

MEMO# 34860

February 2, 2023

ICI Global Responds to UK FCA proposed Sustainability Disclosure Requirements (SDR) and investment labels for funds

[34860]

TO: ICI Global Members
ESG Advisory Group
ESG Task Force
Global Regulated Funds Committee SUBJECTS: ESG
International/Global RE: ICI Global Responds to UK FCA proposed Sustainability Disclosure Requirements (SDR) and investment labels for funds

ICI Global submitted the attached response to the UK Financial Conduct Authority (FCA) consultation on Sustainability Disclosure Requirements (SDR) and investment labels for funds.[\[1\]](#)

The FCA proposed creating three sustainability-related product labels – sustainable focus, sustainable improvers, and sustainable impact – for funds that "contribute to positive sustainability outcomes."[\[2\]](#) In addition to the labeling categories, the FCA also proposed detailed disclosure requirements for labeled and unlabeled products, requirements for distributors, and a general "anti-greenwashing" rule.

Under the proposal, products without a sustainability objective will not qualify for a sustainability label, even if the product has a sustainability-related strategy, and only those products using labels would be able to use ESG-related terms in the fund name and marketing materials.

ICI Global supports initiatives that would help retail investors navigate the complex landscape of ESG- and sustainability-related investment products, but we are concerned that the FCA's proposed approach could undermine that goal. Our response provides the FCA with eleven concrete recommendations for amending the proposal.

In our view, the FCA's sustainable product labels should be a distinguishing factor among sustainable investment funds that helps retail investors identify products offering those specific objectives, and not a limiting factor for names and marketing materials that could deter retail investors from accessing a diversity of sustainable investing strategies that meet their investment goals.

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Notes

[1] The FCA Consultation Paper (CP22/20) is available at <https://www.fca.org.uk/publication/consultation/cp22-20.pdf>. See also, ICI Global memo [34346], available at <https://www.ici.org/memo34346>.

[2] See FCA Consultation Paper (CP22/20), supra note 1, at 24-25.

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