CFA Institute
Certificate in ESG Investing

Supported by: CFA Society Hong Kong

UP YOUR ESG GAME: PLUGGING THE TALENT GAP

Tuesday, 14 March 2023 **18:00–19:00 HKT / GMT+8**

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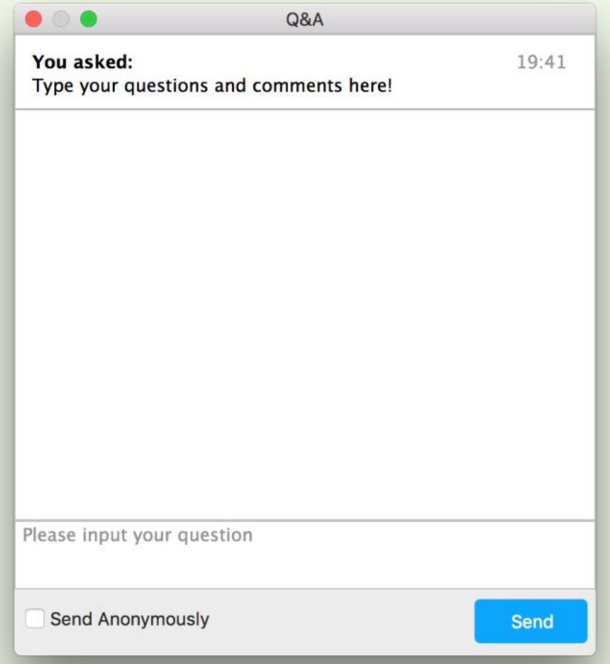
HOUSEKEEPING

- Today's webinar is scheduled for 1 hour including Q&A
- All participants are muted throughout the webinar
- We welcome comments via the Chat button and questions via the Q&A button on your screen
- We will be running a polling question –
  You will be prompted to submit your answers
- Please note that this webinar will be recorded



PRESENTATION

David von Eiff, PhD

Director,
Institutional Relations,
Asia-Pacific,
CFA Institute

CFA Institute®
Certificate in ESG Investing

WHY IS ESG INVESTING IMPORTANT?

With growing interest from investors, ESG investing is fast becoming a driving force across the investment management industry.

Assets under management grew 20%, to more than US$100 trillion

In 2022 alone, the **Principles for Responsible Investment (PRI) signatories increased by 28%,** to 4,902 entities, and the **assets under management grew 20%, to more than US$120 trillion.**[1]

90% of investment professionals expect their firm's commitment to ESG research will increase

There is a **growing commitment to ESG research** in the industry: 90% of investment professionals expect their firm's commitment to ESG research will increase, up from 72% just two years ago.[1]

[1] **Source:** CFA Institute *FUTURE OF SUSTAINABILITY IN INVESTMENT MANAGEMENT: FROM IDEAS TO REALITY*, 2020

WHY IS ESG INVESTING IMPORTANT?

With growing interest from investors, ESG investing is fast becoming a driving force across the investment management industry.

6% mentioned sustainability-related skills

At the same time, supply and demand are diverging: A review of **10,000+ LinkedIn investment professional job posts** found that approximately **6% mentioned sustainability-related skills**. Demand for sustainability talent is rated as "very high."

<1% had disclosed sustainability related skills in their profile

An analysis of 1 million investment professionals on LinkedIn found that **<1% had disclosed sustainability related skills in their profile**, despite 26% growth in sustainability expertise in the last year. Women represent 42% of ESG analysts, which is much higher than the 26% of women overall in the sample.

[1] **Source:** CFA Institute *FUTURE OF SUSTAINABILITY IN INVESTMENT MANAGEMENT: FROM IDEAS TO REALITY*, 2020

HOW CAN ESG INVESTING POSITIVELY IMPACT THE WORLD?

ESG Investing can create value for shareholders while positively impacting the world.

See 3 examples how:

3M

The firm 3M has long been proactive about sustainability, even using it as a source of competitive advantage: In 1975, the company introduced its "pollution prevention pays" program and **has saved $2.2 Billion since.**[1]

Saved $2.2 Billion

1: McKinsey Report: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value

How?

