

MEMO# 31331

August 15, 2018

Draft Feedback to European Commission on ESG Disclosure Proposal; Comments Requested by 20 August

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August 15, 2018 TO: ESG Task Force

ICI Global Regulated Funds Committee RE: Draft Feedback to European Commission on ESG Disclosure Proposal; Comments Requested by 20 August

Attached for your review is a draft paper providing feedback to the European Commission on its proposal on disclosures relating to sustainable investments and sustainability risks. Please provide any comments by close of business on Monday, 20 August. The deadline to submit feedback to the Commission is next Thursday, 23 August.

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.^[1] The package includes proposals on taxonomy, disclosure, and low-carbon benchmarks. We plan to submit feedback to the Commission on its disclosure proposal, which would require increased disclosure around sustainable investments and integration of sustainability risks.^[2]

The draft paper makes the following high-level recommendations:

1. We encourage the Commission to provide an adequate framework and roadmap 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 more robust level 2 process, with adequate consultation, that would allow the Commission to address any market concerns that surface in the detail of level 2 measures.
2. We also urge the Commission to sequence the sustainability initiatives appropriately, with the proposed taxonomy first, and provide adequate time for implementing the proposals so that each step provides value to investors and meaningfully furthers the EU's sustainability goals. Without a methodical approach to the multitude of initiatives, the Commission's Action Plan may result in unintended, counterproductive effects.

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[Attachment](#)

endnotes

[1] Available at
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.

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