Response Form
for the
Consultation Paper on the development of the CFA Institute ESG Disclosure Standards for Investment Products

CFA Institute is developing a voluntary, global industry standard, the CFA Institute ESG Disclosure Standards for Investment Products (the "Standard"), to establish disclosure requirements for investment products with ESG-related features. The purpose of the Standard is to provide greater transparency and comparability for investors by enabling asset managers to clearly communicate the ESG-related features of their investment products. The goal for this Consultation Paper is to elicit feedback on the proposed scope, structure, and design principles of the Standard. **All comments must be received by 19 October 2020 in order to be considered.**

Providing Feedback

Public commentary on this Consultation Paper will help shape an Exposure Draft, the initial version of the Standard, which is expected to be issued in May 2021. Comments should be provided in this response form. You may address as few or as many of the Consultation Paper's questions as you wish. Unless otherwise requested, all comments will be posted on the CFA Institute website.

Guidelines for submission

Comments are most useful when they:

- directly address a specific issue or question,
- provide a rationale and support for the opinions expressed, and
- suggest alternative solutions in the event of disagreement.

There is a section for general comments at the end of this response form.

Positive comments in support of a proposal are equally as helpful as those that provide constructive suggestions for improvement.

Requirements for submission

For comments to be considered, please adhere to the following requirements:

- Insert responses to numbered questions in the designated areas of the response form. Please do not remove tags of the type <QUESTION_XX>. Your response to each question must be framed by the two tags corresponding to the question. If you do not wish to respond to a given question, please do not delete it but simply leave the text "ENTER RESPONSE HERE" between the tags.
- Provide all comments in English.
- Assign a unique file name to your response form.
- Submit the response form as a Microsoft Word document.
- Submit the response form to standards@cfainstitute.org by 5:00 PM E.T. on 19 October 2020.

General Information (required)

Respondent: *(Please enter your full name if you are submitting as an individual or the name of the organization if you are submitting on behalf of an organization.)*	AKINYELE ADENIY, CIPMI
Stakeholder Group: *(Please select the stakeholder group with which you most closely identify.)*	Service Provider
Region: *(If you are submitting as an individual, please select the region in which you live. If you are submitting on behalf of an organization and the organization has a significant presence in multiple regions, please select "Global". Otherwise, please select the region in which the organization has its main office.)*	Middle East & Africa
Country: *(If you are submitting as an individual, please enter the country in which you live. If you are submitting on behalf of an organization, please enter the country in which the organization has its main office.)*	NIGERIA
Confidentiality Preference: *(Please select your preference for whether your response is published on the CFA Institute website.)*	yes, my response may be published

Consultation Paper Questions

<u>Market Needs</u>

Question 1: Do you agree that a standard is needed to help investors better understand and compare investment products with ESG-related features?

<QUESTION_01>

YES. Surely by the trend of events, a standard is very much needed to help investors better understand and compare investment products with ESG-related features. It is a phenomenon gaining acceptance quite rapidly across the globe lately, especially on the back of the covid-19 outbreak and the need thus arises to provide clarity to markets on the whole essence of ESG investing, what it entails, and how it can equally help eliminate undue controversies currently trailing its growth across the global investment landscape.

<QUESTION_01>

<u>Terminology</u>

Question 2: Are any of the defined terms ambiguous? If so, how could they be clarified?

<QUESTION_02>

YES. Some of the defined terms are ambiguous and I think it would really help a lot if a simple coinage with <u>relativeness to terms in use already in the traditional aspect of investing</u> can be adopted for ease of understanding by investors. This suggestion is strongly supported by the five design principles of SIMPLICITY, PRECISION, UNAMBIGUOUSNESS, ALIGNMENT and FAMILIARITY. Good enough these terms in question have been appropriately redefined in the suggestions provided further under each question as posed herein this response paper. **To start with here however, the following is proposed for defining the terminology "ESG MATTERS": Affairs, situations, or topics concerning one or any combination of (i) the environment, (ii) society, and (iii) governance (ESG).**

<QUESTION_02>

<u>Purpose and Scope</u>

Question 3: In addition to the examples listed in Table 1, which regulations and standards, either in existence or in development, should be considered during the development of the Standard to avoid duplication or conflict and to ensure alignment and referencing if and when applicable?

