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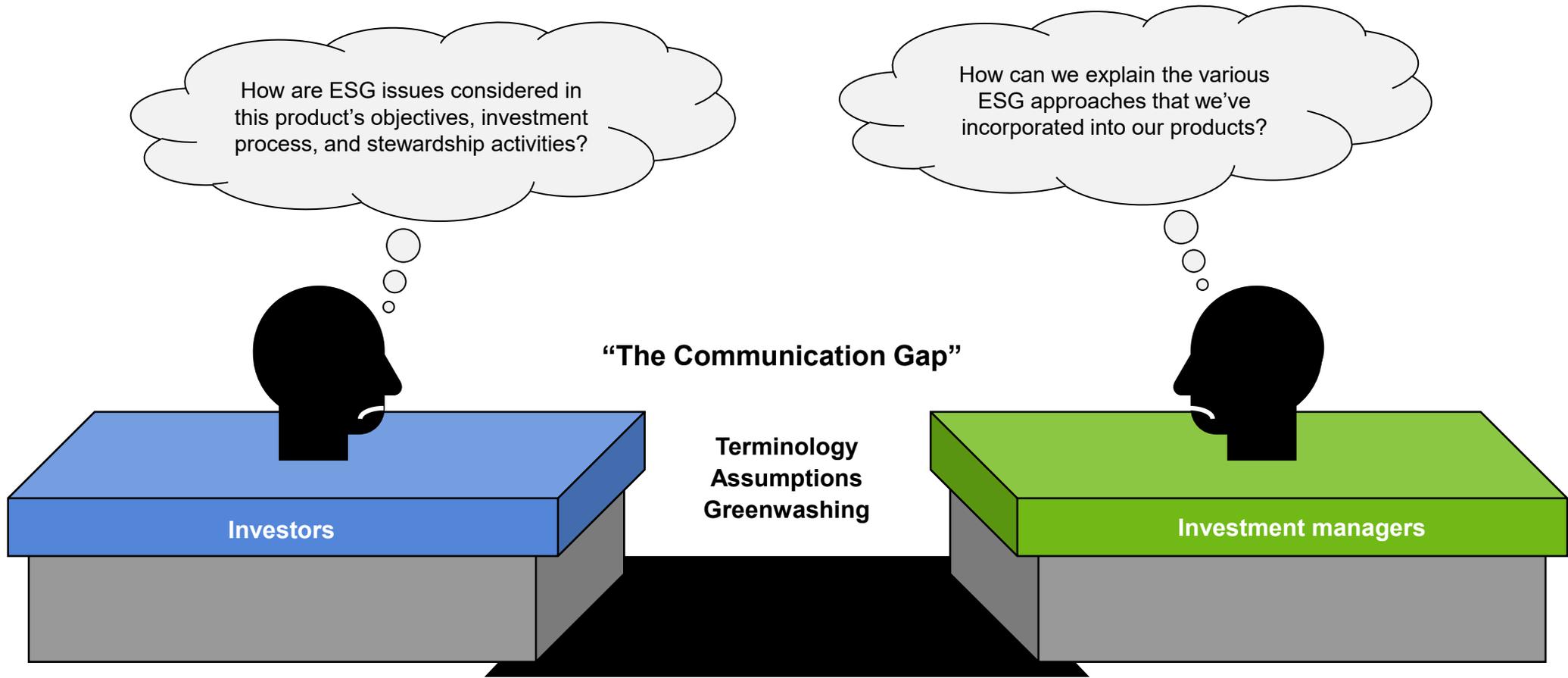
GLOBAL ESG DISCLOSURE STANDARDS FOR INVESTMENT PRODUCTS

