

Response Form
for the
Exposure Draft of the
CFA Institute ESG Disclosure Standards for Investment Products

CFA Institute is developing voluntary, global industry standards, the CFA Institute ESG Disclosure Standards for Investment Products (the “Standards”), to establish disclosure requirements for investment products with ESG-related features. The purpose of the Standards is to provide greater transparency and consistency in ESG-related disclosures, resulting in clearer communication regarding the ESG-related features of investment products. The goal for this Exposure Draft is to elicit feedback on the proposed principles, requirements, and recommendations within the Standards. Please refer to the “Providing Feedback” guidelines for submitting comments. **All comments must be received by 14 July 2021 in order to be considered.**

Providing Feedback

Public commentary on the Exposure Draft will help shape the final version of the Standards, which is expected to be issued in November 2021. Comments should be provided in this Response Form, found [here](#) on the CFA Institute website, and submitted to standards@cfainstitute.org. Designated spaces for comments appear in the Response Form in the order in which the related topic sections appear in the Exposure Draft. Questions directed toward the Standards’ intended users are posed in the Exposure Draft’s Introduction, and these questions appear first in the Response Form, followed by designated spaces for comments related to the Guiding Principles, Provisions, and Glossary. General or summary comments on the Exposure Draft may be provided in the designated section at the end of the Response Form.

Each topic section in the Response Form contains a space for providing general comments pertaining to that section as well as spaces to provide comments for each provision in the section. When providing feedback on a specific provision, it may be helpful to consider whether the meaning of the provision is clearly stated and whether the provision will add value for users of the Standards. You may provide as few or as many comments as you wish.

The deadline for providing feedback is 14 July 2021. **Comments received after 14 July 2021 will not be considered.** 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.

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

Requirements for submission

In order for comments to be considered, please adhere to the following requirements:

- **Insert responses in the designated areas of the response form.**
- **Assign a unique file name to your response form before submitting.**
- **Provide all comments in English.**
- **Submit the response form as a Microsoft Word document.**
- **Submit the response form to standards@cfainstitute.org by 5:00 PM E.T. on 14 July 2021.**

General Information (required)

Respondent: <i>(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.)</i>	Parametric Portfolio Associates, LLC
Stakeholder Group: <i>(Please select the stakeholder group with which you most closely identify.)</i>	Investment Manager
Region: <i>(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.)</i>	North America
Country: <i>(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.)</i>	United States
Confidentiality Preference: <i>(Please select your preference for whether or not your response is published on the CFA Institute website.)</i>	yes, my response may be published

QUESTIONS FOR INTENDED USERS

Questions for Investment Managers

1. Are the draft provisions helpful in establishing or clarifying the type of information that should be included in an investment product's disclosures regarding the ESG-related aspects of the investment product's strategy?

<QUESTION_01_01>

Yes, we believe the draft provisions will be very helpful in establishing and clarifying the type of information that is required and recommended in a compliant presentation. The examples at the end are very helpful to further clarify what this would look like in practice, and provide useful guidance as we think about how we would draft our ESG disclosures.

<QUESTION_01_01>

2. To what extent are the draft provisions supportive of and complementary with local laws and regulations and other codes and standards? Would preparing and presenting a compliant presentation in any way hinder your ability to comply with local laws and regulation or with other codes and standards?

<QUESTION_01_02>

Currently, our main external ESG reporting requirement is the annual PRI report. Given that the PRI report is at the firm level and the draft provisions are at the product level, and because the CFA removed any nomenclature, we see the draft provisions as being complementary with the PRI's reporting framework.

At present, we do not foresee preparing a compliant presentation hindering our ability to comply with any local laws and regulations or other codes and standards, however we would need to review a compliant presentation in order to confirm.

<QUESTION_01_02>

3. Do you expect it will be feasible and practical for your organization to provide the information required by the draft disclosure provisions and adhere to the draft fundamental provisions?

<QUESTION_01_03>

Yes, while a decent undertaking, we believe it will be feasible and practical for our organization to draft the ESG disclosures as outlined in this document.

<QUESTION_01_03>

4. To what extent would a compliant presentation proactively provide to asset owners, consultants, and advisors the ESG-related information they commonly request in their Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires?

<QUESTION_01_04>

The disclosures as outlined here help to answer a majority of the product-level questions we receive from investors.