<QUESTION_03>

Interconnected Standard Setting for Corporate Reporting. A work-in-progress by the Accounting Europe (Cogito Paper) already building a case for global interconnected standards to address non-financial information (NFI) topics including climate change, environmental degradation, human rights and social concerns. Published in December 2019, and recently updated in June 2020 after the first set of feedbacks/public comments were received, the EU-supported project is exploring how to coordinate, rationalize, and consolidate the many existing non-financial reporting initiatives to achieve a global solution to current challenges of multiplicity of standards. It was observed CFA Institute already made an input into this, but is yet conspicuously absent on the listed regulations.

<QUESTION_03>

Question 4: Do you agree that a disclosure-based approach would be more helpful to achieve the Standard's goals of transparency and comparability than a prescriptive-based approach?

<QUESTION_04>

YES, but not completely. There is a way both approaches can yet work perfectly well together borrowing from the GIPS' principles on composite description and definition. Presentation of ESG-related products can be made to follow the same principles whereby disclosure in ESG makes for description in GIPS, and prescription in ESG makes for definition in GIPS. The disclosure-based approach used in conjunction with the prescription-based approach would be more helpful to achieve the Standard's goals of transparency and comparability. The suggested issues to be addressed under each ESG-related feature can be styled after composite definitions so investors can have probably more than enough information to guide their ultimate decisions.

<QUESTION_04>

Question 5: Do you agree that the Standard should focus only on product-level disclosures and not firm-level disclosures?

<QUESTION_05>

YES. Totally agree. Firm should however be required to disclose total amount (value) of ESG-related investment accounts under management. This disclosure should extend also to the different specific products available in the stable of the manager and what proportion this represents, of the total ESG-related portfolios being managed by the firm. Such disclosures will provide trend information to the market on the rate of acceptance of such products with enough explanations as to the major underlying factors at any particular point in time.

<QUESTION_05>

Question 6: Do you agree that an asset manager should be permitted to choose the investment products to which they apply the Standard rather than be required to apply the Standard to all their investment products with ESG-related features?

<QUESTION_06>

NO. An asset manager should be required to apply the Standard to ALL their investment products with ESG-related features. Leaving the application of the standards to the asset manager's discretion will defeat the original objective of making it easier for the client to have an easy understanding of ESG-related products. In addition, the challenge of greenwashing products would not be totally tackled to the ground if any form of cherry-picking is allowed in the procedures leading to or facilitating required disclosures. Required disclosure should be total across products.

<QUESTION_06>

Design Principles

Question 7: Do you agree with the design principles for definitions of ESG-related terms?

<QUESTION_07>

YES. Quite in order, and in addition, term definitions should as much as possible in consonance with the simplicity, alignment and familiarity principles, borrow from or reflect a great deal of the terms in use already in traditional assets investing. Features of ESG-related products therefore should be easily discerned by names/terms already in use and familiar to investors. A ready example is ESG Value instead of ESG Integration. Details of this particular example provided further on.

<QUESTION_07>

Question 8: Do you agree with the design principles for disclosure requirements?

<QUESTION_08>

YES. Disclosure requirements and recommendations by all other principles are quite standard and a welcome initiative.

<QUESTION_08>

Question 9: Should the Standard require that all disclosures be made in a single document? If disclosures were spread across multiple documents, would that pose a challenge for investors to understand and compare investment products?

<QUESTION_09>

No. The Standard should not require that all disclosures be made in a single document ONLY. In provisions similar to the GIPS Standards, firms should maintain a single document containing all the disclosures on their ESG-related products like a manual that can be made available to prospective investors or other interested stakeholders on request and to aid the independent examination procedures where/when called or necessary. Also as in the GIPS, products should have their respective GIPS Reports telling the narrative of their track record. However, a firm's list of ESG-related products with their abridged disclosures (descriptions in GIPS) should equally be maintained and presented to prospective clients who may in turn wish to be provided each product's full disclosures and prescriptions (definitions in GIPS) in their respective, stand-alone/multiple documents. The combined use of a single document and multiple product documents for making the disclosures is hereby strongly advocated for ease of access, appropriate control and reliability purposes.

