

PRESS RELEASE

CFA Societies Urges Asset Managers to Adopt Uniform ESG Standards

[MELBOURNE, AUSTRALIA] 16 January 2023: The growing prevalence of ‘greenwashing’ highlights the need for regulators and asset managers to adopt uniform disclosure standards governing environmental, social, and governance (ESG) investment products, according to Lisa Carroll, CEO of CFA Societies Australia.

“We believe the CFA Institute Global ESG Disclosure Standards for Investment Products can help asset managers avoid greenwashing outcomes and the need for global uniform standards has never been greater with so much money pouring into the sector. Against that, labels such as ESG and socially responsible investing are still largely unregulated within Australia and across the globe. This highlights the need for uniform standards worldwide,” Carroll said.

“The [Global ESG Disclosure Standards for Investment Products](#) help to meet this need. The Standards provide asset managers with a model set of disclosure requirements which identify key information that should be disclosed to investors, helping to avoid greenwashing,” she said.

Greenwashing is the practice of misrepresenting the extent to which a financial product is environmentally friendly, sustainable or ethical. The practice is becoming more common as the level of funds flowing into ESG, sustainable and ethical investment products grows quickly in response to greater investor awareness about climate change and socially responsible investing.

“By being fully transparent and supplying investors with information that is complete, reliable, consistent, clear, and accessible, asset managers can avoid misleading consumers of the green credentials of their product,” said Carroll.

Without uniform standards, the CFA Societies Australia believes ESG investing can be confusing to investors. Asset managers can use more than one ESG approach for a single investment product and ESG approaches can vary widely among product issuers. In addition, the terminology surrounding ESG investment is not regulated by governments.

“It is not uncommon to see asset managers use the same term to refer to different ESG approaches or types of investment products or to see different terms applying to the same ESG approach or investment type. The combination of these factors has resulted in an increase in ‘greenwashing’ and this threatens to undermine trust in the financial services industry,” she said.

“Asset managers need to protect against this outcome. The Australian Securities & Investments Commission (ASIC) too is increasing its focus on greenwashing and product providers making claims which can confuse or mislead investors. Without clear governing standards in the US, Europe or Australia, voluntary global standards like the Global ESG Disclosure Standards for Investment Products provide clear guidelines to asset managers and play an important role in building and maintaining trust in financial services by better allowing investors to understand, evaluate, and compare investment products that incorporate one or more ESG approaches,” Carroll said.



To view the Global ESG Standards for Investment Products, including sample ESG Disclosure Statements, visit: [here](#).

To speak with a representative of CFA Societies Australia about the standards, go to cfas.org.au.

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About CFA Institute

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