurers, and FCA-regulated pension providers,” the FCA has announced that it is considering how to streamline and enhance the United Kingdom's sustainability reporting framework by simplifying disclosures, easing unnecessary compliance burdens, improving the decision-usefulness of reporting, and promoting international alignment. Consultations on specific changes are expected to follow.

The FCA previously consulted on extending the SDR to all forms of portfolio management services provided by FCA-authorized firms, including model portfolios, customised portfolios, and bespoke services. The proposed extension was primarily aimed at wealth management services for individuals and model portfolios for retail investors. The FCA proposed that firms offering portfolio management services to professional clients would be able to opt in to the labelling regime but would not be subject to the naming and marketing requirements and associated disclosures. The proposed scope did not include services where the clients are based overseas or

where the client is a fund or its manager (i.e., where the portfolio manager acts as a delegate). These changes have, however, been put on hold by the FCA, with no indication of the planned timescale for finalisation of these rules.

# CONCLUSION

## CONCLUSION

As reflected above, the global ESG landscape is widely varied, with jurisdictions addressing ESG matters in their own ways with their own goals. This can cause challenges for asset managers who seek to deploy asset management services and investment funds at scale and consistently around the globe. It is not possible at this point to develop a single “highest common factor” approach applicable to all jurisdictions, as some are imposing labeling requirements, while others are focusing on disclosure, and only some regions have prescriptive process requirements with respect to risk identification and product integrity. As a result, the global ESG landscape will remain an area requiring significant compliance resources for the foreseeable future. Indeed, some asset managers may consider creating bespoke products to address the regulatory needs of individual jurisdictions rather than trying to comply with multiple regulatory regimes.

The ESG landscape is also evolving and evolving quickly. The pace of change alone will create new challenges for asset managers in relation to their existing products, as well as their global products, especially for products that have a global distribution.

That said, there are some common themes that suggest some practical approaches asset managers can take to address these differing and evolving requirements. Specifically, clear and accurate disclosure to investors remains of paramount importance in all jurisdictions. As a result, asset managers operating in this fragmented global environment should take extra care to ensure that their ESG strategies are clearly described and that their portfolio managers are following any ESG processes that are communicated to investors. In addition, asset managers should ensure that their marketing materials do not overstate their ESG features. Not only could such overstatements create

regulatory concerns in and of themselves, but such statements may also create different regulatory obligations in some jurisdictions with respect to labeling, disclosures, or testing.

# ENDNOTES

## ENDNOTES

<sup>1</sup> Please note that individual countries within the European Union may impose additional ESG-related requirements or restrictions. While we touch on some particular considerations for Ireland and Luxembourg, asset managers should consider whether the particular EU countries that they perform services in have introduced rules or guidelines that exceed those that apply to all EU members.

<sup>2</sup> Scope 1 emissions are “direct” emissions, which a company causes by operating the things that it owns or controls. Such emissions can result from operating machinery to make products, driving vehicles, cooling buildings, or powering computers and other equipment. Scope 2 emissions are “indirect” emissions created by the production of the energy bought by a company, such as the fossil fuels generated by a company using purchased electricity. Scope 3 emissions are anticipated to be the most common form of emissions for asset managers, as they are “indirect” emissions from activities upstream or downstream in a company's value chain (e.g., emissions from investments).

<sup>3</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<sup>4</sup> Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of do no significant harm, specifying the content, methodologies, and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites, and in periodic reports.

<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

<sup>6</sup> Information about the process is available at <https://www.cssf.lu/en/2021/02/communication-on-the-sfdr-fast-track-procedure-and-the-deadline-of-10-march-2021/>, and (second round) <https://www.cssf.lu/en/2022/09/communication-to-the-investment-fund-industry-on-sfdr-rti-confirmation-letter/>.

# GLOSSARY

# GLOSSARY

| Acronym  | Description  |
|----------|--|
| AASB     | Australian Accounting Standards Board  |
| AIF      | Alternative Investment Fund  |
| AIFM     | Alternative Investment Fund Manager  |
| APRA     | Australian Prudential Regulation Authority   |
| ASA      | UK Advertising Standards Authority   |
| ASFI     | Australian Sustainable Finance Institute   |
| ASIC     | Australian Securities and Investments Commission                                     |
| AUASB    | Auditing and Assurance Standards Board   |
| CIS Code | Code on Collective Investment Schemes  |
| CMA      | UK Competition and Markets Authority   |
| CMS      | Capital Markets Services   |
| CoC      | Code of Conduct for Providers of ESG Rating and Data Products                        |
| CPS      | Cross-Industry Prudential Standard   |
| CSA      | Common Supervisory Action  |
| CSDDD    | Corporate Sustainability Due Diligence Directive                                     |
| CSRD     | Corporate Sustainability Reporting Directive   |
| CSSF     | Commission de Surveillance du Secteur Financier (the Luxembourg financial regulator) |
| ECON     | Committee on Economic and Monetary Affairs   |
| ERISA    | Employee Retirement Income Security Act of 1974                                      |
| ESG      | Environmental, Social, and Governance  |
| ESMA     | European Securities and Markets Authority  |
| ETF      | Exchange-Traded Fund   |
| FCA      | UK Financial Conduct Authority   |
| FMP      | Financial Market Participant   |

|        |   |
|--------|---|
| FSA    | Financial Services Agency of Japan                  |
| FSC    | Financial Services Council                          |
| FTSE   | Financial Times Stock Exchange 100 Index            |
| FY     | Financial Year                                      |
| GHG    | Greenhouse Gas                                      |
| HKEX   | Stock Exchange of Hong Kong Limited                 |
| HKFRS  | Hong Kong Financial Reporting Standards             |
| HKICPA | Hong Kong Institute of Certified Public Accountants |
| HKMA   | Hong Kong Monetary Authority                        |
| IFRS   | International Financial Reporting Standards         |
| ISSB   | International Sustainability Standards Board        |
| KPI    | Key Performance Indicator                           |
| MAS    | Monetary Authority of Singapore                     |
| MiFID  | Markets in Financial Instruments Directive          |
| MPF    | Mandatory Provident Fund                            |
| MPFA   | Mandatory Provident Fund Schemes Authority          |
| NZAM   | Net Zero Asset Managers                             |
| PAE    | Publicly Accountable Entity                         |
| PAI    | Principal Adverse Impact                            |
| PRA    | Prudential Regulation Authority                     |
| RAIF   | Reserved Alternative Investment Fund                |
| RSE    | Registerable Superannuation Entity                  |
| RTS    | Regulatory Technical Standards                      |
| SDR    | Sustainability Disclosure Requirements              |
| SEC    | Securities and Exchange Commission                  |
| SFA    | Securities and Futures Act 2001                     |
| SFC    | Hong Kong Securities and Futures Commission         |

|       |   |
|-------|---|
| SFDR  | Sustainable Finance Disclosure Regulation                             |
| SGX   | Singapore Exchange  |
| SME   | Small- and Medium-sized Enterprises                                   |
| SPS   | Superannuation Prudential Standard                                    |
| SRI   | Socially Responsible Investing  |
| SRS   | Sustainability Reporting Standards                                    |
| STI   | Straits Time Index  |
| TCFD  | Task Force on Climate-related Financial Disclosures                   |
| TSC   | Technical Screening Criteria  |
| UCI   | Undertaking for Collective Investment                                 |
| UCITS | Undertakings for the Collective Investment in Transferable Securities |
| VCoC  | Voluntary Code of Conduct   |

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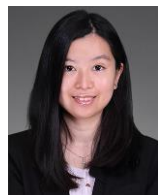
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