<QUESTION_09>

Question 10: Do you agree with the design principle for independent examination?

<QUESTION_10>

NO. To be clear, the design principle as eventually presented opted for the first option of focusing only on the fair representation of the investment product. This does not however cure the problem of greenwashing that the whole of the investment world has consistently feared and strongly condemned. Examination of the implementation is equally critical much as the standard is trying to avoid any dealing at the firm level. Again in provisions similar to the GIPS', allowance should be made for full or sampling examinations when already, a single disclosure document analogous to a GIPS policy and procedures manuals have been created in regard of ESG-related products. It would be a half-baked approach to solving the reliability or credibility problem of ESG-related products if the examination process is not extended to cover product implementation.

<QUESTION_10>

Question 11: Should independent examination be required, or should it be recommended as best practice but ultimately left to the discretion of the asset manager?

<QUESTION_11>

Independent examination should be required, at least in the very early stages of this standard's release in view of the sensitivity of the trust issues surrounding ESG-related products in most recent times. This suggestion also aligns with my position in question 10 that the combined option of product features and implementation examination should be the examination principle for the same obvious reasons. This especially is a challenge similar to that being tackled on the issuer disclosure side by the provision of assurance services by independent professional firms. The quality and reliability of the metrics and ratings/rankings produced by the databases rest a whole lot on the veracity of the ESG reports of the issuers thus making assurance almost an inevitable, strong link in the ESG-related products value chain. It is therefore considered untoward to lose the critical value of this credibility process at the vey point of product distribution.

<QUESTION_11>

Question 12: Should the independent examiner (i) examine the disclosures relative to only the design of the investment product, or (ii) examine the disclosures relative to both the design and implementation of the investment product?

<QUESTION_12>

The independent examiner should examine the disclosures relative to both the design and implementation of the investment product. This again is borrowing from the analogy in the **DESCRIPTION and DEFINITION** requirements of Composites Construction in the GIPS Standards. Not only should prospective investors in ESG-related products be assured of the descriptions, the detailed implementation is required to provide better understanding of how the manager actually goes about ensuring the investor's objective or need is met, for a higher level of comfort.

<QUESTION_12>

Proposal for General Disclosure Requirements

Question 13: Do you agree with the scope of the general disclosure requirements? Are there topics that should be added, deleted, or modified?

<QUESTION_13>

YES. The scope of the general disclosure requirements is adequate. But I will suggest further that provision should be made for an additional disclosure introducing or suggesting briefly the type of investor(s) that may benefit directly from the needs the product is aimed or targeted at fulfilling. General disclosures of investor-match like this provides easy appreciation of the product's capabilities quite upfront.

<QUESTION_13>

Question 14: Should the disclosure requirements address an investment product's intention to align with policy goals, such as the UN Sustainable Development Goals (SDGs), and if so, should these requirements be part of general disclosure requirements or feature-specific disclosure requirements?

<QUESTION_14>

YES. The disclosure requirements should address an investment product's intention to align with policy goals, such as the UN Sustainable Development Goals (SDGs) and relevant others. This is actually a fundamental disclosure requirement to give additional strength/support to the objective of general ESG-related investments. It is however considered best provided as part of the general disclosure requirements. This is essentially further buttressing the point or suggestion made earlier on for the proposed standard to style these vital information provisions after the composite description and definition requirements of the GIPS Standards. General disclosures should give as much necessary and important information as the client may require early enough to form an opinion of the product. The feature-specific disclosures will thereafter provide the definition/implementation procedure of the product.

<QUESTION_14>

Question 15: Should the disclosure requirements include an explanation of whether, and if so how, an investment product considers principal adverse impacts on sustainability factors and where to find additional information, as required by Article 7 of Regulation EU 2019/2088 Sustainable Finance Disclosure Regulation?