15 NOVEMBER 2021

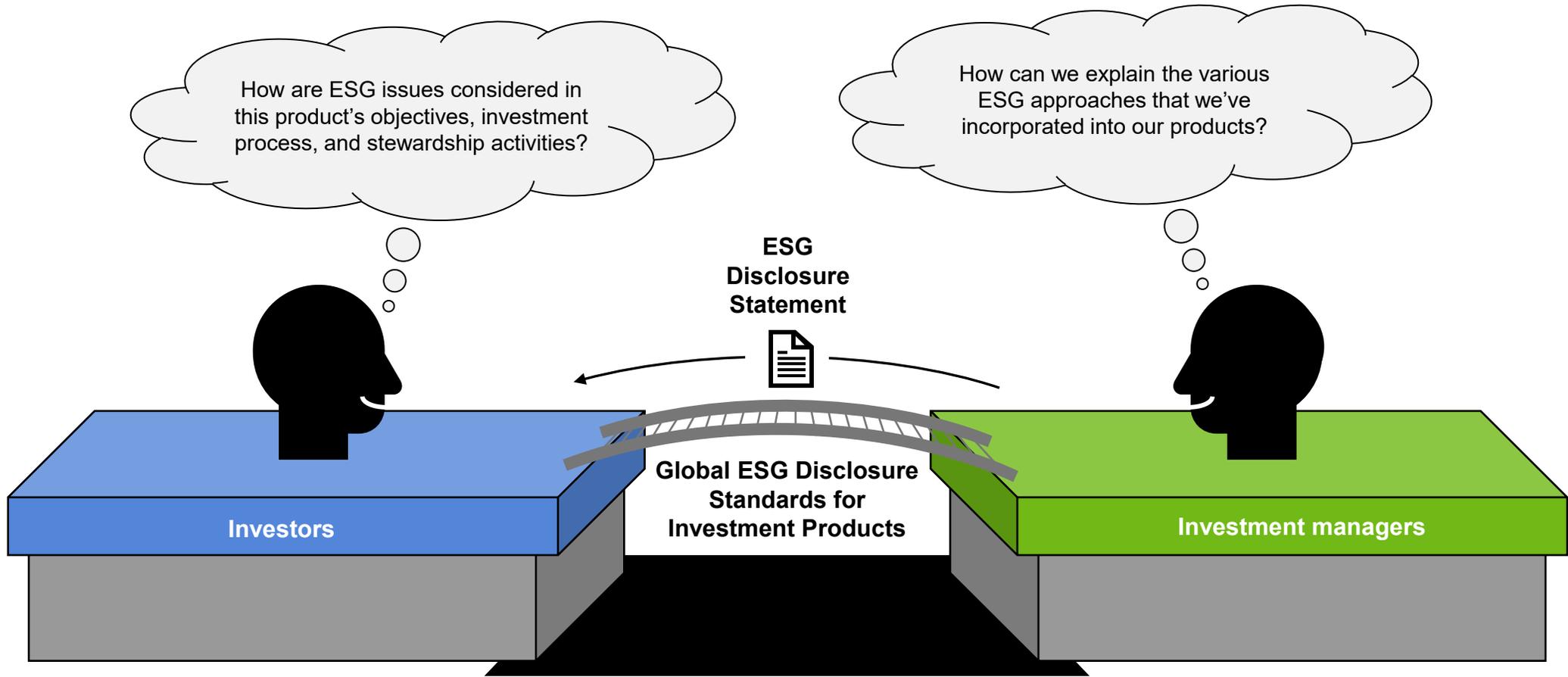
EXECUTIVE SUMMARY

- On 1 November 2021, CFA Institute issued the Global ESG Disclosure Standards for Investment Products, the first global voluntary standards for disclosing how an investment product considers ESG issues in its objectives, investment process, and stewardship activities.
- The Standards were developed through a transparent, collaborative process that was informed by two rounds of public consultation and guided by volunteer investment professionals.
- The Standards seek to address “greenwashing” as well as the difficulties that investors face when trying to understand, evaluate, and compare investment products that incorporate one or more ESG approaches.
- The Standards are ethical standards for the fair representation and full disclosure of an investment product’s ESG approaches.
- The Standards have been designed to accommodate the full range of investment vehicles, asset classes, and ESG approaches offered in markets around the world.
- Global standards like the Global ESG Disclosure Standards for Investment Products play an important role, alongside regulation, in shaping industry practices.
- Additional materials will be released over the next 6 months including independent assurance procedures, a handbook that explains the provisions of the Standards, and an optional template to standardize the format of investment product ESG disclosures.

THE PROBLEM



THE SOLUTION



OVERVIEW OF THE STANDARDS

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Guiding Principles for Investment Product Disclosures

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2. Investment Product ESG Disclosures

3. ESG Terminology

Glossary

Appendix A: Determining the Applicability of Provisions

Appendix B: Sample ESG Disclosure Statements

Appendix C: Development of the Global ESG Disclosure Standards for Investment Products

Appendix D: Relationship to Regulations and Other Codes and Standards

- Summary description of ESG approaches
- Summary description of specific ESG issues addressed by ESG approaches
- Labels and certifications
- Sources and types of ESG information
- Systematic consideration of financially material ESG information in investment decisions
- ESG index as an investment universe
- ESG screening criteria
- Targets for portfolio-level ESG characteristics
- Portfolio-level allocation targets for investments that have specific ESG characteristics
- Stewardship activities
- Environmental and social impact objectives

BENEFITS

Investors, Consultants, and Distributors

- Better understand, evaluate, and compare the ESG approaches used in investment products.
- Complement and streamline manager search, product selection, due diligence, governance reporting, and record-keeping processes.

Investment Managers

- Facilitate sales and distribution of investment products.
- Save time and effort responding to requests for proposals (RFPs) and due diligence questionnaires (DDQs).
- Reduce legal and compliance risk.
- Enhances the investment manager's brand.

APPLICATION



All ESG approaches

- ESG integration
- Screening
- Impact
- Thematic
- Best-in-class
- Proxy voting and engagement
- Etc.



