GLOBAL ESG DISCLOSURE STANDARDS FOR INVESTMENT PRODUCTS AND CSA STAFF NOTICE 81-334 COMPARISON

The Global ESG Disclosure Standards for Investment Products (the "Standards") were issued 1 November 2021. CFA Institute has chosen to provide this comparison solely as a resource to describe the similarities and differences between the Standards and current Canadian securities regulations as interpreted by the Canadian Securities Administrators (the "CSA") staff in CSA Staff Notice (the "Notice") 81-334, published 19 January 2022. It is not intended to be used for any other purpose.

Disclaimer

The content in this document is for informational purposes only. You should not construe any such information or other material as legal, tax, investment, financial, or other advice. You alone assume the sole responsibility of evaluating the merits and risks associated with the use of any information or other content before making any decisions based on such information or other content. Neither CFA Institute nor its subsidiaries shall be liable for any possible claim arising from any decision you make based on information or content made available to you through this document.

Introduction

The provisions in the Standards are based on proposals developed by the CFA Institute ESG Technical Committee and ESG Working Group as well as public comments submitted in response to the Consultation Paper for the Development of the ESG Disclosure Standards for Investment Products, issued in August 2020, and the Exposure Draft of the ESG Disclosure Standards for Investment Products, issued in May 2021. The Standards express an independent view of the investment product ESG disclosures that investment managers should provide to investors.

The Standards were designed to avoid conflicting with regulatory requirements or disclosures. Guidance for Provision 1.A.1 states that "if a disclosure required by the ESG Disclosure Standards is prohibited by law or regulation, an investment manager can still claim compliance with the ESG Disclosure Standards. In such instances, Provision 2.A.2 requires that the investment manager include a description of the prohibited disclosure requirement in the ESG Disclosure Statement along with an explanation of why the required disclosure cannot be included."

This comparison explains similarities and differences in the ESG-related information required to be disclosed under current Canadian securities regulatory requirements as well as CSA staff-recommended best-practice disclosures versus the Standards. It was created specifically to evaluate how the disclosure requirements in the Standards compare to the current securities regulatory requirements described in the Notice; it is not intended to map the Standard's requirements to the requirements in the Notice. This comparison does not provide a full summary of the CSA Staff Notice 81-334; readers are encouraged to read the Notice in its entirety to obtain a complete understanding of the guidance for ESG disclosures required and recommended in the Notice.

It is no trivial task to define and agree upon the information that should be disclosed about an investment product's consideration of ESG issues in its objectives, investment process, and stewardship activities. Intended users of the Standards will have differing views on what information is important and how to construct disclosure requirements. It is impossible to fully reconcile these differences of opinion, but it is possible to achieve a general consensus on the information that is needed by most investors most of the time.

Disclosures Identified as Required in the Notice and Not Required by the Standards

A significant amount of overlap exists between the disclosure requirements in the Standards and the disclosure requirements and recommendations in the Notice. In some cases, however, a certain part of a requirement in the Notice may not be fully addressed in the Standards. In other cases, a requirement in the Notice may not be required by the Standards. The following list highlights where there are such differences:

- According to CSA staff guidance for "Investment strategies disclosure," funds that have multiple ESG strategies are required to disclose an explanation of how "the different ESG strategies are applied during the investment selection process" [III(b)]. The Standards do not require specific information on the investment selection process for funds that have multiple ESG strategies; however, they do require disclosure of how financially material ESG information is used in investment decisions, how and where screening criteria are applied in the investment process, and how impact objectives are expected to be obtained. These disclosures may cover the investment selection process for those ESG approaches.
- According to CSA staff guidance for "Proxy voting and shareholder engagement policies and procedures," a fund that uses proxy voting as an ESG investment strategy is required to include in its prospectus and/or AIF, "a summary of the ESG aspects of the fund's proxy voting policies and procedures" [IV(a)]. The Standards do not require a summary of proxy voting policies and procedures, but they do require disclosure of how an investor can obtain a copy of all stewardship policies that govern the investment product's stewardship activities.