<QUESTION_15>

YES. The disclosure requirements should include an explanation of whether, and if so how, an investment product considers principal adverse impacts on sustainability factors and where to find additional information. There should be no doubt about this type of disclosure belonging to the general section.

<QUESTION_15>

Proposal for ESG-Related Features and Feature-Specific Disclosure Requirements

Question 16: Do you believe that "ESG Integration" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_16>

NO. ESG Integration as a product name is vague and does not easily or readily connect with most investors in terms of what and what are being integrated. This actually speaks a lot to the double materiality concept of ESG by the EU Commission with the underlying message to making both financially and non-financially material information count in the assessment of ESG factors. By the actual tasks involved in the production process, what the manager does essentially is an expansion of the list of value drivers in the familiar fundamental analysis to include material non-financial information. A simple differentiation between traditional value investing and ESG Value investing is considered more appropriate to bring the message more upfront and closer home to the investor in line with the familiarity, simplicity, and alignment design principles as set out for the definitions of ESG-related terms. ESG Value here would simply connote or convey the message of the selection/picking of securities with intrinsic values determined by not only the traditional cash flow and discount/hurdle rates as factors, but including environmental, social and governance factors.

<QUESTION_16>

Question 17: If an investment product had Feature (A), and only Feature (A), as defined above, would it be consistent with the CFA institute policy paper "Positions on Environmental, Social, and Governance Integration"? In other words, would it be clear that material ESG-related factors are considered alongside traditional financial factors solely for the purpose of seeking to improve risk-adjusted returns? If not, please suggest how that could be made clearer.

<QUESTION_17>

YES. It would be clear that material ESG-related factors are considered alongside traditional financial factors solely for the purpose of seeking to improve risk-adjusted returns. It could be much clearer however, if it is renamed ESG Value.

<QUESTION_17>

Question 18: Is Feature (A) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_18>

YES. The definition is clear enough. Only a name change looks necessary.

<QUESTION_18>

Question 19: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (A)? Are there issues that should be added, deleted, or modified?

<QUESTION_19>

YES. Issues to be addressed at this stage are considered adequate enough.

<QUESTION_19>

Question 20: Do you believe that "ESG-related Exclusions" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_20>

YES. Name is clear and sends across appropriate enough message for this feature and a cause.

<QUESTION_20>

Question 21: Are "negative screening" and "norms-based screening" similar enough, particularly in the types of issues to be addressed by disclosure requirements, that they can both be covered by Feature (B) ESG-Related Exclusions? If you prefer that they be two separate features, please explain the key differences in function, benefits, and disclosure requirements.

<QUESTION_21>

YES. "Negative screening" and "norms-based screening" are similar enough, particularly in the types of issues to be addressed by the disclosure requirements. They can therefore both be adequately covered by Feature (B) ESG-Related Exclusions. For as much as specific details of the underlying cause(s) of exclusion will be disclosed at the product level including client-specific investment policy statements, product mandates, the asset manager's policies, or a product's offering documents, ESG-related exclusions (B) is enough to provide the required feature-specific disclosures.

<QUESTION_21>

Question 22: Is Feature (B) clearly defined? If not, please suggest how the definition could be made clearer or more precise.

<QUESTION_22>

YES. Feature (B) is clearly defined enough.

<QUESTION_22>

Question 23: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (B)? Are there issues that should be added, deleted, or modified?

<QUESTION_23>

YES. Issues to be addressed by the disclosure requirements specific to Feature (B) as presented are adequate.

<QUESTION_23>

Question 24: Do you believe that "Best-in-Class" is a clear and appropriate name for this feature? If not, is "Positive ESG Performance Profile" a better name? If you dislike both of these names, please suggest an alternative and explain why it would be a better choice.