All vehicles

- Pooled funds, ETFs
- Strategies by which individually owned accounts are managed
- Partnerships
- Contracts



All asset classes

- Equities, fixed income, real estate, commodities, infrastructure, derivatives
- Public and private
- Multi-asset class



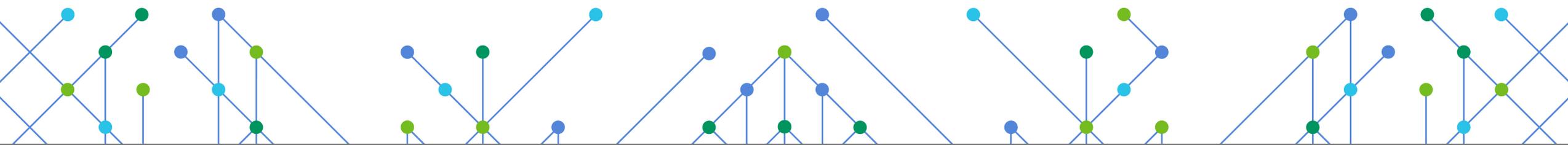
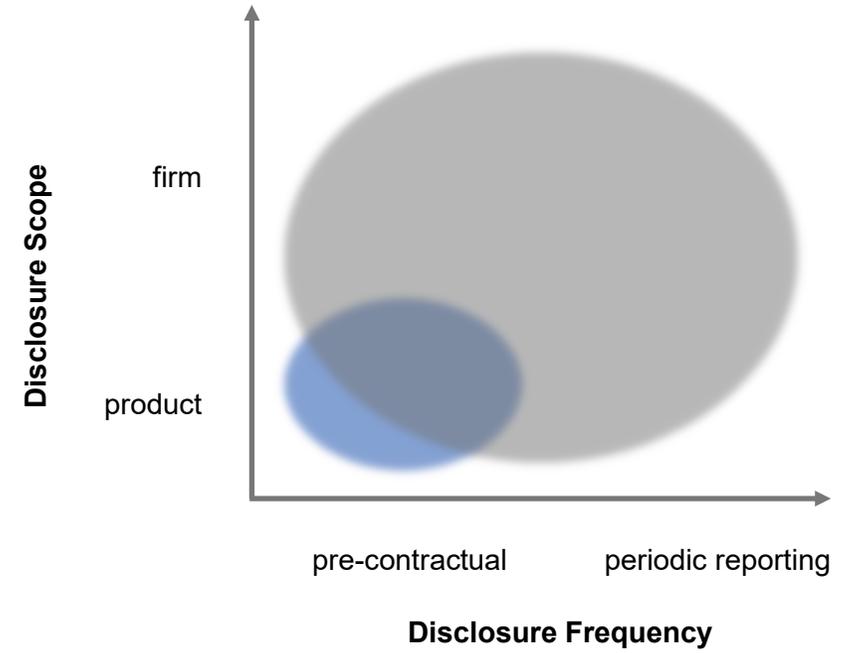
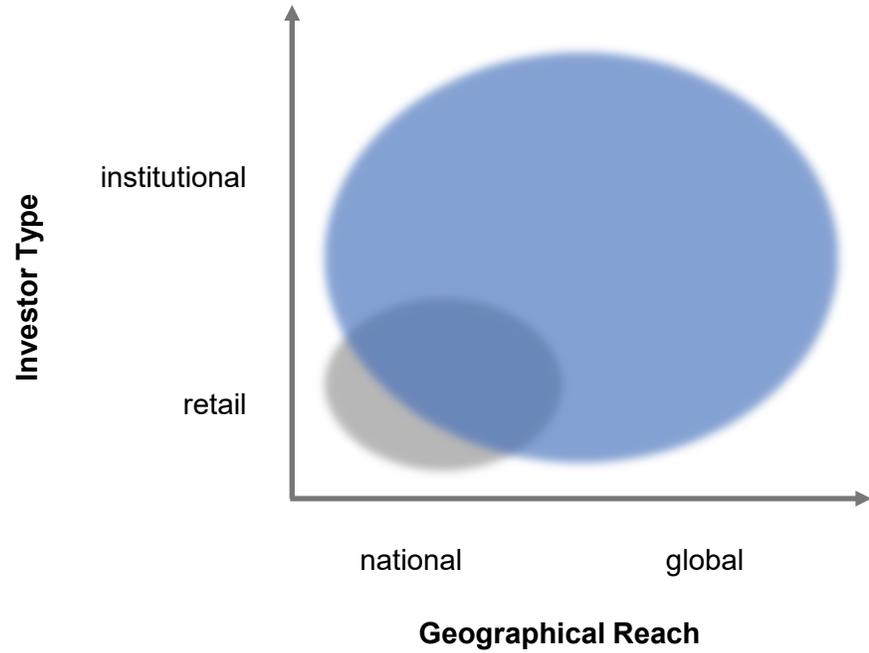
All markets

- Independent of policy objectives
- Compatible with disclosure regulations
- Compatible with naming and labelling rules

Investment managers are permitted to apply the Standards on a product-by-product basis.

COMPARISON TO REGULATION

- Global ESG Disclosure Standards for Investment Products
- Regulation



NEXT STEPS



Assurance Procedures

Procedures for independent third parties providing assurance on ESG Disclosure Statements



Handbook

Explanation and interpretation of the provisions



Optional Template

Standardized format for an ESG Disclosure Statement to facilitate comparison between products



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