- According to CSA staff guidance for "Continuous disclosure," a fund that uses proxy voting as an ESG strategy is required to "maintain a proxy voting record and make its most recent annual proxy voting record available on its designated website, as well as promptly send it to any securityholder upon request" [VII(a)]. The Standards do not contain requirements for proxy voting recordkeeping or reporting. However, they do require disclosure of how an investment product's stewardship activities are reported to investors.
- The Standards do not contain disclosure requirements that compare to CSA staff guidance requirements or recommendations for "Investment objectives and fund names" (I); "Fund types" (II); "Risk disclosures" (V); "ESG-related changes to existing funds" (IX); and "IFM-related commitments to ESG-related initiatives" (XI).

Disclosures Required by the Standards and Not Identified as Required in the Notice

Readers may be interested in which of the Standard's provisions require disclosure of information that is not addressed in the Notice. Readers should note that disclosures required by the Standards but not required in the Notice may still be required by other laws or regulations.

The following Standards provisions require disclosures that are not required in the Notice:

- 2.A.1.e (a description of any changes made during the period covered by the ESG DISCLOSURE STATEMENT that are relevant to the applicable disclosures REQUIRED by the Global ESG Disclosure Standards for Investment Products, along with the effective dates of those changes)
- 2.A.1.f (a description of any changes made to the ESG DISCLOSURE STATEMENT within the past year to correct a significant error)
- 2.A.5 (any third-party ESG-related labels and certifications with which the INVESTMENT PRODUCT complies)
- 2.A.12.a (the portfolio-level ESG characteristics that are compared with the ESG INDEX)
- 2.A.12.b (either the significant ESG characteristics of the ESG INDEX, or if the ESG INDEX is readily recognized index, the name of the ESG INDEX)
- 2.A.12.c (how an INVESTOR can obtain information about the definitions of and calculation methodologies for the ESG characteristics of the ESG INDEX)
- 2.A.13/15 (how progress toward, or attainment of, those targets [for portfolio-level ESG characteristics or allocations] is reported to INVESTORS)
- 2.A.19.b (the stakeholders who will benefit from the attainment of the impact objectives)
- 2.A.19.c (the time horizon over which the impact objectives are expected to be attained)
- 2.A.19 d (how the impact objectives are related to other objectives that the INVESTMENT PRODUCT has and how the pursuit of the impact objectives could result in trade-offs with those other objectives)

- 2.A.19.e (how the attainment of the impact objectives will contribute to third-party sustainable development goals, if there is a stated intention to do so)
- 2.A.19.f (the proportion of the portfolio committed to generating social and environmental impact)
- 2.A.19.h (the risks that could significantly hinder the attainment of the impact objectives, should they occur)
- 2.A.19.j (how progress toward the attainment of the impact objectives is reported to INVESTORS)
- 2.A.19.k (the process for assessing, addressing, monitoring, and managing potential negative SOCIAL AND ENVIRONMENTAL impacts that may occur in the course of attaining the impact objectives)

The table below provides a detailed comparison of CSA Staff Notice 81-334 guidance for requirements and recommendations for fund ESG-related disclosures and the Global ESG Disclosure Standards for Investment Products disclosure requirements.

CSA Staff Notice 81-334	**Standards Provision #**	**Comparison and Explanation**
I. Investment objectives and fund names		
A fund that uses one or more ESG strategies as a material or essential aspect of the fund, as evidenced by the name of the fund or the manner in which it is marketed, is required to disclose such ESG strategies and an investment objective in its prospectus and in the Fund Facts or ETF Facts, as applicable. The description of the ESG strategies must be written using plain language so that investors can understand the fund's investment objectives in accordance with the requirement that the prospectus provide full, true and plain disclosure of all material facts. A fund that primarily invests or intends to invest, or whose name implies that it will primarily invest, in a type of issuer or industry segment associated with ESG is required to indicate this in its fundamental investment objectives, as well as in its Fund Facts or ETF Facts, as applicable. Staff note that the existing requirements draw a link between a fund's name and its investment objectives in order to ensure that there is consistency between them, given the importance of a fund's name in distinguishing it from other funds. Accordingly, in staff's view, where a fund's name references ESG or other related terms such as sustainability, green, social responsibility, etc., the fundamental investment objectives of the fund are required to reference the aspect of ESG included in the name of the fund.	N/A	The Standards can help managers prepare disclosures about ESG strategies and investment objectives. The Standards identify seven non-mutually exclusive ways in which ESG information or issues could be incorporated into a fund, and they specify the information that should be disclosed about each method. The Standards encourage all managers to write disclosures in plain language. The Standards apply to funds that use one or more ESG strategies as a material or essential aspect of the fund, as evidenced by the name of the fund or the manner in which it is marketed. The Standards also apply to funds that that consider ESG factors as part of a mosaic of information with the sole aim to improve risk-adjusted returns and that do not use one or more ESG strategies as a material or essential aspect of the fund as evidenced by the name of the fund or the manner in which it is marketed.