<QUESTION_24>

NO. Best-in-Class (often a tool for positive screening) does not appropriately describe the ESG-related feature for the first and most important reason of its failing to connect easily with investors on the fundamental objective. The real BIC nomenclature requires closer examination as it does not completely explain all the possibilities underlying the concept. BIC could actually be best in SECTOR or SERVICE, best in INDUSTRY, or OVERALL best in Market, Country, or Region obviously with room for improvement for the laggards. It may therefore be limiting for the prospective investor, if his desired primary objective of performance, and secondary but indirect objective of change as negligible as it might be in a particular area, are not adequately represented in the set of available products. In addition, because ratings or rankings in BIC are mostly driven by publicly available information on the issuer, there is the tacit but solemn understanding that such rankings are naturally to improve over time as marked improvements in response to general market perception and the legitimate owner and stewardship engagements. In this wise therefore, investors have the conjoined objective of supporting performance and causing a change in the processes/behaviours of other issuers particularly found lagging in current peer ratings in SPECIFIC areas. When investors can also appreciate the availability of such opportunities to successfully achieve this through the legitimate means of voting rights, engagement and stewardship, then the entire offering is best seen in the total picture of a **progressive performance cause** objective of ESG investing. **Progressive Cause ESG** as the new suggested name therefore will require the consistent combined play of BIC and Engagements naturally to be fully effective.

<QUESTION_24>

Question 25: Do you agree that Feature (C) is distinct enough, particularly in the types of issues to be addressed by disclosure requirements, that it should be separate from other features? If not, please suggest the feature with which it should be combined.

<QUESTION_25>

YES. Feature (C) is distinct enough and should be separate from other features.

<QUESTION_25>

Question 26: Is Feature (C) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_26>

NO. Feature (C) was not clearly defined. The very important underlying message seeking performance in the actions of issuers toward the environment, society and governance requires a succinct mentioning of the improvement objective and the relevance of metrics used in tracking such performances as critical to the entire product specific feature. The selection of best performers from within the specified class is a further indication to lagging issuers to up their games toward the next evaluation/rating/ranking period.

<QUESTION_26>

Question 27: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (C)? Are there issues that should be added, deleted, or modified?

<QUESTION_27>

YES. Issues to be addressed are quite adequate. And satisfactorily so, with the inclusion of methods used to **monitor** holdings' ongoing performance against the ESG metrics. This is the simple confirmation of the silent objective not to drop the ball in the current rating as a progressive performance objective and for laggards to equally shape up in the rating/ranking assessment or competition.

<QUESTION_27>

Question 28: Do you believe that "ESG-related Thematic Focus" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_28>

NO. In similar fashion with the ESG Integration nomenclature that has been suggested to be renamed ESG Value, this also fails to provide the much-required easy connection upfront with prospective investors. The terminology is almost alien and needs to come closer home also in terms of the familiarity, alignment and simplicity design principles of the standard. There are two prominent factor objectives rolled into one here – Macroeconomic Trends Advantage & Long-Term Growth. Whilst I am more inclined towards settling for the growth factor which is more at the core of the product's offerings, Trends Advantage seems to sit pretty easier with the investing community. A simple differentiation between traditional growth investing and **ESG Trends or Growth** investing is considered more appropriate to bring the message more upfront and closer home to the investor in line with the familiarity, simplicity, and alignment design principles as set out for the definitions of ESG-related terms. ESG Growth here would simply connote or carry the message of the selection/picking of securities with expected returns on average, superior to those of the traditional market over periods spanning multiple cycles in addition to their being focused on specialized macro trends. In a nutshell, ESG Trends or

Growth captures extensively both the characteristic features of a traditional growth investing and specialized ESG features. Any of the two should do the appropriate communication job.

<QUESTION_28>

Question 29: Do you agree Feature (D) is distinct enough, particularly in the types of issues to be addressed by disclosure requirements, that it should be separate from other features? If not, please suggest the feature with which it should be combined.

<QUESTION_29>

YES. Feature (D) is quite distinct enough based on the types of issues to be addressed by disclosure requirements and it does require being separate from other features.

<QUESTION_29>

Question 30: Is Feature (D) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_30>

YES. Feature (D) is clearly defined. Only the nomenclature needs to change.