<QUESTION_01_04>

5. Would it be helpful if the Standards contained a recommended format or template for compliant presentations?

<QUESTION_01_05>

We think it would be helpful to have a recommended (but not required) format. A recommended format will help increase consistency for investors and provide guidance for investment managers while giving manager the flexibility to decide the best approach for their strategies to include all required and important information. If there is not a recommended format, please include sample ESG disclosures (as you did in this draft) as we found them very helpful to better understand the disclosure requirements.

<QUESTION_01_05>

Questions for Investors and Asset Owners

1. After reviewing the draft provisions and the sample compliant presentations, do you think a compliant presentation would help you understand how and why an investment product uses ESG information or addresses ESG issues?

<QUESTION_02_01>
ENTER RESPONSE HERE
<QUESTION_02_01>

2. To what extent would a compliant presentation provide the ESG-related information that you typically request in your Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires? Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

<QUESTION_02_02>
ENTER RESPONSE HERE
<QUESTION_02_02>

3. Would the provision of compliant presentations by investment managers complement, streamline, or otherwise improve any of your existing processes, e.g., due diligence, certification, or reporting?

<QUESTION_02_03>
ENTER RESPONSE HERE
<QUESTION_02_03>

4. Would you find it helpful if the Standards contained a recommended format or template for compliant presentations?

<QUESTION_02_04>
ENTER RESPONSE HERE
<QUESTION_02_04>

Questions for Consultants and Advisors

1. After reviewing the draft provisions and the sample compliant presentations, do you think a compliant presentation would help you understand how and why an investment product uses ESG information or addresses ESG issues?

<QUESTION_03_01>
ENTER RESPONSE HERE
<QUESTION_03_01>

2. Would a compliant presentation help facilitate client discussions regarding ESG-related needs and preferences and suitable investment products?

<QUESTION_03_02>
ENTER RESPONSE HERE
<QUESTION_03_02>

3. To what extent would a compliant presentation provide the ESG-related information that you or your clients typically request in Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires? Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

<QUESTION_03_03>
ENTER RESPONSE HERE
<QUESTION_03_03>

4. Would the provision of compliant presentations by investment managers complement, streamline, or otherwise improve any of your existing processes, e.g., investment product due diligence or overall assessments of investment managers' capabilities?

<QUESTION_03_04>
ENTER RESPONSE HERE
<QUESTION_03_04>

5. Would you find it helpful if the Standards contained a recommended format or template for compliant presentations?

<QUESTION_03_05>
ENTER RESPONSE HERE
<QUESTION_03_05>

Questions for Database Providers and Users

1. To what extent would a compliant presentation provide the ESG-related information that users are looking for?

<QUESTION_04_01>
ENTER RESPONSE HERE
<QUESTION_04_01>

2. Is it necessary, or would it be helpful, for compliant presentations to be in a standardized format? Would it be helpful if a machine-readable template was developed?

<QUESTION_04_02>
ENTER RESPONSE HERE
<QUESTION_04_02>

Questions for regulators and investment professionals

1. Are the draft provisions helpful in establishing or clarifying the type of information that should be included in an investment product's disclosures regarding the ESG-related aspects of the investment product's strategy?

<QUESTION_05_01>
ENTER RESPONSE HERE
<QUESTION_05_01>

2. Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

<QUESTION_05_02>
ENTER RESPONSE HERE
<QUESTION_05_02>

3. Would the Standards be helpful in maintaining a commitment to professional ethics and integrity?

<QUESTION_05_03>
ENTER RESPONSE HERE
<QUESTION_05_03>

4. Would the Standards be helpful in providing investor protection through product transparency?

<QUESTION_05_04>
ENTER RESPONSE HERE
<QUESTION_05_04>

5. Would the Standards be useful in serving as a mechanism to help investors align their ESG-related objectives with those of suitable products?

<QUESTION_05_05>
ENTER RESPONSE HERE
<QUESTION_05_05>

6. Would the Standards be useful in serving as a mechanism to develop product labelling in your country?

<QUESTION_05_06>
ENTER RESPONSE HERE
<QUESTION_05_06>

GENERAL PRINCIPLES FOR INVESTMENT PRODUCT DISCLOSURES

General comments on the Principles:

<COMMENT_00_00>

We agree with all the principles laid out here, and the section is clear and concise.