FedEx

FedEx is aiming to convert its entire 35,000 strong fleet of vehicles to electric or hybrid engines. By November 2019 FedEx converted 20% of the fleet, **reducing fuel consumption by more than 50 million gallons.**[2]

Reduced fuel consumption by more than 50 million gallons

CampbellGlobal
FOREST & NATURAL RESOURCE INVESTMENTS

Did you know that in a one-year time period, a single Douglas Fir Tree can sequester the equivalent of **400 miles of standard automobile CO2 emissions**? Firms like Campbell Global are focused on natural resource investments with a sustainable lens.[3]

1 year, 1 tree = 400 miles of standard automobile CO2 emissions

2: McKinsey Report: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value
3: CFA Institute Report, *Climate Change Analysis in the Investment Process*, *https://www.cfainstitute.org/en/research/industry-research/climate-change-analysis*

MEETING ESG SKILLS DEMAND OF APAC FINANCIAL INSTITUTIONS

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UPDATES TO THE CERTIFICATE IN ESG INVESTING PROGRAM AND CURRICULUM

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Certificate in ESG Investing

A UNIQUE FORCE WITHIN THE INVESTMENT PROFESSION

CFA Institute

- A global not-for-profit organization
- The world's largest association of investment professionals
- Industry leader promoting the highest standards of ethics, education, and professional excellence
- A vast global network of members, societies, and relationships with key financial organizations around the world

CFA Institute Mission:
To lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society

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LARGEST ASSOCIATION OF INVESTMENT PROFESSIONALS

Our large global network of members and relationships with key financial organizations, universities and regulators around the world provides global connectivity and a medium through which to engage on key industry issues and to positively affect the investment profession.

OUR REACH

- 100,475 CFA® Charterholders
- 92 CFA Societies
- 48,435 CFA Program candidates
- 344 Affiliated Universities

- 39,138 CFA® Charterholders
- 47 CFA Societies
- 36,483 CFA Program candidates
- 210 Affiliated Universities

- 35,911 CFA® Charterholders
- 21 CFA Societies
- 118,964 CFA Program candidates
- 174 Affiliated Universities

*Data as of 11th November 2022

POLLING QUESTION:

HAVE YOU ALREADY REGISTERED OR COMPLETED THE CERTIFICATE IN ESG INVESTING?

A) I have already registered for the Certificate in ESG Investing.
B) I have already completed the Certificate in ESG Investing.
C) I have not yet registered.

Polling results
3%
15%
82%

OVERVIEW OF THE CERTIFICATE IN ESG INVESTING

CFA Institute®
Certificate in ESG Investing

A COMMITTED APPROACH TO ESG INVESTING

With the growing interest from investors, ESG investing is fast becoming a driving force across the investment management industry.

That's why CFA Institute now offers the CFA Institute Certificate in ESG Investing to help you obtain the ESG knowledge needed to gain a competitive edge in the industry.

The **Certificate in ESG Investing** delivers the new skills, mindsets and strategies that are needed in one industry-respected qualification program.

You'll develop expertise in a field in high demand by top firms worldwide, and become part of the solution to the top issues impacting our world.

100%

of institutional investors and

77%

of retail investors have interest in ESG[1]

Source: CFA Institute Earning Investors Trust, 2022

WHO IS THE CERTIFICATE DESIGNED FOR?

Portfolio Managers

Analysts (Research, Quant, Investment)

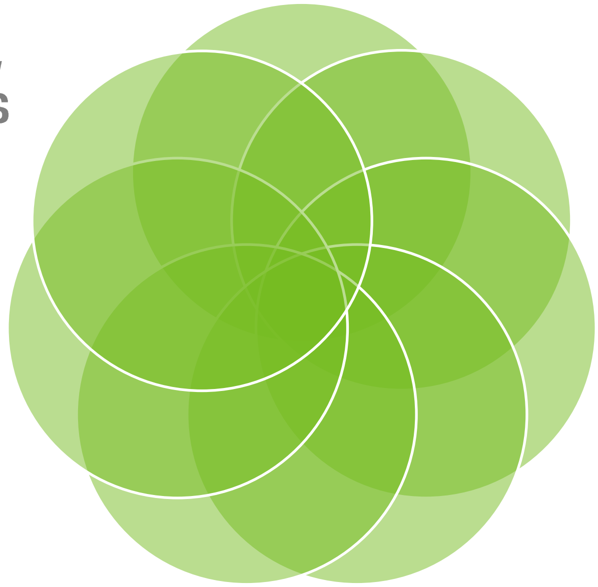
Fund Managers

Sales & Relationship Managers

Product Development Teams

Wealth Managers

Investment Strategists, Consultants



WHO IS TAKING THE CERTIFICATE?

