

MEMO# 32441

May 5, 2020

Detailed Summary of EU Consultation on Draft Regulatory Technical Standards (RTS) for ESG Disclosure Regulation

[32441]

May 5, 2020 TO: ICI Global Members

ESG Task Force

ICI Global Regulated Funds Committee SUBJECTS: Compliance

Disclosure

Distribution

International/Global

Investment Advisers

MiFID, EMIR, AIFMD, UCITS V RE: Detailed Summary of EU Consultation on Draft Regulatory Technical Standards (RTS) for ESG Disclosure Regulation

The European Securities and Markets Authority (ESMA) and other European Supervisory Authorities (ESAs)[\[1\]](#) recently issued a consultation[\[2\]](#) that sets forth draft regulatory technical standards (RTS) for certain provisions in the EU Disclosure Regulation, with feedback due by 1 September 2020.

This consultation proposes environmental, social, and governance (ESG) related disclosure requirements that would have significant implications for asset managers and funds, including the following:

- Requiring an asset manager to disclose aggregate information on the adverse sustainability impact of its investments, including a set of 32 indicators (e.g., carbon footprint, gender pay gap).[\[3\]](#) Applies on a comply-or-explain basis, but is mandatory for managers with over 500 employees.
- Requiring extensive new disclosure for ESG-related funds, including selecting sustainability indicators against which a fund must measure how it 1) achieves the promotion of environmental or social characteristics, or 2) achieves its sustainable investment objective.[\[4\]](#)

Consultation responses are due by 1 September 2020.

A detailed summary of the consultation is attached.

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[Attachment](#)

endnotes

[1] The other two ESAs are the European Insurance and Occupational Pensions Authority (EIOPA) and the European Banking Authority (EBA).

[2] The consultation is *available at* https://www.esma.europa.eu/sites/default/files/jc_2020_16_-_joint_consultation_paper_on_esg_disclosures.pdf. The press release contains a link to the response form at the bottom of the webpage, *available at* <https://www.esma.europa.eu/press-news/consultations/joint-esa-consultation-esg-disclosures>.

[3] See pp. 28-31 of the consultation for the proposed regulatory provisions, with the proposed disclosure template on pp. 49-63. The list of mandatory adverse sustainability indicators begins on p. 53.

[4] The proposed product-level disclosure requirements are on pp. 31-48 of the consultation.