

**MEMO# 35473**

October 4, 2023

# ICI Global Responds to Proposed UK Voluntary Code of Conduct for ESG Ratings and Data Providers

[35473]

October 04, 2023

TO: ICI Global Members

Europe Regulatory and Policy Committee SUBJECTS: ESG

International/Global RE: ICI Global Responds to Proposed UK Voluntary Code of Conduct for ESG Ratings and Data Providers

ICI Global submitted the attached response to the consultation launched by the ESG Data and Ratings Working Group (DRWG),[\[1\]](#) convened by the UK Financial Conduct Authority (FCA), on a draft voluntary code of conduct for ESG ratings and data providers.[\[2\]](#) The voluntary code of conduct will be finalized at the end of 2023.

ICI Global broadly welcomes the DRWG's approach in developing a voluntary industry code of conduct based on the recommendations of the International Organization of Securities Commission (IOSCO),[\[3\]](#) as a first step toward improving transparency by ESG ratings and data product providers in the UK, and the recognition of the importance of international interoperability of UK's code of conduct.

However, we are concerned that the proposed code of conduct is not clear regarding its potential applicability to internal ESG ratings and data produced by asset managers that are provided to clients for purposes of reporting and communicating internal investment processes. In this regard, ICI Global recommends that the DRWG clarify the exclusion of internal ESG ratings and data covers those provided to third parties as long as they are not provided or marketed on a commercial basis (e.g., for a fee).

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## Notes

[1] The International Capital Market Association (ICMA) and the International Regulatory Strategy Group (IRSG) were appointed as the Secretariat for the DRWG, with the mandate to develop a voluntary code of conduct for ESG ratings and data providers. Observers include the FCA, the HM Treasury, the Monetary Authority of Singapore (MAS), and the Japan Financial Service Agency (JFSA)

[2] Draft UK Voluntary Code of Conduct for ESG Ratings and Data Product Providers For Consultation ("Draft UK Code of Conduct"), July 2023, available at <https://www.irsg.co.uk/publications/esg-ratings-and-data-products-providers-code-of-conduct-released-for-consultation>; ICI Memorandum [35373], dated 11 July 2023, available at <https://www.ici.org/memo35373>.

[3] FR09/21 Environmental, Social and Governance (ESG) Ratings and Data Products Providers Final Report, November 2021, available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>.

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