

FCA TCFD-aligned climate disclosures

Simmons & Simmons: menu of templates

December 2023

The UK Financial Conduct Authority (FCA) has introduced **mandatory climate-related reporting** for UK **asset managers**, aligned with the recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). Firms in-scope of these requirements must make **management-entity level disclosures**, and separate disclosures for each in-scope **financial product**.

A small number of the largest UK asset managers were required to publish their first disclosures by 30 June 2023 (Phase 1). However, the majority of firms in-scope of the new disclosure requirement are required to do so for the first time by **30 June 2024** (Phase 2).

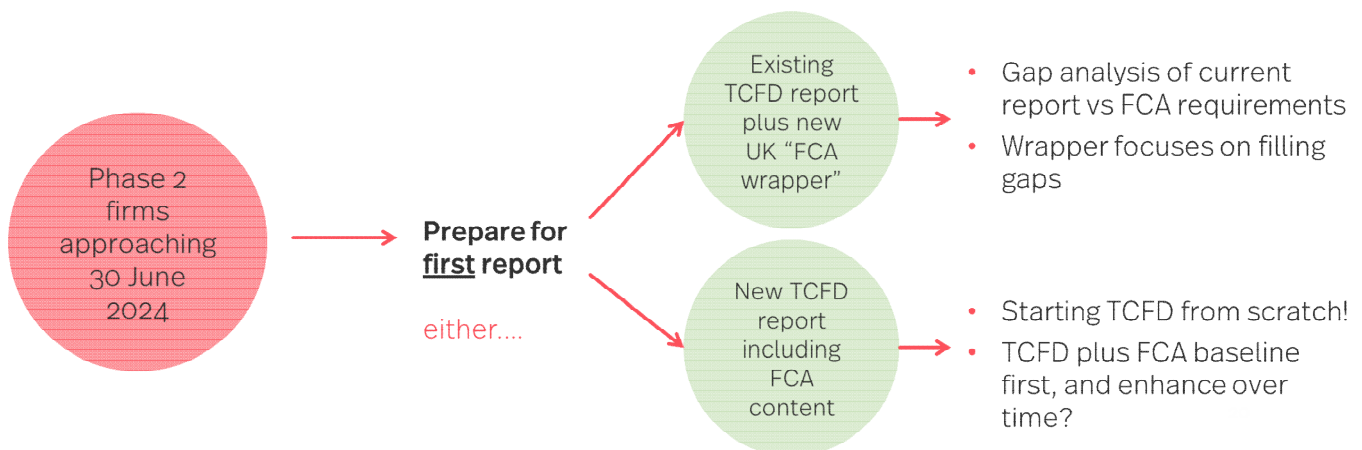
Simmons & Simmons stands ready to advise Phase 2 firms on these requirements. We've prepared a menu of **standard-form templates**, which are available for purchase at a fixed fee. We are also happy to discuss **bespoke advisory projects**. This document outlines our menu of templates, as well as summarising for reference which firms and products are subject to mandatory TCFD-aligned reporting.

*For a summary and flowchart on which asset managers are in-scope, please refer to the **Annex** to this note (page 4). Please note that this menu does not consider the parallel rules for asset owners.*

Your project

A key initial variable for in-scope firms to consider is whether the UK firm (or its wider corporate group) **already voluntarily produces** a TCFD aligned climate report?

- *If yes*, then the UK firm may take the approach of topping-up the existing report with an additional UK wrapper which cross-refers to the existing report and provides new disclosures as needed.
- *If no*, then UK firm will be starting TCFD disclosure from scratch, likely needing a standalone baseline UK TCFD report.



Firms will also need to make decisions on the format of their product-level reports.

How we can help you

The table below sets out our fixed-fee pricing for template TCFD-aligned disclosures and related supporting documents. These prices are in British Pounds (GBP) and exclusive of any applicable VAT.

No.	Item	Purpose	Cost
1.	Management entity report: UK wrapper for separate TCFD report	<ul style="list-style-type: none"> Some firms may already have an existing TCFD-aligned report, whether at UK entity level or group level. The FCA ESG Rules expressly allow firms to produce their FCA TCFD report by cross-referring to an existing separate report. These firms will likely still need an additional UK “wrapper”, to (i) address any gaps in the existing report, and (ii) deal with certain elements of UK gold-plating. Our template provides a wrapper which adopts a cross-referencing and top-up disclosure approach. The template provides a framework for cross-references, lists of additional disclosure topics which may be required to fill any gaps, and template language to address the UK FCA gold-plating. (Please note that the template pre-supposes that the firm has separately concluded as to what are the gaps, if any, in the existing separate TCFD report. The template does not contain a full set of TCFD disclosure language – please see document 2 below) 	GBP 5k
2.	Management entity report: Standalone TCFD report	<ul style="list-style-type: none"> Many Phase 2 firms will be approaching TCFD disclosure for the first time, and will require a complete standalone report. Our template provides a comprehensive precedent, to address the TCFD recommended disclosures, the TCFD sectoral guidance for the asset management sector, and the FCA gold-plated requirements. The template provides multiple alternative forms of wording, designed to address common business models in the asset management sector, and to cover different degrees of consideration of climate risks and opportunities. Please note that the template addresses those aspects of the TCFD recommendations and guidance which are mandatory under the FCA Rules, but not the wider TCFD materials which apply as guidance only. 	GBP 9k
3.	Verification checklist	<ul style="list-style-type: none"> Firms may require a gap analysis or verification checklist, to confirm that a management entity report is compliant both with the TCFD recommended disclosures and the FCA ESG Rules. This may be required for example for verifying what are the “gaps” in an existing separate TCFD report which is produced voluntarily. 	GBP 2k