Investment Advisory

Independent Directors

Legal, Risk & Compliance

Portfolio Managers

Investment Strategists, Consultants

Analysts (Research, Quant, Investment)

Wealth Managers

Fund Managers

Product Development Teams

Sales & Relationship Managers

Ratings and Indices

PR, Corporate Communication, Marketing

Regulators

HOW TO EARN THE CERTIFICATE

A qualification **created by practitioners, for practitioners,** developed to deliver knowledge and skills required by investment professionals to integrate ESG factors into the investment process.

Self-paced study program, supported by a dedicated training manual.

Recommended study time is **100-130 hours on average**.

No formal entry requirements but prior investment knowledge is helpful.

2 hour 20 minute exam, 100 questions: multiple choice.

Price is **USD 795** including study materials and exam registration.

Testing is conducted through **Prometric Online Testing** (ProProctor) **or Prometric Test Centres.**

Over 27,000 registrations since UK launch in 2019.

Leading employers are:

- adding it to approved training subsidy programs;
- mandating it for certain job functions;
- referencing employee pass rates as a metric in RFPs and pitch books.

WHY CHOOSE THE CERTIFICATE IN ESG INVESTING?

1. Highly regarded qualification backed by CFA Institute, the globally recognised leader in investment management qualifications.
2. Delivers the benchmark knowledge and skills required by investment professionals to integrate ESG factors into the investment process.
3. Syllabus created by industry practitioners, for practitioners, focusing on the practical topics investment professionals need to know. Content revised annually to maintain relevance.
4. Firms emphasizing ESG Investing education can improve talent retention and acquisition.
5. Internal common language of ESG investing strategies.

ESG CERTIFICATE VS. CFA PROGRAM

	Certificate in ESG Investing	CFA Program
Approach	Focused entirely on knowledge and skills in ESG investing and integration. Targeted purely at informing candidates on ESG.	Focused on knowledge and skills in investment analysis, portfolio management, and wealth planning, and integrates ESG across the curriculum.
Context and historical developments	Curriculum introduces approaches to ESG and describes developments in ESG investing	Incorporates coverage of approaches to ESG investing and benefits and challenges of doing so, but less coverage of the history, market sizing, and drivers.
Range of Environmental, Social, and Governance Factors	Provides information on wide range of E, S, and G factors, including key areas and megatrends, how to assess materiality of issues, and introduces application of material E,S, and G factors to analysis, financial modelling, ratio analysis and risk assessment	Provides examples of some E,S and G factors, focusing on application, such as integration of material environmental considerations into financial models. In-depth coverage of governance considerations, but less coverage of E and S factors.
Engagement and Stewardship	Provides context to the purpose of engagement and stewardship, the main principles and requirements, how engagement is achieved in practice, and appropriate methods to establishing an engagement approach.	Provides coverage of principles and requirements, how engagement is achieved, and approaches to doing so.

ESG CERTIFICATE VS. CFA PROGRAM, CONT'D.

	Certificate in ESG Investing	CFA Program
ESG Analysis, Valuation, and Integration	Explains aims and objectives of integrating ESG into the investment process, describes different qualitative and quantitative approaches to this, identification of material ESG factors, and how ESG complements traditional financial analysis and may affect company performance and security valuation. Provides context on the challenges of ESG analysis across geographies and cultures, of identifying and assessing material ESG issues, and of integrating ESG analysis into a firm's investment process. Details the providers of ESG data and information, including screening services, their methodologies and aims, benefits and limitations.	Provides similar coverage to the Certificate on aims and integration, and challenges. This is through the inclusion in the curriculum of several case studies covering ESG integration approaches into models. Provides less coverage on ESG data and information.
ESG Integrated Portfolio Construction and Management	Provides context on impact of ESG factors on strategic asset allocation, approaches for integrating ESG into portfolio management process, and explains how ESG research and analysis is used to make investment decisions. Explains how risk-return dynamic of portfolio optimisation is impacted by ESG integrated investing and describes approaches to managing passive ESG portfolios. Explains the main indices and benchmarking approaches applicable to ESG investing.	Describes approaches for integrating ESG into the portfolio construction process, how to apply screens, and how the risk-return dynamic is affected by ESG integration.
Investment Mandates, Portfolio Analytics, and Client Reporting	Explains importance and relevance of mandate construction, linking sustainable investing and ESG screens to the mandate, and the most common ESG features that investors seek to identify through request for proposal (RFP). Explains the different client types and their objectives, the key mechanisms for reporting and monitoring performance and mandate alignment with client objectives, and key challenges in measuring and reporting ESG- related investment performance.	Explains importance and relevance of mandate construction, linking sustainable investing and ESG screens to the mandate, and the most common ESG features that investors seek to identify through request for proposal (RFP). Explains the different client types and their objectives. Less coverage of portfolio analytics and client reporting relating to ESG.