<QUESTION_30>

Question 31: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (D)? Are there issues that should be added, deleted, or modified?

<QUESTION_31>

YES. The issues to be addressed are adequate.

<QUESTION_31>

Question 32: Do you believe that “Impact Objective” is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_32>

YES. “Impact Objective” is a clear and appropriate name for this feature.

<QUESTION_32>

Question 33: Is Feature (E) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_33>

YES. Feature (E) is clearly defined.

<QUESTION_33>

Question 34: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (E)? Are there issues that should be added, deleted, or modified?

<QUESTION_34>

YES. Issues to be addressed by the disclosure requirements specific to Feature (E) are adequate.

<QUESTION_34>

Question 35: Do you believe that "Proxy Voting, Engagement, and Stewardship" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_35>

NO. Indeed it should not have been considered at all as a product feature to start with. This supposed feature exists naturally as a combination of tools of influence across every other investment objective or need of the investor. The perspective of making it a product feature under ESG considerations inadvertently exposes it to unnecessary attacks as an inordinate investment objective in certain circles.

Based on the foregoing, it goes without further ado that there can actually be no alternative suggestion of a name for a feature that exists with every other investment objective whether ESG-related or not.

<QUESTION_35>

Question 36: Do you agree that "Proxy Voting, Engagement, and Stewardship" should be a distinct feature? If not, would you prefer that the types of issues to be addressed by disclosure requirements be redistributed to other features or to general disclosures?

<QUESTION_36>

NO. "Proxy Voting, Engagement, and Stewardship" should NOT be a distinct feature and issues listed to be addressed under it are actually preferred redistributed to other features as a naturally existing tool for influencing change where/when necessary**. Standing alone does not accord it any meaningful benefit as a product feature, rather it presents it as an invitation to a hostile objective which is already creating a ruckus in certain markets.** This position has been taken because of the underlying power of this 'feature' as a common ingredient or requirement to influence the necessary change no matter how little where needed, across all other features. In addition, the attempt to treat it as distinct leaves it open to needless attacks as a stand-alone ESG factor and terribly erroneously so. In almost, if not all markets, this feature is readily synonymous with the Governance aspect of sustainability and is comprehensively supervised by the market authorities through detailed regulations and codes. Poor governance or lack of it enables the standing codes or regulations, strongly in support of the **"Proxy**

Voting, Engagement, and Stewardship" tool, to kick in almost automatically, and thus the attempt to making it a feature of products unnecessarily duplicates and waters down its naturally existing potency.

<QUESTION_36>

Question 37: Is Feature (F) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_37>

YES. But this is actually a tricky one in view of my positions already taken in the last two questions and answers (35 & 36). There is a groundswell of opposition already against investment incentives seeking to force changes as it were, in the ESG space. Governance and supervision should be allowed to happen in their natural habitat. It cannot be appropriate to be so overtly desirous of creating a change in a setting through the purchase of an investment product. In other words, it cannot be justly rationalized holding this feature as the only objective warranting the purchase of an investment product. Investing in ESG-related products of the other preceding five features here is enough platform already to cause the desired changes where the need for one arises at all.

<QUESTION_37>

Question 38: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (F)? Are there issues that should be added, deleted, or modified?

<QUESTION_38>

YES. I do agree, but these issues need redistribution to the other five ESG-related features.

<QUESTION_38>

Question 39: Do the six features described fully cover the spectrum of ESG-related features currently offered in the marketplace?

<QUESTION_39>

YES. They do, but enough in only five and not six features.

<QUESTION_39>

Proposal for Classification of ESG-Related Features According to ESG-Related Needs

Question 40: Does this list of ESG-related needs represent the spectrum of investors' ESG-related needs?

<QUESTION_40>

YES. The list of five (5) ESG-related needs does represent the spectrum of investor's ESG-related needs. Obviously leaving out the Voting, Engagement and Stewardship feature as appropriate.

<QUESTION_40>

Question 41: Are these five ESG-related needs clearly differentiated and mutually exclusive?

