

PRESS RELEASE

CFA Institute ESG Disclosure Standards Aim to Promote Transparency

[SYDNEY, AUSTRALIA] 1 June 2021: CFA Institute, the global association of investment professionals, has announced the publication of the Exposure Draft of its forthcoming voluntary, global Environmental, Social and Governance (ESG) Disclosure Standards for Investment Products (“the Standards”). CFA Institute is seeking feedback on the initial draft, including from the Australian investment community.

“CFA Institute is recognised as an important global standard-setter, and the ESG Standards are another step towards ensuring transparency and safeguarding trust in our industry,” said Margaret Franklin, CFA, President and CEO of CFA Institute.

“The pandemic has galvanised both interest and real action in ESG investing, and there is widespread support for standards that will bring greater clarity and efficiency to the identification, comparison and presentation of products with ESG-related features. These will be the primary benefits for all users of the Standards.”

Lisa Carroll, CEO of CFA Societies Australia, said many in the Australian investment community recognise the need for a uniform global standard applying to disclosure on ESG-related products so consumers can make more informed investment decisions. “The Standards will harmonise many of the product-level ESG disclosure requirements found in existing regulations and voluntary standards, and also address the gaps which currently exist. These Standards will become the first global standards for product-level ESG disclosures and they are suitable for all types of investment vehicles, all asset classes, all ESG strategies, and all global markets,” said Carroll.

“Importantly, the Standards will help address rising concerns about ‘greenwashing,’ where product providers make questionable claims about the environmental soundness of investments products.”

The Exposure Draft considers an ESG-related feature to be any aspect of an investment product’s strategy that uses ESG information or addresses ESG factors. Investment managers can apply the Standards regardless of how their investment products are named, labelled, or categorised. The Exposure Draft proposes that investment managers have the flexibility to apply the Standards on a product-by-product basis. The Standards contain disclosure requirements and recommendations that address the following elements of an investment product’s strategy:

- 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

The Exposure Draft was written with the help of a technical committee composed of 18 international volunteers who have ESG expertise, as well as asset owners, asset managers, consultants or service providers. The Standards incorporate public comments received on the Consultation Paper that was released in August 2020.

CFA Institute now seeks input from the wider investment community, including Australia's, to help shape the final version of the ESG Disclosure Standards for Investment Products scheduled for release in November 2021. The Exposure Draft is available on the **ESG Standards page** of the CFA Institute website. Comments on the Exposure Draft must be submitted to standards@cfainstitute.org by 14 July 2021. Any individual, group, or organisation may submit comments using the response form on the website.

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About CFA Societies Australia

CFA Societies Australia is part of the worldwide network of CFA Institute member societies that lead the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society. CFA Societies Australia represents the interests of over 3000 investment professionals through advocacy, education, events, and professional development. For more information visit www.cfas.org.au, or follow us on Twitter at [@CFASocietiesAus](https://twitter.com/CFASocietiesAus), Facebook at facebook.com/CFASocietiesAus or on LinkedIn.

About CFA Institute

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organisation is a champion of ethical behaviour in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow. There are more than 170,000 CFA charterholders worldwide in 162 markets. CFA Institute has nine offices worldwide and there are 158 local member societies. For more information, visit www.cfainstitute.org or follow us on Twitter at [@CFAINstitute](https://twitter.com/CFAINstitute) and on [Facebook.com/CFAINstitute](https://facebook.com/CFAINstitute).