



SDR – Anti-greenwashing Checklist

As part of the [Sustainability Disclosure Requirements and investment labels \(SDR\)](#) regulations, the FCA has introduced the Anti-greenwashing rules.

For some time, advisers have been worried about greenwashing from providers and the FCA has listened. Providers/fund managers must run anti-greenwashing checks on all of their material, websites, presentations and documentation to make sure that claims and descriptions are fair, clear and not misleading.

But wait, the anti-greenwashing rules go much further than investment funds. Every FCA-authorized firm is impacted, whether that is a large fund manager, boutique DFM, mortgage provider, credit broker and, yes, financial advisers.

A sustainability-related claim may be any claim which includes references relating to the sustainability characteristics of a product or service. This means that advisers will need to make sure that all their documents, website, and suitability letters have passed through an anti-greenwashing check.

Firms will also need to demonstrate the competence of the person undertaking the anti-greenwashing review. They need, ideally, to be independent of the document/webpage or suitability letter author. This may not be possible within smaller firms, so extra care should be taken to sense-check the information provided.

Main examples for Greenwashing

Greenwashing

The deliberate use of language or images to imply something is more sustainable/ethical/responsible than it really is. It is generally accepted as being deliberate, and therefore the new rules will, ideally, see an end to this overt form of greenwashing. This is an area that has been of great concern to many financial advisers and therefore the new rules are very good news for advisers.

Inadvertent greenwashing

The clue is in the name; this is greenwashing where the intention was to provide a clear, fair and not misleading description of a sustainable investment or green mortgage but the output is unintentionally confusing, ambiguous or subject to different interpretations. This is very difficult to spot when undertaking an anti-greenwashing review, which is why, ideally, the review shouldn't be undertaken by the original author.

Greenhushing

This can either be well-intentioned or, perhaps, more deliberate. Information about aspects of a firm's sustainability proposition or how sustainability impacts on a financial adviser's recommendation, which is hidden or withheld. For example, an investment manager might build sustainability into their stock selection process, but to avoid having to meet the labelling and disclosure demands of SDR they do not provide any information about this policy. This makes it difficult for advisers to recommend the fund to those that want sustainability, but it also complicates the client segmentation/Target Market process for clients who have chosen not to build sustainability into their advice process but as the information has been 'hushed' the adviser may make an incorrect recommendation. For financial advisers, withholding information about sustainability characteristics of a recommended portfolio from a suitability letter, because the client said they were not that interested in sustainability, could be an example of greenhushing.



Anti-greenwashing Checklist

A sustainability-related claim may be any claim which includes references relating to the sustainability characteristics of a product or service. This means that advisers will need to make sure that all their documents, website, and suitability letters etc (not an exhaustive list) have passed through an anti-greenwashing check.

Document:

Is the wording correct and capable of being substantiated?	Yes	No
Is the information clear and presented in a way that can be understood?	Yes	No
Has any information been omitted or hidden?	Yes	No
Has the full lifecycle of the advice/product or service been considered?	Yes	No
Is the information fair and meaningful in relation to any comparisons to other products or services?	Yes	No
Considering any information you provide about your firm, is the firm's information reconcilable with the advice service and are claims also fair, clear and not misleading?	Yes	No

Actions (if applicable)

Sign Off

Name:

Date:

For more information please visit our [Responsible Investment Hub at brooksmaconald.com](https://www.brooksmaconald.com/responsible-investment)

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