<QUESTION_41>

They are clearly differentiated but are not, and cannot be totally mutually exclusive, hence the reason we have a multiplicity of intersections of needs and features in the mapping matrix.

<QUESTION_41>

Question 42: Do you agree with the classification of ESG-related features according to ESG-related needs, as shown in Table 3? If not, how might it be improved?

<QUESTION_42>

NO. Not totally. The classification should do away with feature (F) and redistribute issues to be addressed underneath it to the other five. By this we could or should have more or better intersections of needs and features to improve the possible products delineations and definitions.

<QUESTION_42>

Users and Benefits

Question 43: Do you agree with the description of user benefits? Are there any benefits that should be added or deleted?

<QUESTION_43>

YES. It does capture a very important essence of the standard – enablement for clarity, plus ease of product understanding and comparability across the four primary interests. However, I am of the opinion that issuers too would benefit from the standards albeit indirectly when they can easily interpret and have a better appreciation of the ESG context within which the investing communities have placed their businesses and operations. In the BIC/Progressive cause for example, volume and demand for asset managers' ESG-related products in the public domain constitute a signal, a veritable source of feedbacks to issuers especially on their current performance standings with all other stakeholders. If databases can also find good value in the standard, then their ratings/rankings generated for the product features should be of significant importance to issuers. In addition, regulators are bound to benefit from having such a standard that the beneficial stakeholders have voluntarily subscribed to, being a veritable basis upon which misunderstandings, misrepresentations, and differences can be resolved. It would be interesting therefore to include both Issuers and regulators **as secondary beneficiaries.**

<QUESTION_43>

Question 44: Do you agree with the terms used to define the users of the Standard? Are there any terms we should include, or avoid using?

<QUESTION_44>

YES. I do think however, and like to suggest there be two main sets or categories of users namely: Primary Users (for the already listed four) and Secondary Users (for the suggested two in last answer) above.

<QUESTION_44>

General Comments: Please enter general comments below.

<GENERAL_COMMENTS>

No doubt the work of the working group has been thorough, and it sets the very right foundation for the wider views expected from public comments to be incorporated in a structured approach. One of the most important attributes of ESG-related investment products that should be thoroughly addressed is the ease of understanding required by ALL stakeholders. The number one challenge with these products currently is the rather complex ecosystem of terminologies further compounded by an alphabet soup of regulations and institutions across the globe with different objectives in some cases, and similar objectives in others but no clear cut boundaries for appropriate interpretations and therefore ready applications or usefulness.

OTHER SOURCES OF CONCERN IN ESG – CONSTRAINED METRICS & UNCORRELATED RATINGS

In addition to the foregoing is the controversy currently trailing the highly relative reporting principles and styles of ESG databases, especially across different jurisdictions/markets, and as outputs from here actually feeding directly into the production processes of ESG-related products, it represents a major source of controversy requiring resolution perhaps by way of standardization as well. Whilst it would have been nice to also have a reliable framework by which this database process can be standardized, I am hopeful that CFA Institute would be willing to revisit this someday soon, if not now, to champion this cause.

As an example, the weightings (in materiality) commonly assigned by databases across regions to environmental issues have been known to be much higher, but without clear basis, in comparison to those of social and governance issues in arriving at the final normalized metrics representing product managers' resource inputs. Ongoing tests have also been able to demonstrate the rather low correlation existing across these metrics as a major source of challenge to ESG factors and their resulting products' comparability across these regions or markets. There appears therefore to be a fundamental flaw in this entire process that could weaken the argument for ESG-related products' comparability without any form of standardization.

Albeit ideally it should almost be impossible for database metrics to be uniform in approach to preparation, output, and usage across the globe but there can yet be set some bases by which every region is guided in arriving at the final measure of a particular set of ESG factors. I therefore envisage a global standard framework for databases' metrics generation that could however be justifiably enhanced/adjusted by respective regions only on the principle of relativity arising from that region's current challenges in any or a combination of the three main ESG factors, and with full disclosures.

<GENERAL_COMMENTS>