

MEMO# 33888

November 8, 2021

CFA Institute Publishes Global ESG Disclosure Standards for Investment Products

[33888]

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TO: ICI Members
ICI Global Members
ESG Advisory Group
ESG Task Force
EU ESG Disclosure Regulation Working Group
Global Regulated Funds Committee
Global Regulated Funds Committee - Asia
SEC Rules Committee SUBJECTS: Disclosure
ESG
International/Global RE: CFA Institute Publishes Global ESG Disclosure Standards for Investment Products

On November 1, 2021, the CFA Institute published its voluntary *Global ESG Disclosure Standards for Investment Products* (Standards), which it states is designed to enable investors, consultants, advisors, and distributors to better understand, compare, and evaluate ESG investment products.[\[1\]](#) The publication of the Standards follows two consultations, on which ICI had commented, and applies to all types of investment products, including regulated funds, and ESG approaches, including integration, exclusion, thematic, and impact.[\[2\]](#)

The CFA Institute states that compliance with the Standards is voluntary and that an investment manager may choose the investment products to which it applies the Standards. It also states that an investment manager must take all steps necessary to ensure that it has satisfied all the applicable requirements of the Standards before claiming that an ESG disclosure statement complies with the Standards.

It also states that an investment manager may choose to have an independent third party provide assurance for one or more of its ESG disclosure statements. Requirements and recommendations for both investment managers and firms conducting assurance engagements will appear in separate assurance procedures, expected in 2022.[\[3\]](#)

The Standards cover three main topics: compliance, disclosure, and terminology.

Fundamentals of Compliance

The compliance section includes 10 required standards addressing, among other things, the representations an investment manager may make regarding its compliance with the Standards, documenting policies and procedures, and notifications to the CFA Institute. It also includes a recommended standard that an investment manager obtain independent assurance on its ESG disclosure statements.

Investment Product ESG Disclosures

The disclosure section includes 19 required standards covering the following subjects:

- General
- Sources and Types of ESG Information
- Systematic Consideration of Financially Material ESG Information in Investment Decisions
- ESG Investment Universe
- Screening
- Portfolio-Level ESG Characteristics
- Portfolio-Level Allocation Targets
- Stewardship Activities
- Environmental and Social Impact Objectives

ESG Terminology

The terminology section includes references to published definitions for certain common terms in connection with the following investment strategies:

- ESG Integration
- Screening
- Thematic and Sustainability Themed Investing
- Impact Investing

It recommends that investment managers use the terms in a manner consistent with the referenced definitions and provide a definition for the term the first time it appears in the ESG disclosure statement.

Annette Capretta
Associate General Counsel

endnotes

[1] The Standards are *available at* <https://www.cfainstitute.org/-/media/documents/ESG-standards/Global-ESG-Disclosure-Standards-for-Investment-Products.pdf>.

[2] In August 2020, it released a consultation paper on the development of the standards, and on May 19, 2021, issued an exposure draft, and ICI commented on both. See

[Memorandum No. 33542](#) (May 20, 2021) for a summary of the exposure draft and [Memorandum No. 33687](#) (Jul. 14, 2021) for a summary of ICI's comments on the exposure draft; see also [Memorandum No. 32738](#) (Sept. 3, 2020) for a summary of the consultation and [Memorandum No. 32847](#) (Oct. 20, 2020) for a summary of ICI's comments on the consultation.

[3] The CFA Institute issued an exposure draft on verification procedures. See [Memorandum No. 33717](#) (Aug. 6, 2021) for a summary of the verification procedures exposure draft and [Memorandum No. 33779](#) (Sep. 21, 2021) for a summary of ICI's comments.

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