No.	Item	Purpose	Cost
		<p>Alternatively, the compliance team or governing body of some firms may require a verification table for internal record keeping purposes, in respect of the completed report. This may also be useful for the senior manager who is required to sign the compliance certificate in the entity-level report.</p> <ul style="list-style-type: none"> • Our template verification checklist (available in both MS Word and Excel format) allows firms to methodically record how each element of the FCA ESG Rules, and each element of the TCFD recommended disclosures which are mandatory under the FCA Rules, are satisfied in your entity-level report 	
4.	Product level report	<ul style="list-style-type: none"> • The FCA ESG Rules require product-by-product disclosure of certain climate data. • Our template provides an outline framework for firms to include the relevant data, along with customisable disclaimers and disclosures on data availability or quality. • Our template is intended to be suitable for either website publication or private on-demand disclosures. 	GBP 2k
5.	Bespoke advisory projects	<ul style="list-style-type: none"> • In addition to the standard-form templates, we are also widely advising across the asset management industry on bespoke advisory projects relating to TCFD. We're happy to discuss with firms what bespoke help we can provide, and how the templates can be incorporated into advisory work. 	To be discussed with you

Notice: This document contains an indicative list of documentation only. Each firm will need to undertake an exercise to determine how their firm and products are impacted by the FCA's TCFD disclosure requirements, and Simmons & Simmons can assist with that exercise.

This document (and any information accessed through links in this document) is provided for information purposes only and does not constitute legal advice. Professional legal advice should be obtained before taking or refraining from taking any action as a result of the contents of this document.

Annex – Is my firm in-scope of the FCA ESG rules?

The FCA Rules apply to **UK FCA-authorized asset managers** including AIFMs, UCITS Mancos, and MiFID portfolio managers. Note that portfolio management has an extended definition, to capture certain advisory activities in relation to private equity. Non-UK firms are not in-scope of these rules.

The Phase 1 disclosure deadline applied to in-scope UK firms with more than GBP 50 billion of AuM. The forthcoming Phase 2 deadline applies to firms with **more than GBP 5 billion of AuM**. (Firms below the GBP 5 billion threshold are not in-scope).

Required reports

In-scope firms must produce an **entity-level report**, which is compliant with both the [FCA ESG Rules](#), and also the [TCFD recommended disclosures](#). The entity-level report must be published on the firm's **public website**.

In parallel, in-scope firms must produce a **product-level report**, for each in-scope product, which is compliant with the FCA ESG Rules. This must either be: (i) published on a firm's **public website** (for UCITS funds, authorised AIFs, and unauthorised AIFs listed on an exchange) or (ii) made available **privately**, in response to a client's "**on demand**" request (for unauthorised AIFs which are not listed on an exchange, and portfolio management services).

Which TCFD documents are relevant for the FCA ESG Rules?

