

**MEMO# 31345**

August 23, 2018

# ICI Global Response to European Commission on ESG Disclosure Proposal

[31345]

August 23, 2018 TO: ICI Members

Investment Company Directors

ICI Global Members

Global ESG Task Force

ICI Global Regulated Funds Committee SUBJECTS: Compensation/Remuneration Disclosure

International/Global

Investment Advisers RE: ICI Global Response to European Commission on ESG Disclosure Proposal

On 23 August, ICI Global submitted the attached paper providing feedback to the European Commission on its proposal on disclosures relating to sustainable investments and sustainability risks.

By way of background, the Commission released a package of sustainable finance proposals in late May that reflects priority items from its Action Plan on sustainable finance.<sup>[1]</sup> The package includes proposals on taxonomy, disclosure, and low-carbon benchmarks. Our attached paper provides feedback to the Commission on its disclosure proposal, which would require increased disclosure around sustainable investments and integration of sustainability risks.<sup>[2]</sup>

The paper provides background on how asset managers consider ESG factors in the investment process and then makes the following three high-level recommendations:

1. We urge the Commission to appropriately sequence the sustainability initiatives with the proposed taxonomy first and provide adequate time (*e.g.*, 24 months) for implementing the proposals so that each step is well-settled in market practice and meaningfully furthers the EU's sustainability goals.
2. We also encourage the Commission to provide an adequate framework for the Disclosure Regulation in level 1 so that financial market participants can better gauge the proposal's impact and address potential issues and concerns with the Commission and legislators. We also ask the Commission to consider providing for a thorough level 2 process with a consultation period that provides sufficient time for feedback that would allow the Commission to address any market concerns that surface in the detail of level 2 measures.

3. We finally encourage the Commission to retain the Disclosure Regulation's distinction between financial products at large and sustainability-themed financial products (*i.e.*, with a sustainability target). We welcome this distinction, as it properly recognizes that the regulatory framework cannot be one-size-fits all.

As a next step, we expect to begin engagement with the European Parliament around its draft report on the Commission's disclosure proposal.[\[3\]](#)

Linda M. French  
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## [Attachment](#)

### **endnotes**

[\[1\]](#) Available at [https://ec.europa.eu/info/publications/180524-proposal-sustainable-finance\\_en](https://ec.europa.eu/info/publications/180524-proposal-sustainable-finance_en).

[\[2\]](#) Available at [https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2017-5524115\\_en#pe-2018-3336](https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2017-5524115_en#pe-2018-3336).

[\[3\]](#) Available at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONGML%2bC OMPARL%2bPE-626.716%2b01%2bDOC%2bPDF%2bV0%2f%2fEN>.

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