 |

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
Staff acknowledge that not all ESG-related investment objectives relate to a measurable ESG outcome. However, where an ESG Fund intends to generate a measurable ESG outcome, staff encourage such funds to clearly state the intended outcome as part of their investment objectives in order to allow investors to identify funds that match their own ESG-related goals.	2.A.19.a	The Standards require investment products that have an intention to generate positive, measurable social and environmental impact to disclose the impact objectives in measurable or observable terms (Provision 2.A.19.a).
II. Fund types		
Staff's view is that a fund that does not include ESG in its fundamental investment objectives should not characterize itself as a fund that is focused on ESG as it would not be an accurate identification of the fund type.	N/A	The Standards contain no requirements related to how a fund characterizes itself with respect to ESG.
III. Investment strategies disclosure		
A fund that uses one or more ESG strategies, either as principal investment strategies or as part of its investment selection process, is required to provide disclosure about the ESG-related aspects of its investment selection process and strategies. For both funds that use one or more ESG strategies as part of their principal investment strategies and those that use one or more ESG strategies as part of their investment selection process, the description of these ESG strategies must be written using plain language in order to ensure that investors are able to understand the fund's investment strategies, in accordance with the requirement that the prospectus provide full, true and plain disclosure of all material facts.	2.A.3 2.A.4 2.A.6 2.A.7 2.A.8 2.A.9 2.A.10 2.A.11 2.A.14 2.A.17 2.A.19.a, g	The Standards require a summary description of the ESG approaches used in the investment product (Provision 2.A.3) and a summary description of the specific ESG issues systematically addressed in the investment product's investment process, stewardship activities, or objectives (Provision 2.A.4). The Standards also require disclosures about the ESG information used in an investment product (Provision 2.A.6), the investment product's ESG approaches and investment selection process (Provisions 2.A.7, 2.A.8, 2.A.9, 2.A.10, 2.A.11, 2.A.14, 2.A.17, 2.A.19.g) and environmental and social impact objectives (2.A.19.a). The Standards encourage all managers to write disclosures in plain language.
In addition, in staff's view, the investment strategies disclosure should include identifying any ESG factors used and explaining the meaning of each ESG factor and how the ESG factors are evaluated and monitored.	2.A.6.a 2.A.7.a 2.A.8 2.A.9 2.A.10.b 2.A.11.a, b, c, f 2.A.12 2.A.14.a 2.A.17.b 2.A.19.a, i	The Standards contain a number of required disclosures related to ESG factors used in an investment product and how they are evaluated and monitored (Provisions 2.A.6.a; 2.A.7.a; 2.A.8; 2.A.9; 2.A.10.b, 2.A.11.a, b, c, f; 2.A.12, 2.A.14.a, 2.A.17.b, 2.A.19.a, i). The Standards acknowledge that the specificity with which ESG factors can be described varies. For example, it is unlikely that a fund that aims to identify and evaluate material ESG factors knows all of the material factors in advance. Conversely, a fund that screens out investments using ESG criteria can likely be very specific.

