

**Response Form for the
Exposure Draft of the
Verification Procedures for the
CFA Institute ESG Disclosure Standards
for Investment Products and
Verifier Independence Guidelines**

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 Verification Procedures for the CFA Institute ESG Disclosure Standards for Investment Products (the “Verification Procedures”) provide verifiers with a minimum set of procedures required to provide limited assurance on an investment product’s compliant presentation. The Exposure Draft also provides guidelines on verifier independence. The goal for this Exposure Draft is to elicit feedback on the proposed requirements within the Verification Procedures and Verifier Independence Guidelines. Please refer to the “Providing Feedback” guidelines for submitting comments. **All comments must be received by 21 September 2021 in order to be considered.**

Providing Feedback

Public commentary on the Exposure Draft will help shape the final version of the Verification Procedures and Verifier Independence Guidelines. Comments should be provided in this Response Form, found [here](#) on the CFA Institute website, and submitted to standards@cfainstitute.org.

The deadline for providing feedback is 21 September 2021. **Comments received after 21 September 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 21 September 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>	BlueMark
Stakeholder Group: <i>(Please select the stakeholder group with which you most closely identify.)</i>	Consultant or Advisor
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>	Global
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

1. Do you agree that the minimum period for which a verification may be conducted should be one year?

<QUESTION_01>

No comment

<QUESTION_01>

2. Are there any other attributes that a verifier should have in order to be qualified?

<QUESTION_02>

In addition to having knowledge about ESG-related laws and regulations, the CFA Institute should consider the importance of the verifier having knowledge and experience with widely-accepted voluntary standards in ESG-related and adjacent domains (e.g., Task Force on Climate-Related Financial Disclosures, Principles for Responsible Investment, Operating Principles for Impact Management, Impact Management Project, etc.)

<QUESTION_02>

3. Do you agree with the testing procedures? If not, please tell us which testing procedures you disagree with as well as the testing procedures you would recommend. Also, are there other areas of testing that should be added?

<QUESTION_03>

The testing procedures related to impact objectives (#11) should be more comprehensive to ensure compliance with the Standards. In particular, more specificity as to what constitutes a "properly stated" impact objective or impact assessment methodology is needed. Further, the testing procedures should be expanded to include reviews of policies and procedures and other documents that describe and provide evidence as to the ways a manager assesses and monitors progress towards expected impacts.

<QUESTION_03>

4. Are the examples of what is and what is not a material change to ESG-related features helpful? If you do not believe they are helpful, do you have suggested examples that should be included?

<QUESTION_04>

These examples could also be expanded to address cases related to what would be considered material or non-material changes to impact objectives/features, such as the introduction of new impact criteria or stakeholder engagement strategies.

<QUESTION_04>

5. Do you believe that it is appropriate for the compliant presentation to include information that is not subject to the verification? If so, do you believe information in the compliant presentation that is not subject to testing should be required to be identified as not subject to testing?

<QUESTION_05>

No comment

<QUESTION_05>

6. Are the examples of what is and what is not a material error are helpful? If you do not believe they are helpful, do you have suggested examples that should be included?

<QUESTION_06>

No comment

<QUESTION_06>

7. Should any professional guidance be included here?

<QUESTION_07>

In addition to “language indicating that the verifier is independent of the investment manager,” the CFA Institute could consider the value of a section dedicated to the background of the verifier, which would allow for explication of relevant merits and experience working with ESG and impact firms and with other voluntary ESG/impact standards.

<QUESTION_07>

8. There is no option for allowing a verification report to be issued with a modified conclusion. Do you agree with this approach, or should we allow a verifier to issue a verification report with a modified conclusion? Please provide your rationale.

<QUESTION_08>

The CFA Institute should allow verifiers to issue verification reports with modified conclusions for several reasons, including for the purposes of market development. It’s possible that verifiers will not find sufficient evidence to back up disclosures, especially in the early days of the Standards. Allowing verifiers to issue modified conclusions will provide a mechanism for investment managers to demonstrate their improved compliance over time and as part of subsequent verifications. This flexibility would encourage more managers to test their level of alignment with the Standards early on, ultimately increasing the pace of their uptake across the market. This will lead to greater transparency and understanding related to the ESG-features of a broader set of ESG products and pathways to improved compliance, a key goal of the CFA Institute in developing these Standards.

<QUESTION_08>

9. Do you agree with the proposed language for a management assertion? If not, please provide suggested language.

<QUESTION_09>

No comment

<QUESTION_09>

10. Do you agree with the Guiding Principles for Verifier Independence? Should any additional Guiding Principles be added?

<QUESTION_10>

No comment

<QUESTION_10>

11. Are there any other services that could create independence issues that should be included?

<QUESTION_11>

No comment

<QUESTION_11>

12. Should any other issues be included for determining a verifier's independence?

<QUESTION_12>

In addition to assessing and evaluating the services performed by affiliates of the verifier, the CFA Institute should consider how a firm and its affiliates could manage independence issues through appropriate conflict of interest policies and/or other measures that demonstrate independence including thorough quality control processes and independent verification committees.

<QUESTION_12>

13. Do you have any other suggestions that we should consider in the Verification Procedures or Verifier Independence Guidelines?

<QUESTION_13>

As an impact verification firm with a mission to "strengthen trust in impact investing" by bringing more accountability to the impact investment process, BlueMark applauds the CFA Institute's commitment to encouraging independent verification of its ESG disclosure standards.

However, as the broader sustainable finance industry works to (i) drive appropriate convergence of frameworks that promote greater transparency and more accurate product labeling and (ii) expand assurance of ESG and impact disclosures, the CFA Institute should seek to find and promote areas of alignment and complementarity between this standard and adjacent standards (e.g. OPIM, TCFD), including in the approach to verification. This has the potential to drive greater uptake of the standards by creating efficiencies for verifiers and investment managers in the disclosure and verification process, while also contributing to greater market clarity about generally accepted best practices.

<QUESTION_13>