

MEMO# 33073

January 27, 2021

ICI Submits Letter Responding to TCFD Forward-looking Financial Sector Metrics Consultation

[33073]

January 27, 2021 TO: ESG Advisory Group

ESG Task Force

ICI Global Regulated Funds Committee

SEC Rules Committee RE: ICI Submits Letter Responding to TCFD Forward-looking Financial Sector Metrics Consultation

ICI submitted the attached response to the Task Force on Climate-related Financial Disclosures (TCFD) Forward-looking Financial Sector Metrics Consultation.[\[1\]](#) The consultation seeks information regarding the use and disclosure of climate-related metrics by financial institutions (banks, insurance companies, asset managers, and asset owners). The TCFD states that it will take consultation responses into consideration to determine whether further TCFD financial sector guidance on forward-looking metrics is needed.

ICI's letter expresses support for TCFD's work, noting that ICI's Board of Governors recently urged companies to provide disclosure consistent with TCFD's 2017 recommendations.[\[2\]](#) The letter also states that ICI is keenly interested in being an active participant in any discussions contemplating the development of reporting recommendations that might apply to regulated funds and their managers.

Regarding forward-looking climate-related metrics, ICI states that the path toward improved climate-related disclosures must follow a sequence that begins with companies overcoming the challenges associated with their reporting of climate-related metrics. The letter highlights those challenges, including limited availability and poor quality of emissions data; insufficient transparency into the methodologies that are used; and reliance on assumptions and estimates, which introduce subjective elements to the data.

The letter concludes that it is vital that the challenges associated with investee companies' climate-related metrics be addressed before expanding asset managers' reporting of metrics that rely on underlying investee company data. Requiring asset managers or owners to report forward-looking estimations when there is insufficient data and clarity on methodologies would not necessarily result in useful information for investors and could raise liability concerns for asset managers and owners.

Annette Capretta
Associate General Counsel

[Attachment](#)

endnotes

[1] For a summary of the consultation, *please see* Memorandum No. 32979 (Dec. 14, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32979.

[2] See ICI News Release, ICI Board Unanimously Calls for Enhanced ESG Disclosure by Corporate Issuers (December 7, 2020) (announcing that ICI's board is urging companies to provide disclosure consistent with the recommendations of the TCFD and Sustainability Accounting Standards Board (SASB)), *available at* https://www.ici.org/pressroom/news/20_news_esg.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.