

Re: Adoption of harmonized definitions for responsible investment approaches by IOSCO members

Dear Members of the IOSCO Sustainability Task Force,

In November 2021, the International Organization of Securities Commissions recommended the development of “common sustainable finance-related terms and definitions, including relating to ESG approaches, to ensure consistency throughout the global asset management industry”¹.

In response to this call to action, the CFA Institute, the Principles for Responsible Investment and the Global Sustainable Investment Alliance jointly published [Definitions for Responsible Investment Approaches](#). The paper sets out harmonized definitions for the following five responsible investment terms:

Screening	Applying rules based on defined criteria that determine whether an investment is permissible.
ESG integration	Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.
Thematic investing	Selecting assets to access specified trends.
Stewardship	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	Investing with the intention to generate positive, measurable social and/or environmental impact alongside a financial return.

We are promoting these harmonized definitions to our members and signatories who collectively manage over US\$110 trillion to ensure consistent communication throughout the global asset management industry. The [PRI’s Reporting Framework Glossary](#) and the [GSIA’s Global Sustainable Investment Review](#) both now use the aligned definitions.

Policy makers, including the UK’s Financial Conduct Authority and the Canadian Securities Administrators, have referred to the harmonized definitions in their guidance and rulemaking². Investors, such as The Australian Retirement Trust, have used the aligned definitions in their public reporting³. Indeed, IOSCO also referenced the aligned definitions in the [Final Report on Supervisory Practices to Address Greenwashing](#) published in December 2023.

We are writing to encourage you, and other IOSCO members, to adopt these definitions for responsible investment approaches in your work. Doing so would help promote greater global

¹ [International Organization of Securities Commissions, Recommendations on Sustainability-Related Practices, Policies, Procedures, and Disclosures in Asset Management Final Report \(November 2021\)](#).

² See the [Policy Statement PS23/16 Sustainability Disclosure Requirements \(SDR\) and Investment Labels issued by the Financial Conduct Authority on 28 November 2023](#) and the [Canadian Securities Administrators \(CSA\) Staff Notice 81-334 \(Revised\) ESG-Related Investment Fund Disclosure issued by CSA on 7 March 2024](#).

³ See the [Sustainable Investment Policy issued by the Australian Retirement Trust](#).



harmonization, collaboration, and consistency. If there is anything more we can do to assist and support your efforts, please let us know.

We would be happy to make a representative of this group available to brief your organization and / or answer questions.

Yours sincerely,

Margaret Franklin, CFA,
President and CEO, CFA
Institute

David Atkin, CEO, PRI

James Alexander, Chair of the
Global Sustainable Investment
Alliance

About our organisations

CFA Institute

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. We champion ethical behavior in investment markets and serve as the leading source of learning and research for the investment industry. We believe in fostering an environment where investors' interests come first, markets function at their best, and economies grow. Spanning nearly 200,000 charterholders worldwide across 160 markets, CFA Institute has 10 offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAINstitute.

The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into 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.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.



CFA Institute



Principles for
Responsible
Investment



GLOBAL SUSTAINABLE
INVESTMENT ALLIANCE

The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

Global Sustainable Investment Alliance (GSIA)

GSIA is a global collaboration of membership 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).