<COMMENT_00_00>

Comments on Principle #1:

<COMMENT_00_01>

This principle is clear and makes sense to us.

<COMMENT_00_01>

Comments on Principle #2:

<COMMENT_00_02>

This principle is clear and makes sense to us.

<COMMENT_00_02>

Comments on Principle #3:

<COMMENT_00_03>

This principle is clear and makes sense to us.

<COMMENT_00_03>

Comments on Principle #4:

<COMMENT_00_04>

This principle is clear and makes sense to us.

<COMMENT_00_04>

Comments on Principle #5:

<COMMENT_00_05>

This principle is clear and makes sense to us.

<COMMENT_00_05>

SECTION 1: FUNDAMENTAL REQUIREMENTS AND RECOMMENDATIONS

General comments on Section 1:

<COMMENT_01A00>
No comments here.
<COMMENT_01A00>

Comments on Provision 1.A.1:

<COMMENT_01A01>
We think this section could use a little more clarification. Do you have an example of what you expect for documentation? Will the documentation need to be shared externally (with CFA Institutes? clients?) or is it for our own record keeping?
<COMMENT_01A01>

Comments on Provision 1.A.2:

<COMMENT_01A02>
No comments here.
<COMMENT_01A02>

Comments on Provision 1.A.3:

<COMMENT_01A03>
No comments here.
<COMMENT_01A03>

Comments on Provision 1.A.4:

<COMMENT_01A04>
No comments here.
<COMMENT_01A04>

Comments on Provision 1.A.5:

<COMMENT_01A05>
No comments here.
<COMMENT_01A05>

Comments on Provision 1.A.6:

<COMMENT_01A06>
No comments here.
<COMMENT_01A06>

Comments on Provision 1.A.7:

<COMMENT_01A07>
No comments here.
<COMMENT_01A07>

Comments on Provision 1.A.8:

<COMMENT_01A08>
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<COMMENT_01A08>

Comments on Provision 1.A.9:

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Comments on Provision 1.A.10:

<COMMENT_01A10>
No comments here.
<COMMENT_01A10>

Comments on Provision 1.A.11:

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No comments here.
<COMMENT_01A11>

Comments on Provision 1.A.12:

<COMMENT_01A12>
No comments here.
<COMMENT_01A12>

Comments on Provision 1.A.13:

<COMMENT_01A13>
No comments here.
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Comments on Provision 1.A.14:

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No comments here.
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Comments on Provision 1.A.15:

<COMMENT_01A15>
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Comments on Provision 1.A.16:

<COMMENT_01A16>
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<COMMENT_01A16>

Comments on Provision 1.A.17:

<COMMENT_01A17>
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<COMMENT_01A17>

Comments on Provision 1.A.18:

<COMMENT_01A18>
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<COMMENT_01A18>

Comments on Provision 1.A.19:

<COMMENT_01A19>
No comments here.
<COMMENT_01A19>

Comments on Provision 1.B.1:

<COMMENT_01B01>
No comments here.
<COMMENT_01B01>

Comments on Provision 1.B.2:

<COMMENT_01B02>
No comments here.
<COMMENT_01B02>

SECTION 2: GENERAL INFORMATION

General comments on Section 2:

<COMMENT_02A00>
No comments here
<COMMENT_02A00>

Comments on Provision 2.A.1:

<COMMENT_02A01>
No comments here
<COMMENT_02A01>

Comments on Provision 2.A.2:

<COMMENT_02A02>
No comments here
<COMMENT_02A02>

Comments on Provision 2.A.3:

<COMMENT_02A03>
No comments here
<COMMENT_02A03>

Comments on Provision 2.A.4:

<COMMENT_02A04>
No comments here
<COMMENT_02A04>

Comments on Provision 2.A.5:

<COMMENT_02A05>
No comments here
<COMMENT_02A05>

Comments on Provision 2.A.6:

<COMMENT_02A06>
No comments here
<COMMENT_02A06>

Comments on Provision 2.A.7:

<COMMENT_02A07>
No comments here

<COMMENT_02A07>

Comments on Provision 2.A.8:

<COMMENT_02A08>

No comments here

<COMMENT_02A08>

Comments on Provision 2.B.1:

<COMMENT_02B01>

No comments here

<COMMENT_02B01>

SECTION 3: OBJECTIVES

General comments on Section 3:

<COMMENT_03A00>

No comments here.