WHAT DOES THE CERTIFICATE COVER?

CFA Institute®
Certificate in ESG Investing

CHANGES FROM 2022 TO 2023

Some changes to the Certificate in ESG Investing are effective beginning 1 December 2022.

	ESG 2022	ESG 2023
Length of time to take exam	12 months	**6 months**
Study hours	100-130 hours	100-130 hours
Exam format	Multiple choice and item set	**Multiple choice only**
Price	USD 675	**USD 795**
Re-take registration price	USD 475	**USD 595**
Curriculum access	Print and PDF	**Learning Ecosystem**, Print and PDF

NEW LEARNING ECOSYSTEM

Newly introduced Learning Ecosystem is a customized online learning program that makes studying engaging, efficient, and effective.

- Accelerated and Personalized Learning - stay focused, engaged, and on track while you study.
- A More Engaging Experience - serving you the right material at the right time and focusing on areas you need to work on most
- Improved Knowledge Retention - adapts to your needs, strengths, and weaknesses
- Convenient Access - content is available on demand, on any device, all in one place.

Curriculum is also available in Print for an additional cost.

TOPIC BREAKDOWN BY CHAPTER

CHAPTER 01. Introduction to ESG

- ESG Concepts & Approaches
- Benefits & Challenges
- Materiality of ESG Issues
- ESG Megatrends

CHAPTER 02. ESG Market

- Size & Scope of ESG Investing
- Key Market Drivers
- ESG Issues & Sustainability Trends
- ESG Implementation Challenges

CHAPTER 03. Environmental Factors

- Key Evidence-Based Environmental Concepts
- Megatrends & Relationship to Business Practices
- Applying Material Impacts on Investment Opportunities

CHAPTER 04. Social Factors

- Key Evidence-Based Social Concepts
- Social Issues & Relationship to Business Practices
- Applying Material Impacts on Investment Opportunities

CHAPTER 05. Governance Factors

- Corporate Governance Frameworks & Models
- Applying Material Impacts on Investment Opportunities
- Applying Factors to Financial Modelling, Risk Assessment, etc.

CHAPTER 06. Engagement and Stewardship

- Purpose of Engagement & Stewardship
- Stewardship Codes & Principle Requirements
- Methods and Engagement in Practice (+ by asset class)

CHAPTER 07. ESG Analysis, Valuation and Integration

- Objectives of ESG Integration by approaches and challenges
- Qualitative & Quantitative Approaches by Asset Class
- ESG Databases & Software
- CRA's ESG Scoring, Screening

CHAPTER 08. ESG Integrated Portfolio Construction Mgmt

- Portfolio Construction & Mgmnt.
- ESG Factors on Strategic Asset Allocation Models
- Evaluating ESG Investments
- Managing Risk & Return, Passive Portfolios

CHAPTER 09. Investment Mandates, Portfolio Analytics and Client Reporting

- Mandate Construction and Effective Delivery of ESG Investing
- ESG Screening
- Client Types & ESG Strategy
- Reporting, Monitoring, and Measurement

TOPIC BREAKDOWN BY CHAPTER

Topic	Topic Weight
Overview to ESG Investing and the ESG Market	8–15%
Environmental Factors	8–15%
Social Factors	8–15%
Governance Factors	8–15%
Engagement and Stewardship	5–10%
ESG Analysis, Valuation and Integration	20–30%
ESG Integrated Portfolio Construction and Management	10–20%
Investment Mandates, Portfolio Analytics and Client Reporting	5–10%

TAKE ACTION TODAY

The CFA Institute Certificate in ESG Investing offers you both practical application and technical knowledge in the fast-growing field of ESG investing — an opportunity to both accelerate progress and demonstrate purpose.

