

ICI Supports Biden Administration's Approach Toward Fostering Better Climate Risk Disclosure from Companies

Administration's Push Aligns with ICI's Advocacy for Comparable, Consistent, and Reliable Corporate Disclosure

Washington, DC; April 22, 2021—As part of its leadership and work on environmental, social, and governance (ESG) issues, the Investment Company Institute (ICI) commends President Biden and Treasury Secretary Yellen for calling upon policymakers to enhance efforts to foster consistent, reliable, financially material information from companies about the risks that climate change presents to their businesses. Biden's [US International Climate Finance Plan](#) and Yellen's [recent remarks](#) outlined the administration's approach.

"President Biden's climate finance plan along with Secretary Yellen's remarks yesterday rightly put the United States back at the center of international deliberations on climate change and indicates a critical understanding that companies should provide better, useful, and comparable information to investors such as investment funds," said ICI President and CEO Eric J. Pan. "That information is particularly important for our members who use it to create products that can meet investors' financial and sustainability goals. Many investors want to address climate risk through their investments, and regulated funds are well-positioned to deliver capital into the global economy to help meet their sustainability-related objectives.

"ICI and the fund industry have led the way in advancing discussions about giving investors better information. In December, we advocated for a global standard for public company disclosure in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) standards. We urged the Biden administration to work toward a consistent global standard for corporate ESG disclosure in its first 100 days, and it is encouraging to see them proceeding in that direction. We look forward to working with our members, the administration, and policymakers worldwide to achieve a global minimum standard for the type of sustainability information that companies should disclose."

ICI's Global Advocacy on Climate and Sustainable Finance Issues

Given investment funds' critical role in making sustainable finance work, ICI is conducting an extensive work program on climate and ESG issues, which includes:

- *Prioritizing ESG issues in ICI's policy work.* In 2018, ICI established the ESG Task Force, and in 2020, the ESG Advisory Group, to draw on the expertise and experience of its members and pursue initiatives, such as the workstreams identified below.
- *Promoting consistent terminology for funds.* In July 2020, ICI's Board of Governors unanimously endorsed a fund industry ESG [roadmap](#)—an introduction to ESG investing strategies designed to encourage the use of consistent terminology when describing ESG integration and sustainable investing strategies.
- *Encouraging enhanced corporate ESG disclosure.* In December 2020, ICI's board unanimously called for [enhanced ESG disclosure](#) by corporate issuers. Specifically, the board requested that companies provide disclosure consistent with the recommendations of TCFD and the standards of the SASB to help improve the quality and quantity of comparable ESG data available to regulated funds and other investors.
- *Advocating for a global minimum standard.* ICI President and CEO Eric J. Pan amplified the Institute's call for enhanced ESG disclosure with an op-ed in [MarketWatch](#), urging the Biden administration and the US Securities and Exchange Commission to lead work on a global disclosure reporting standard using TCFD and SASB standards as a starting point for international deliberations. Pan echoed this call in commentary published in [Le Monde](#), the [South China Morning Post](#), and [Nikkei](#), asking policymakers in Europe and Asia to work with the United States to achieve a global minimum standard for what sustainability information companies should disclose.

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