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
If a fund's use of one or more ESG strategies includes the use of targets for specific ESG-related metrics, such as carbon emissions, staff encourage such funds to disclose those targets as part of their investment strategies and identify if those targets may evolve or change over time in response to changing circumstances.	2.A.11	The Standards require disclosures about the use of targets for specific ESG-related metrics, but the Standards do not explicitly require disclosure about how targets may evolve or change over time (Provision 2.A.11). If a target is planned to have different values or ranges in different periods, the Standards would expect this to be disclosed under the principle of full disclosure and fair presentation.
Staff note that funds that reference ESG in their names or investment objectives may invest in companies that appear to be inconsistent with ESG values. To provide greater clarity to investors and in line with the principle of full, true and plain disclosure of all material facts, staff's view is that an ESG Fund should disclose whether it may, at any point in time, hold such investments, what those holdings would include (including examples), and how such holdings meet the fund's investment objectives. If an ESG Fund is not permitted to hold such investments at any point in time, this should be disclosed in its investment strategies along with information about the monitoring process used by the fund to screen out such investments, and the fund should ensure that its portfolio does not include any such investments. Staff have observed that the prospectuses of some funds state that the fund "may" exclude certain types of investments from their portfolios. If a fund has discretion over whether a type of investment is excluded from its portfolio, this should be clearly disclosed.	2.A.9 2.A.10	The Standards do not require disclosure about the possibility of holdings that appear inconsistent with ESG values. They do, however, require disclosure about systematic screening criteria and processes. Guidance for the Standards explains that screening is not systematic if a manager has discretion as to whether or not to apply the screening (Provisions 2.A.9, 2.A.10).
The above guidance relating to investment strategies disclosure applies to all investment funds, including index-tracking funds. The following guidance applies specifically to funds that use any of the following:		
(a) use of proxy voting or shareholder engagement as an ESG strategy		
If a fund uses proxy voting or shareholder engagement as a principal investment strategy, the fund is required to disclose this in its investment strategies. Furthermore, funds that use proxy voting or shareholder engagement as a part of their investment selection process are required to disclose how they are used by the fund.	2.A.3 2.A.17.a, b, c	The Standards require disclosure of a summary description of the ESG approaches used in an investment product (Provision 2.A.3). If ESG issues are typically considered when undertaking stewardship activities, the Standards require a manager to disclose certain information about the ESG issues considered in relation to the investment product's stewardship activities (Provisions 2.A.17.a, b, c).

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
For both scenarios, in staff's view, the disclosure should include the criteria used by the proxy voting or shareholder engagement strategy, the goal of the proxy voting or shareholder engagement strategy and the extent of the monitoring process used to assess the success of the proxy voting or shareholder engagement strategy. While staff acknowledge that for some IFMs, proxy voting and shareholder engagement are conducted at the IFM level rather than at the fund level, the above guidance is intended to apply specifically to funds that use proxy voting or shareholder engagement as an ESG investment strategy.	2.A.6.a, b 2.A.17	The Standards require disclosure of the type and sources of ESG information used in an investment product's stewardship activities (Provision 2.A.6.a, b) as well as disclosure of certain information related to the ESG issues considered in the stewardship activities, including how those stewardship activities and ESG issues are relevant to the investment product's objectives and investment process (Provisions 2.A.17.a, b, c). The Standards do not specifically require disclosure of the extent of the monitoring process used to assess the success of the stewardship strategy. In particular, however, the Standards require disclosure of the processes and systems that support the stewardship activities, which could include the extent of the monitoring processes (Provision 2.A.17.d).
b) Use of multiple ESG strategies		
Funds that use multiple ESG strategies are required to provide disclosure explaining how the different ESG strategies are applied during the investment selection process.	2.A.7.b 2.A.9 2.A.10 2.A.19.g	For investment products that use financially material ESG information in investment decisions, the Standards require disclosure of how financially material ESG information is typically incorporated into investment decisions (Provision 2.A.7.b). For investment products that use ESG criteria for screening, the Standards require disclosure of how and where screening criteria is applied in the investment process (Provisions 2.A.9 and 2.A.10). For investment products that have environmental or social impact objectives, the Standards require disclosure of how the impact objectives are expected to be attained (Provision 2.A.19.g).
In staff's view, this disclosure should include the order in which the strategies are applied, if the strategies are not applied simultaneously.	N/A	The Standards do not require an investment manager to disclose the order in which ESG approaches are implemented. However, the Standards do require disclosure of where screening criteria are applied in the investment process, which would include the order of any screens applied (Provision 2.A.10.a).