Product details

$795 registration cost

Self-paced study program*, **100-130 hours of study time** recommended.
**Access to learning eco system, sample questions, and mock exam incl. in registration. Hard copy study materials available for extra fee.*

2-hour 20-minute examination, available at Computer-Based Testing centers or Online Proctored testing (where applicable)

100 multiple choice questions

ROUND TABLE

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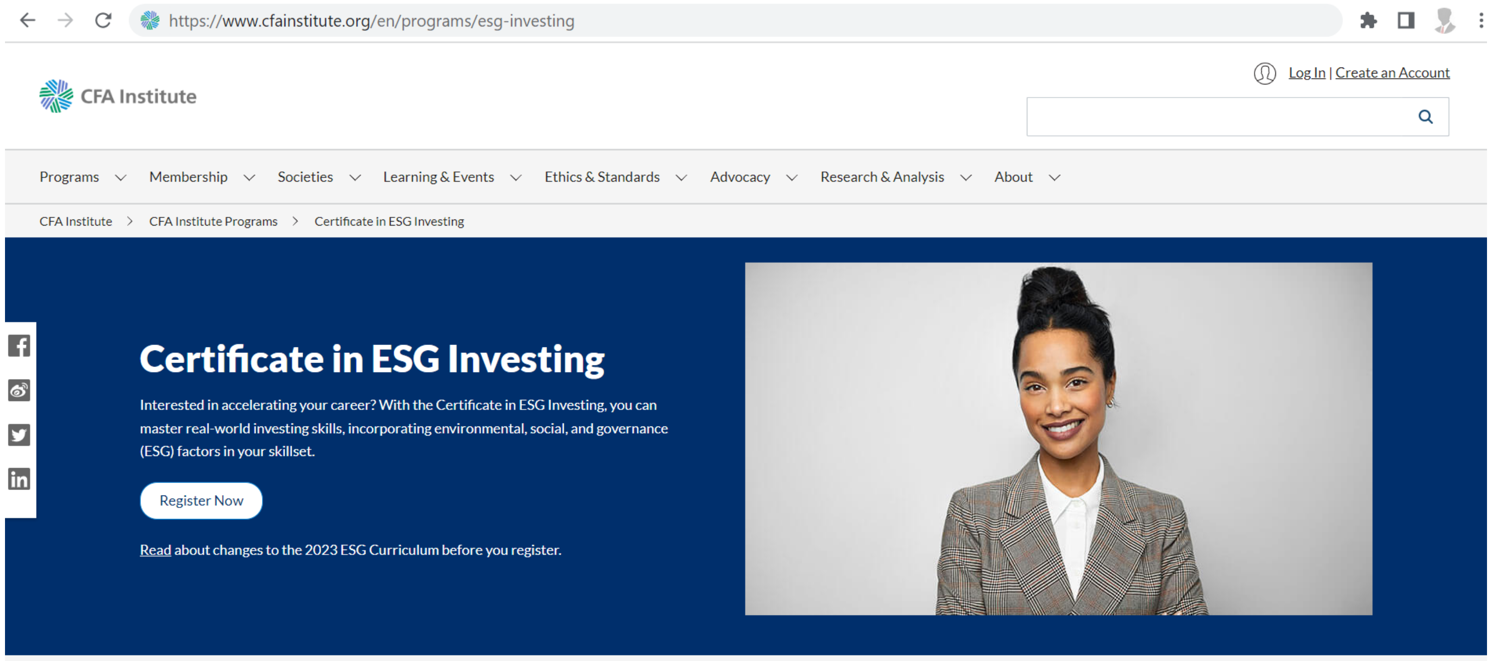
Certificate in ESG Investing

REGISTER TODAY! VISIT CFAINST.IS/APACESG OR SCAN THE QR CODE



APPENDIX:
ESG CERTIFICATE AND OTHER CFA INSTITUTE PRODUCTS

CFA Institute®
Certificate in ESG Investing

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CREDENTIALS AND CERTIFICATES

