

MEMO# 33666

July 7, 2021

FOR MEMBER REVIEW: Draft Response to CFA Institute Exposure Draft on ESG Disclosure Standards - Input Due July 12

[33666]

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TO: ESG Task Force
EU ESG Disclosure Regulation Working Group
ICI Global Regulated Funds Committee
ICI Global Regulated Funds Committee - Asia
SEC Rules Committee RE: FOR MEMBER REVIEW: Draft Response to CFA Institute Exposure Draft on ESG Disclosure Standards - Input Due July 12

Attached for your review is ICI's draft response to the CFA Institute's Exposure Draft on ESG Disclosure Standards for Investment Products, which incorporates member input on a previous draft.^[1] Please provide your comments to Annette Capretta at acapretta@ici.org by 5:00 pm ET on July 12. Comments are due to the CFA Institute by July 14.

Our response makes the following primary points:

- We oppose the adoption of the standards because they merely offer different, but not materially improved, standards in comparison to a plethora of existing standard-setting efforts and would impose undue and unnecessary burdens on investment managers, with questionable benefit to investors.
- If the CFA Institute determines to go forward, it should emphasize the voluntary nature of the CFA Standards and state that their application to regulated funds may not be appropriate or practicable and/or may be duplicative.
- Investment managers should have the option to cross reference to a fund's existing regulatory documentation and to firmwide policies to satisfy the Standard's disclosure requirements.
- The CFA Standards should apply only to funds that use sustainable investing strategies (ESG Funds), and not those that integrate ESG factors into the investment process (ESG Integrated Funds).
- The CFA Institute should explicitly state that investment managers may determine materiality based on the regulatory standards of their jurisdiction.

ICI's draft responses also provide feedback on the draft provisions, which cover the

following disclosure topics:

- Objectives
- Benchmarks
- Sources and Types of ESG Information
- ESG Exclusions
- ESG Information in Financial Analysis and Valuation
- Portfolio-Level ESG Criteria and Characteristics
- Process to Achieve Impact Objective
- Stewardship

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endnotes

[1] See Memorandum No. 33542 (May 20, 2021), available at <https://www.ici.org/memo33542>.

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