<COMMENT_03A00>

Comments on Provision 3.A.1:

<COMMENT_03A01>

The example was helpful to clarify what this would look like, particularly around other objectives. We appreciate the ability to include other objectives such as values alignment and portfolio-level objections.

<COMMENT_03A01>

Comments on Provision 3.A.2:

<COMMENT_03A02>

We think it would be helpful for investment managers if the CFA Institute includes an example of best practices when describing trade-offs between objectives.

<COMMENT_03A02>

Comments on Provision 3.B.1:

<COMMENT_03B01>

No comments here.

<COMMENT_03B01>

SECTION 4: BENCHMARKS

General comments on Section 4:

<COMMENT_04A00>
No comments here.
<COMMENT_04A00>

Comments on Provision 4.A.1:

<COMMENT_04A01>
This makes sense and aligns with GIPS standards.
<COMMENT_04A01>

Comments on Provision 4.A.2:

<COMMENT_04A02>
This makes sense and aligns with GIPS standards.
<COMMENT_04A02>

Comments on Provision 4.A.3:

<COMMENT_04A03>
No comments here.
<COMMENT_04A03>

SECTION 5: SOURCES AND TYPES OF ESG INFORMATION

General comments on Section 5:

<COMMENT_05A00>

No comments here.

<COMMENT_05A00>

Comments on Provision 5.A.1:

<COMMENT_05A01>

We think it would be useful to investors to require investment managers to disclose the names of third-party data providers.

<COMMENT_05A01>

Comments on Provision 5.A.2:

<COMMENT_05A02>

Is in-depth data validation required for all sources? There should be difference processes for hand-collected data and data feeds from reputable data vendors.

<COMMENT_05A02>

SECTION 6: ESG EXCLUSIONS

General comments on Section 6:

<COMMENT_06A00>

No comments here.

<COMMENT_06A00>

Comments on Provision 6.A.1:

<COMMENT_06A01>

For fixed-threshold criteria of continuous variable such as alcohol revenue, rationalization of the specific threshold should not be required. Many investors use screens to remove companies with revenue thresholds of certain activities most commonly at a 10% threshold, but there is not a compelling reason why this is better than 9% or 11%.

<COMMENT_06A01>

Comments on Provision 6.A.2:

<COMMENT_06A02>

We think this provision could be clearer. One common motivation for exclusions is values-alignment (aside from faith-based alignment). Does that fall into adverse impact-based exclusion? If not, it would be useful to investment managers to list that option as well. Additionally, clients may have varying rationales. How would you imagine describing various rationales?

<COMMENT_06A02>

Comments on Provision 6.A.3:

<COMMENT_06A03>

No comments here.

<COMMENT_06A03>

Comments on Provision 6.A.4:

<COMMENT_06A04>

This is a good requirement as this information (how exclusions are applied by the manager) is important for investors to understand.

<COMMENT_06A04>

SECTION 7: ESG INFORMATION IN FINANCIAL ANALYSIS AND VALUATION

General comments on Section 7:

<COMMENT_07A00>
No comments here.
<COMMENT_07A00>

Comments on Provision 7.A.1:

<COMMENT_07A01>
No comments here.
<COMMENT_07A01>

Comments on Provision 7.A.2:

<COMMENT_07A02>
No comments here.
<COMMENT_07A02>

Comments on Provision 7.A.3:

<COMMENT_07A03>
No comments here.
<COMMENT_07A03>

Comments on Provision 7.A.4:

<COMMENT_07A04>
No comments here.
<COMMENT_07A04>

SECTION 8: PORTFOLIO-LEVEL ESG CRITERIA AND CHARACTERISTICS

General comments on Section 8:

<COMMENT_08A00>
No comments here.
<COMMENT_08A00>

Comments on Provision 8.A.1:

<COMMENT_08A01>
No comments here.
<COMMENT_08A01>

Comments on Provision 8.A.2:

<COMMENT_08A02>
No comments here.
<COMMENT_08A02>

Comments on Provision 8.B.1:

<COMMENT_08B01>
This is a good recommendation and will be very helpful for investors to know how to access such reporting.
<COMMENT_08B01>

SECTION 9: PROCESS TO ACHIEVE IMPACT OBJECTIVE

General comments on Section 9:

<COMMENT_09A00>
No comments here.
<COMMENT_09A00>

Comments on Provision 9.A.1:

<COMMENT_09A01>
No comments here.
<COMMENT_09A01>

Comments on Provision 9.A.2:

<COMMENT_09A02>
No comments here.
<COMMENT_09A02>

Comments on Provision 9.A.3:

<COMMENT_09A03>
No comments here.
<COMMENT_09A03>

Comments on Provision 9.A.4:

<COMMENT_09A04>
No comments here.
<COMMENT_09A04>

Comments on Provision 9.A.5:

<COMMENT_09A05>
No comments here.
<COMMENT_09A05>

Comments on Provision 9.B.1:

<COMMENT_09B01>
This is a good recommendation and will be very helpful for investors to know how to access such reporting.
<COMMENT_09B01>

SECTION 10: STEWARDSHIP

General comments on Section 10:

<COMMENT_10A00>
No comments here.
<COMMENT_10A00>

Comments on Provision 10.A.1:

<COMMENT_10A01>
No comments here.
<COMMENT_10A01>

Comments on Provision 10.A.2:

<COMMENT_10A02>
No comments here.
<COMMENT_10A02>

Comments on Provision 10.A.3:

<COMMENT_10A03>
No comments here.
<COMMENT_10A03>

Comments on Provision 10.A.4:

<COMMENT_10A04>
No comments here.
<COMMENT_10A04>

Comments on Provision 10.B.1:

<COMMENT_10B01>
This is a good recommendation and will be very helpful for investors to know how to access such reporting.
<COMMENT_10B01>

GLOSSARY

General comments on Glossary:

<COMMENT_11A00>

We think it would be useful to include the term binding in the glossary as well.

<COMMENT_11A00>

Comments on **BENCHMARK**:

<COMMENT_11A01>

No comment here.

<COMMENT_11A01>

Comments on **COMPLIANT PRESENTATION**:

<COMMENT_11A02>

No comment here.

<COMMENT_11A02>

Comments on **ESG INFORMATION**:

<COMMENT_11A03>

No comment here.

<COMMENT_11A03>

Comments on **ESG ISSUE**:

<COMMENT_11A04>

No comment here.

<COMMENT_11A04>

Comments on **EXCLUSION**:

<COMMENT_11A05>

No comment here.

<COMMENT_11A05>

Comments on **FINANCIAL OBJECTIVE**:

<COMMENT_11A06>

No comment here.

<COMMENT_11A06>

Comments on **IMPACT OBJECTIVE**:

<COMMENT_11A07>

No comment here.
<COMMENT_11A07>

Comments on **INVESTMENT MANAGER:**

<COMMENT_11A08>
No comment here.
<COMMENT_11A08>

Comments on **INVESTMENT PRODUCT:**

<COMMENT_11A09>
No comment here.
<COMMENT_11A09>

Comments on **INVESTOR:**

<COMMENT_11A10>
No comment here.
<COMMENT_11A10>

Comments on **STEWARDSHIP:**

<COMMENT_11A11>
No comment here.
<COMMENT_11A11>

Comments on **STEWARDSHIP ACTIVITY:**

<COMMENT_11A12>
No comment here.
<COMMENT_11A12>

GENERAL COMMENTS

General comments on Exposure Draft:

<COMMENT_12A00>

Since the late 1990s, Parametric has been helping clients cut through the complexity of responsible investing by being forthright and precise about what's possible and focusing our efforts accordingly. Our approach is also rooted in the belief that responsible investors want something more than just returns. They want consistency between their principles and the activities of the companies in which they're invested. And they want to be able to use their shareholder rights to bring about social and environmental change.

Investors today need a way to dig deeper into the extent of ESG consideration in investment products so that they can make informed decisions, which is why we are excited with the development of the CFA ESG disclosure standards. We think the CFA ESG disclosure standards as outlined will be extremely useful for investors to better understand the ESG-features of investment products and easily compare products across and within asset managers, as well as to mitigate potential legal risks for asset managers. We agree with the direction of the ESG disclosure standards.

We like the CFA's approach to replace ESG labels with simple and explanatory language, as that will help decrease confusion around terminology and make the disclosures more intuitive to investors. We also like the flexibility built in the recommendations that allows for investment managers to include all important and pertinent information for investors.

<COMMENT_12A00>