CSA Staff Notice 81-334	**Standards Provision #**	**Comparison and Explanation**
c) Use of ESG ratings, scores, indices or benchmarks		
In staff's view, where an ESG-Related Fund uses internal or third-party company-level ESG ratings or scores, or ESG-related indices or benchmarks, as part of its principal investment strategies or investment selection process, the fund should explain how those ratings, scores, indices or benchmarks are used. Staff's view is that, for funds that use ESG-related indices or benchmarks as part of their principal investment strategies or investment selection process, the fund should identify the index or benchmark used. For funds that use third-party, company-level ESG ratings or scores as part of their principal investment strategies or investment selection process, the fund should identify the provider of the ratings or scores. In staff's view, the disclosure should also include a description of the methodology used to create the company-level ESG ratings or scores, or ESG-related indices or benchmarks, including, for example, whether the methodology is based on quantitative or qualitative data and the level of subjectivity involved in the methodology.	2.A.6 2.A.7 2.A.8 2.A.9 2.A.10 2.A.11.a, b, c, d, f 2.A.12 2.A.14	The Standards contain a number of required disclosures relating to how an investment product uses ESG information—including ESG ratings and scores—and ESG indexes and benchmarks (Provisions 2.A.6; 2.A.7; 2.A.8; 2.A.9; 2.A.10; 2.A.11.a, b, c, d, f; 2.A.12; and 2.A.14). The Standards require disclosure of the sources of ESG ratings and scores but do not require disclosure of the specific provider or the methodology for calculating or determining such ratings and scores. For investment products that use ESG-related indexes or benchmarks, the Standards require disclosure of how an investor can obtain the index or benchmark methodology.
IV. Proxy voting and shareholder engagement policies and procedures		
a) Proxy Voting		
If a fund uses proxy voting as an ESG investment strategy, the prospectus and/or AIF, as applicable, is required to include a summary of the ESG aspects of the fund's proxy voting policies and procedures.	2.A.16	The Standards do not require a summary of an investment product's stewardship policies or the ESG aspects of the stewardship policies in its regulatory documents. However, the Standards do require disclosure of how an investor can obtain a copy of all stewardship policies that govern the investment product's stewardship activities (Provision 2.A.16).

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
b) Shareholder Engagement		
Staff recognize that there is currently no requirement for investment funds to make their shareholder engagement policies and procedures publicly available. However, staff encourage all funds that use shareholder engagement as an ESG strategy to do so in order to provide investors with greater transparency into the scope and nature of the fund's use of shareholder engagement as an ESG strategy. As stated above, while staff acknowledge that for some IFMs, proxy voting and shareholder engagement are conducted at the IFM level rather than at the fund level, the above guidance is intended to apply specifically to funds that use proxy voting or shareholder engagement as an ESG investment strategy.	2.A.3 2.A.16 2.A.17.a, b, c, d	The Standards require disclosure of a summary description of the ESG approaches used in an investment product (Provision 2.A.3). The Standards require disclosure of how an investor can obtain a copy of all stewardship policies that govern the investment product's stewardship activities (Provision 2.A.16). In addition, the Standards require disclosure of the ESG issues considered in stewardship activities, how those issues are relevant to the investment product's objectives and investment process, and the systems that support the investment product's stewardship activities (Provision 2.A.17.a, b, c, d).
V. Risk disclosure		
An investment fund is required to describe, in its prospectus, any material risks associated with an investment in the fund, including any risks associated with any particular aspect of the fundamental investment objectives and investment strategies.	N/A	The Standards' disclosure requirements are limited to disclosures related to an investment product's ESG approaches.
a) Risk disclosure by ESG-Related Funds		
An ESG-Related Fund should consider whether there are any material risk factors that are applicable to the fund as a result of the fund's ESG-related investment objectives and/or its use of ESG strategies and disclose such risk factors where applicable. Examples may include concentration risk, risk of underperformance due to the fund's ESG-related focus, and risk arising from potential over-reliance on third-party ESG ratings in assessing the ESG performance of underlying holdings.	N/A	To avoid duplication with existing requirements that broadly require the disclosure of risks, the Standards do not require specific disclosures about the risks inherent in ESG approaches. The Standards require disclosure of the risks and limitations of the ESG information used by an investment product, which includes third-party ESG ratings, and how those risks and limitations are managed (Provision 2.A.6.c).
b) ESG-related risk disclosure by all funds		
All investment funds, regardless of whether they are ESG-Related Funds, should consider whether there are any material ESG-related risk factors that are applicable to the fund and disclose such risk factors where applicable. Examples of such risk factors may include climate change risk and bribery and corruption risks.	N/A	To avoid duplication with existing requirements that broadly require the disclosure of risks, the Standards do not require specific disclosures about exogenous ESG risks, such as climate change, bribery, and corruption.