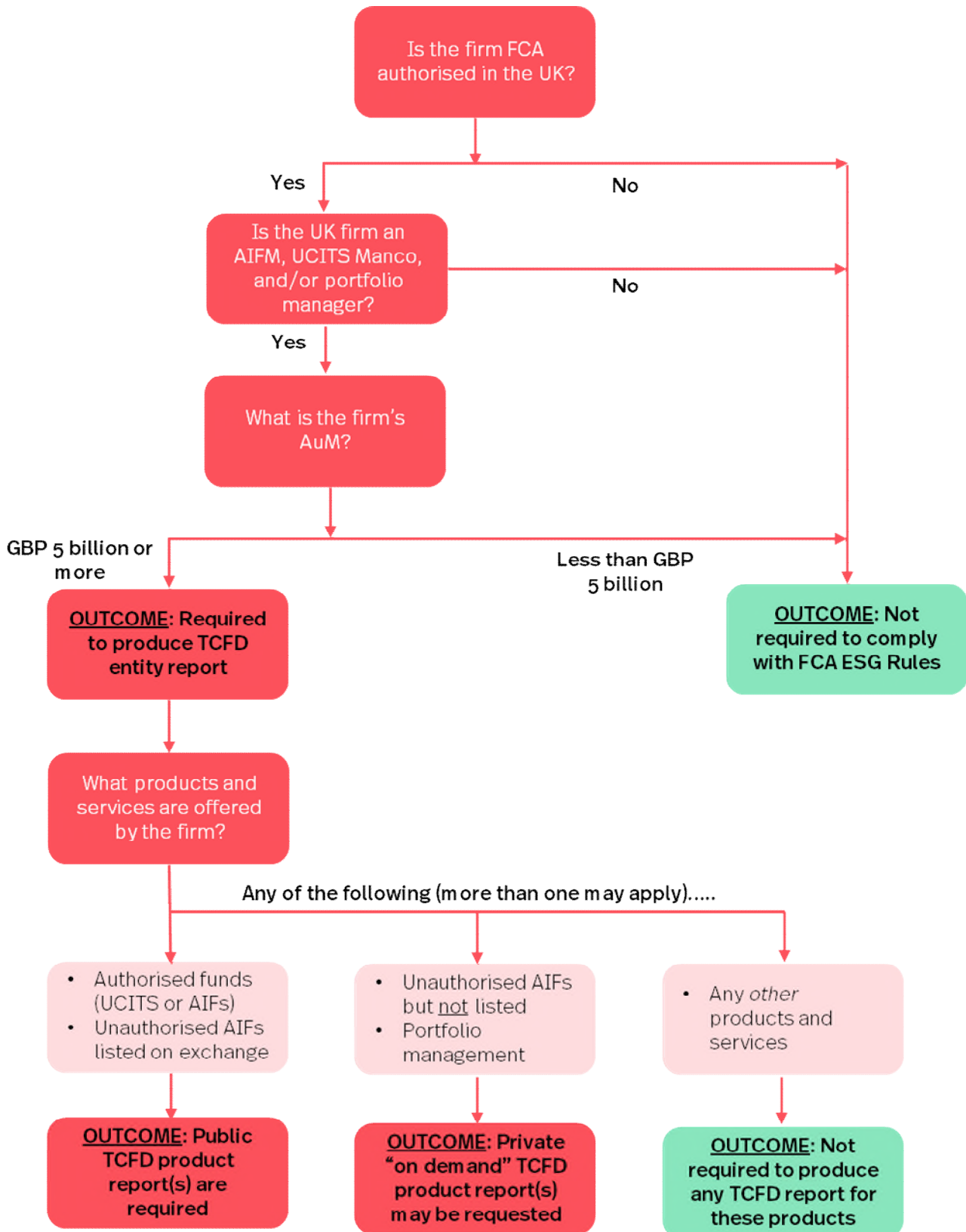
FCA terminology	TCFD document	FCA Rule (R) or Guidance (G)?
TCFD Final Report	Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)	(R): The four recommendations and the eleven recommended disclosures (G): the remaining sections
TCFD Annex	Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)	(R): Section C – “Guidance for All Sectors” (R): Part 4, Section D – “Asset Managers” (G): the remaining sections
TCFD Technical Supplement	The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (June 2017)	(G): whole document
TCFD Guidance on Risk Management Integration and Disclosure	Guidance on Risk Management Integration and Disclosure (October 2020)	(G): whole document
TCFD Guidance on Metrics, Targets and Transition Plans	Guidance on Metrics, Targets, and Transition Plans (October 2021)	(G): whole document

Summary flowchart

The **flowchart** overleaf summarises the scoping variables. *(Please note that this document does not address the requirements applicable to certain asset owners under pensions and insurance rules.)*

For detailed information on the FCA TCFD rules, please see our [December 2021 briefing note](#).

Flowchart – does my firm need to comply with the FCA TCFD disclosure rules?



Contacts



Nick Colston

Partner

T +44 20 7825 4147
E nicholas.colston@simmons-simmons.com



Lucian Firth

Partner

T +44 20 7825 4155
E lucian.firth@simmons-simmons.com



Catherine Weeks

Partner

T +44 20 7825 3940
E catherine.weeks@simmons-simmons.com



Louise Tudor Edwards

Partner

T +44 20 7825 4539
E louise.tudor-edwards@simmons-simmons.com



James Wallace

Partner

T +44 20 7825 4249
E james.wallace@simmons-simmons.com



Daniel Faundez

Partner

T +44 20 7825 3649
E daniel.faundez@simmons-simmons.com



Devarshi Saksena

Partner

T +44 20 7825 3255
E devarshi.saksena@simmons-simmons.com



Katherine Tracey

Managing Associate

T +44 20 7825 4820
E katherine.tracey@simmons-simmons.com



Charlotte Thomas

Managing Associate

T +44 20 7825 5766
E charlotte.thomas@simmons-simmons.com



Tristram Lawton

Managing Associate

T +44 20 7825 3488
E tristram.lawton@simmons-simmons.com



William Clarke

Supervising Associate

T +44 20 7825 3782
E william.clarke@simmons-simmons.com



Angus Brown

Supervising Associate

T +44 20 7825 4076
E angus.brown@simmons-simmons.com

For additional information on our firm, please visit our website at [simmons-simmons.com](https://www.simmons-simmons.com)

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