



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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August 23, 2018

Valdis Dombrovskis
Vice President for the Euro and Social Dialogue, also in charge of Financial Stability,
Financial Services and Capital Markets Union
European Commission
Rue de la Loi 200
Building BERL
1049 Bruxelles/Brussel
Belgium

**RE: European Commission Regulation on disclosures relating to
sustainable investments and sustainability risks and amending Directive
(EU) 2016/2341**

Dear Vice President Dombrovskis:

The U.S. Chamber of Commerce (“Chamber”) is the world’s largest business organization representing the interests of approximately three million businesses, both domestic and international. The Chamber’s Center for Capital Markets Competitiveness (“CCMC”) was established to advance policies for efficient capital markets in a global economy.

As the Commission aims to increase international capital flows in sustainable investments to the EU, the Chamber’s members represent a key stakeholder base. Therefore, the CCMC appreciates the opportunity to comment on the European Commission’s (“Commission”) proposed regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341.

While there appears to be growing market demand for sustainable finance, we believe that the market should ultimately drive this important agenda to the benefits of investors and consumers alike, which requires flexibility in the integration of sustainability considerations into investment decisions and the advisory process. We appreciate the Commission moving toward a disclosure-based proposal, rather than suggesting specific fiduciary requirements. However, we view some of the elements of disclosure the Commission proposes as being too prescriptive. The Chamber has been holding a series of discussions on sustainability with various stakeholders. We will share the benefit of those discussions when they are completed as you continue your deliberations.

Among the considerations that have been discussed in our conversations is the potential to overwhelm investors with information, which could frustrate their ability to make decisions. The Commission's proposed disclosures with respect to remuneration are an example of the potential overload of information. The proposal states:

Remuneration policies of financial market participants and financial advisors should be consistent with the integration of sustainability risks and, where relevant, sustainable investment targets and should be designed to contribute to long-term sustainable growth. Pre-contractual disclosures should therefore include information on how the remuneration policies of those entities are consistent with the integration of sustainability risks and are in line, where relevant, with the sustainable investment targets of the financial products and services that the financial market participants make available or financial advisors advise on.

It is not clear how these disclosures would work in practice or how the remuneration policies of market participants are consistent with the integration of sustainability risks in the investment process or the sustainable investment strategy or target of a particular financial product.

Additionally, the integration of sustainability risks, where relevant and material for investment performance, are already incentivized by existing requirements to align with asset owners' long-term interests and for long-term success of the investment management company.

Mr. Valdis Dombrovskis

August 23, 2018

Page 3

Specifically, Commission Recommendation 2009/384/EC and other post financial crisis remuneration rules already set out obligations on financial market participants across all sectors to take into account non-financial criteria and promote sound and effective risk management in line with the values of the entity.

Thank you for the opportunity to comment. We look forward to continuing the conversation on these important issues to ensure investors have the information they need to make informed decisions.

Sincerely,

A handwritten signature in black ink, appearing to be 'TK' followed by a long horizontal flourish.

Tom Quaadman

Cc: Olivier Guersent, Director-General, Department of Financial Stability, Financial Services, and Capital Markets Union