

PRESS RELEASE

CFA Institute, GSIA and PRI launch harmonised definitions for responsible investment

Melbourne — 6 November 2023 – CFA Institute, the Global Sustainable Investment Alliance (GSIA), and Principles for Responsible Investment (PRI) have issued a new guidance that aims to bring greater understanding and consistency to terms used in responsible investing which will potentially reduce greenwashing by asset managers.

The [Definitions for Responsible Investment Approaches](#) guidance is intended for investors, regulators, policymakers, and other market participants. For each of the terms below, CFA Institute, GSIA, and PRI have outlined a definition, detailed explanation, and a list of definitions that have served as the primary inputs for using the terms in practice.

- Screening
- ESG integration
- Thematic investing
- Stewardship
- Impact investing

The collaboration between the three organisations was inspired by calls from regulators for voluntary standard setters to develop common terms and definitions to ensure consistency in the global wealth management industry. The guidance clarifies existing terms and definitions but does not create new terms. It also recognises important shifts that have taken place in responsible investment, with strategies now being applied to a wide range of investment styles and asset classes in both public and private markets. Prior versions of the definitions were, in some cases, limited to investments in listed companies.

Margaret Franklin, President and CEO at CFA Institute, said: “Technical terminology is an important part of responsible investment. New terms are always emerging alongside new ideas, and definitions evolve over time. It is important to standardise terms and definitions as practices mature so that professionals can communicate efficiently and effectively with each other as well as with clients, regulators, and other market participants. We believe this guidance will serve as a valuable resource for CFA charterholders, members, and candidates.”

Lisa Carroll, CEO of CFA Societies Australia, said: “We welcome and encourage the Australian investment industry to adopt the definitions in this guidance to create greater consistency and understanding by all parties, including investors.

“Promoting the consistent and precise use of terminology in responsible investment will help to reduce greenwashing and introduce greater consistency among asset managers in developing and marketing responsible investment products. The guidance counters confusion about what different responsible investment strategies seek to achieve by clearly

differentiating the objectives of approaches, such as ESG integration and impact investing,” Carroll said.

“These definitions will create a consistent foundation for the continued professionalisation of responsible investment.”

David Atkin, CEO at PRI, said: “Responsible investment has grown significantly, and so have the expectations for clear and transparent communication. Investors need language that enables them to communicate their responsible investment practices accurately, succinctly, and consistently. By unifying around common definitions, we support our signatories and members to communicate with confidence.”

Simon O’Connor, Former Chair of the GSIA, said: “For many years, our organisations have been working to define and clarify the language of responsible investment. This foundation of experience and expertise enabled us to come together with a common purpose to clarify and harmonise these definitions on a global scale. We now encourage the investment industry and regulators to adopt these definitions to create greater consistency.”

The guidance is available to read on each of the respective organisation’s websites:

CFA Institute: [here](#)

GSIA: click [here](#)

PRI: click [here](#)

- Ends -

Notes to Editors:

Definitions

The terms agreed upon by CFA Institute, GSIA, and PRI are listed below. We would advise that these definitions are used within the context of the full report, which lists more information on each term, including a detailed explanation, a list of definitions that served as the primary inputs, and guidance for using the terms in practice.

- **Screening (detailed definition on page 3):** the application of rules based on defined criteria that determine whether an investment is permissible.
- **ESG integration (page 8):** ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.
- **Thematic investing (page 12):** selecting assets to access specified trends.
- **Stewardship (page 14):** The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend.
- **Impact investing (page 19):** investing with the intention to generate a positive, measurable social and/or environmental impact alongside a financial return.¹

About CFA Institute

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organisation champions ethical behaviour in

¹ This definition of impact investing is based on the Global Impact Investing Network definition of impact investments, which it defines as “investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return”.

investment markets and is a respected source of knowledge in the global financial community. Its aim is to create an environment where investors' interests come first, markets function at their best, and economies grow.

There are nearly 200,000 CFA® charterholders worldwide in more than 160 markets. CFA Institute has ten offices worldwide, and there are 160 local societies. For more information, visit www.cfainstitute.org or follow us on LinkedIn and Twitter at @CFAInstitute.

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 3500 investment professionals through advocacy, education, events, and professional development. For more information visit www.cfas.org.au, or follow us on Twitter at @CFASocietiesAus, Facebook at facebook.com/CFASocietiesAus or on LinkedIn.

About Global Sustainable Investment Alliance (GSIA)

GSIA is a global collaboration of sustainable investment membership-based organisations, aiming to unlock the power of the worldwide financial services industry to drive leadership, achieve a substantial impact on key global challenges, and accelerate the transition to a sustainable future.

GSIA simultaneously works to enhance the synergies between members, participate in global initiatives, and provide advice and support to local and regional sustainable investment organizations as they setup and grow.

GSIA's members are drawn from Europe, Asia-Pacific and North America. Collectively GSIA's members represent the mainstream of global finance and investment, managing tens of trillions of dollars in assets. GSIA members include Eurosif (European Sustainable Investment Forum), Japan SIF (Japan Sustainable Investment Forum), RIAA (Responsible Investment Association Australasia), RIA Canada (Responsible Investment Association Canada), UKSIF (UK Sustainable Investment and Finance Association), US SIF (the Forum for Sustainable and Responsible Investment).

About The Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. Supported by the United Nations, it works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Launched in New York in 2006, the PRI has grown to



more than 5,000 signatories, managing over US\$121 trillion. For more information visit www.unpri.org