CFA Program	CIPM Program	Certificate in ESG Investing	Investment Foundations Certificate (from February 2023)	Certificate in Data Science (Coming soon)
Manage investment portfolios, value companies and understand the intricacies of the market.	Analyze investment attribution and risk data to develop insights and make informed decisions.	Master real-world investing skills, incorporating environmental, social, and governance (ESG) factors in your skillset. Analyze and integrate material ESG factors into your day-to-day role.	Understand the global investment industry: institutions, instruments and interactions, enabling more informed and confident conversations with colleagues and clients.	Learn data techniques used in machine learning and ways to tell the data story using visualizations in report writing. Examine modeling frameworks and get familiar with Python and R languages to improve investment decision making.
Three proctored exams	Two proctored exams	One proctored exam	In-course assessment and final assessment	Final assessment
900 hours	230 hours	100-130 hours	60-90 hours	80-100 hours
4 years qualifying professional experience	No experience required	No experience required	No experience required	No experience required
Typical roles: Portfolio Managers, Analysts	Performance Analyst, Manager Selector	Investment practitioners, front or back offices and adjacent roles	Sales/Mktg, HR, IT, Ops, Compliance, non-finance students, onboarding	Portfolio Managers, Analysts applying data science techniques, business leaders
Please see pricing here: https://www.cfainstitute.org/en/programs/cfa/exam	Please see pricing here: https://www.cfainstitute.org/en/programs/cipm/exam#ExamFeesAnchor	USD 795	USD 350	TBC

COURSES

<table>
<tr><th>Climate Finance</th><th>DeFi: Introduction to Blockchain and Cryptocurrency</th><th>Performance Attribution</th><th>Risk Measurement, Risk Attribution, and Performance Appraisal</th><th>Investment Manager Selection</th><th>Performance Evaluation: Return Measurement and Data Integrity</th></tr>
<tr><td>Learn key elements around climate change, carbon pricing, sustainable business models, and climate risk and opportunities in the context of business as well as portfolio construction and investment analysis.</td><td>Essentials of blockchain technology, cryptocurrency, hashing, mining, smart contracts, non-fungible tokens (NFTs) and more.</td><td>Understand the tools and techniques of return attribution on both equity and fixed income portfolios to gain confidence for attribution conversations with clients and colleagues.</td><td>Measure and attribute risk and analyze portfolio characteristics to monitor investment mandate implementation as well as various performance appraisal measures.</td><td>Learn to apply a rigorous framework to assess and select fund managers using the latest performance evaluation skills for both traditional and alternative investments.</td><td>Learn techniques to assess investment results, determine sources of returns, and evaluate investment managers.</td></tr>
<tr><td>In-course assessment</td><td>In-course assessment</td><td rowspan="3">Experienced portfolio managers and relationship managers.</td><td rowspan="3">Experienced portfolio managers and relationship managers.</td><td rowspan="3">Private wealth managers, investment consultants and managers of managers and asset owners.</td><td rowspan="3">Current or aspiring investment professionals.</td></tr>
<tr><td>8-10 hours
12 months access</td><td>12-15 hours
12 months access</td></tr>
<tr><td>Investors, accountants, related supporting fields, such as banking, investment banking, legal, valuation, and general consulting.</td><td>Professionals in the investment or finance industry.</td></tr>
<tr><td>USD 339
USD 309 (members)</td><td>USD 339
USD 309 (members)</td><td colspan="4">In-course assessment
10-15 hours
12 months access
USD 279 USD 249 (members)</td></tr>
</table>

DATA SCIENCE COURSES

Data and Statistics Foundation for Investment Professionals	Statistics for Machine Learning for Investment Professionals	Machine Learning for Investment Professionals	Natural Language Processing for Investment Professionals	Mitigating Biases in the Data Science Pipeline (Coming soon)
Learn data techniques used in machine learning and ways to tell the data story using visualizations in report writing.	Examine modeling frameworks and get familiar with Python and R languages to improve investment decision making.	Gain an understanding of machine learning along with the technical and soft skills needed to use it in the investment process.	Learn to leverage NLP in sentiment analysis for use in investment valuation models and the decision-making process.	Describe biases commonly encountered in the data science pipeline. Explain methods for identifying and mitigating such biases.
In-course assessment Beginner 12-15 hours 12 months access $309 members/$339 non-members				
Ideal for current or aspiring investment professionals including but not limited to analysts, portfolio managers, relationship managers, and traders.				

SPEAKERS

David von Eiff, PhD

Director of Institutional Relations, Asia-Pacific

CFA Institute

Richard Mak, CFA

Head of Product & Business Management – Asia

Pictet Wealth Management

Grace Wong

Senior Manager, Market Development, External Department

Hong Kong Monetary Authority

THANK YOU

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