

## ICI Board Unanimously Calls for Enhanced ESG Disclosure by Corporate Issuers

### Fund industry encourages companies to follow TCFD recommendations and SASB standards to help ensure accurate, comparable, and timely information

**Washington, DC; December 7, 2020**—The Board of Governors of the Investment Company Institute (ICI) has unanimously approved a statement encouraging US public companies to provide enhanced reporting on environmental, social, and governance (ESG) factors. With this vote, ICI's board is urging companies to provide disclosure consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the standards of the Sustainability Accounting Standards Board (SASB).

"Fund managers require access to financially material ESG-related information from corporate issuers that is accurate, comparable, and timely," said George C. W. Gatch, ICI chairman and CEO of J.P. Morgan Asset Management. "There is an emerging global consensus that companies should follow TCFD recommendations and SASB standards, and ICI members support this approach to help ensure fund managers can get useful information to make important decisions consistent with the investment objectives of funds and the needs of their shareholders."

### TCFD Recommendations Help Guide Financial Decisionmaking

In response to growing investor demand for material climate-related disclosures, the TCFD published [formal recommendations](#) in 2017 guiding companies to provide disclosure related to:

- governance around climate-related risks and opportunities;
- actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning, where such information is material;
- means by which the company identifies, assesses, and manages climate-related risks and how these are integrated into an overall risk management framework; and
- metrics and targets used to assess and manage relevant climate-related risk and opportunities, where such information is material.

TCFD's work stems from the belief that providing better information and disclosure helps improve companies' and investors' understanding of the financial implications of climate change. Investors—including fund managers—have increasingly sought ESG information from companies that is "decision useful," helpful in guiding complex, daily choices by fund managers who are tasked with investing for the benefit of their shareholders and in accordance with the fund's own objectives and disclosures.

"We're taking this important step now to ensure that fund managers have access to decision-useful ESG-related information that is consistent and high quality," said ICI President and CEO Eric J. Pan. "Encouraging companies to report using widely accepted disclosure frameworks will help improve the quality and, ideally, the quantity of comparable ESG data. Moving in this direction should also aid policymakers in the United States and abroad as they consider action on ESG-related issues."

### Growing Support for SASB Standards

The ICI board's action signals an important shift for the Institute, whose members manage more than \$34 trillion in assets globally, and adds significant momentum to the effort to encourage public companies to provide disclosure consistent with the standards set forth by SASB. These include a set of [77 industry-specific standards](#) that identify the minimal set of financially material, decision-useful sustainability information and their associated metrics for the typical company in an industry.

### ICI's Growing Body of Work on ESG Issues

Earlier this year, the ICI board endorsed an ESG "roadmap" that provides the fund industry with simple, consistent terminology to

help improve how it communicates on ESG investing. The publication also helps distinguish between the different ways fund managers consider ESG factors across a broad investing spectrum and encourages fund complexes to use the consistent terminology in the roadmap to help promote greater public understanding of ESG issues.

## About TCFD and SASB

The Financial Stability Board established the TCFD to “develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.”

SASB is a nonprofit organization working to “establish and improve industry-specific disclosure standards across financially material environmental, social, and governance topics that facilitate communication between companies and investors about decision-useful information.” SASB recently announced it will merge with the International Integrated Reporting Council to form a unified organization, the Value Reporting Foundation, in 2021.

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