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
VI. Suitability		
An investment fund must include, in its Fund Facts or ETF Facts, as applicable, a brief statement of the suitability of the fund for particular investors, including describing the characteristics of the investor for whom the fund may or may not be an appropriate investment, and the portfolios for which the fund is and is not suited. Funds are only required to disclose information that is material.	N/A	The Standards do not require an assessment or statement of the suitability of an investment product for particular investors or types of portfolios.
Similar to fund names, investment objectives and fund types, in order to avoid greenwashing, the suitability statement should accurately reflect the extent of the fund's focus on ESG as well as the particular aspect(s) of ESG that the fund is focused on, but only if applicable. Where appropriate, an ESG Fund may wish to state that it is particularly suitable for investors who have ESG-related investment objectives. However, if the fund is only focused on a particular aspect of ESG, such as gender diversity in leadership or the reduction of carbon emissions, staff's view is that any suitability statement that indicates that the fund is particularly suitable for investors who have ESG-related investment objectives should accurately reflect the particular aspect of ESG that the fund is focused on. However, staff's view is that an ESG Strategy Fund should not state that the fund is particularly suitable for investors who have ESG-related investment objectives, as the fund does not have ESG-related investment objectives.	N/A	The Standards do not require an assessment or statement of the suitability of an investment product for particular investors or types of portfolios.
VII. Continuous disclosure		
An ESG-Related Fund is required to disclose in its MRFP how the composition and changes to the composition of the investment portfolio relate to the fund's ESG-related investment objectives and/or strategies.	N/A	The Standards do not contain continuous disclosure requirements.

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
Funds with ESG-related investment objectives, unlike other types of funds, typically aim to achieve ESG-related outcomes in addition to financial performance. In order to provide investors with meaningful disclosure about those ESG-related outcomes, staff encourage funds that have ESG-related investment objectives to disclose, as part of the summary of the results of the fund's operations in the MRFP, the ESG-related aspects of those operations. In addition, staff encourage funds that intend to generate a measurable ESG outcome to report in their MRFPs on whether the fund is achieving that outcome. In addition to the required disclosure in the MRFP, staff encourage funds to provide investors with additional periodic information on how they are meeting their ESG-related investment objectives. In order to be able to provide useful disclosure about the fund's progress or status with regard to meeting its ESG-related investment objectives, staff encourage IFMs to regularly assess, measure and monitor the ESG performance of the funds that they manage.	N/A	The Standards do not contain continuous disclosure requirements. They do, however, in some cases require a disclosure about where reporting can be found. If an investment product's investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return, the Standards require disclosure of the impact objectives (Provision 2.A.19.a) as well as how the impact objectives are expected to be attained (Provision 2.A.19.g), how progress toward the objectives is measured and monitored, and evaluated (Provision 2.A.19.i), and how progress is reported to investors (Provision 2.A.19.j).
a) Funds that use proxy voting as an ESG strategy		
An investment fund is required to maintain a proxy voting record and make its most recent annual proxy voting record available on its designated website, as well as promptly send it to any securityholder upon request.	N/A	The Standards do not contain requirements for maintaining proxy voting recordkeeping or reporting. However, the Standards do require disclosure of how an investment product's stewardship activities are reported to investors (Provision 2.A.18).
However, staff encourage all funds, particularly funds that use proxy voting as an ESG strategy, to make all of their annual proxy voting records, including historical records from previous years, available on their designated websites. In the case of a fund that does not have ESG-related investment objectives but that uses proxy voting as an ESG strategy, this disclosure would provide greater transparency into how the fund's ESG-related proxy voting strategy has historically been implemented. In addition, for the reasons stated above, staff encourage all funds that use proxy voting as an ESG strategy to include, as part of the summary of the results of the fund's operations in the MRFP, disclosure about how the past proxy voting records during that period align with the ESG-related investment objectives and/or strategies of the fund.	N/A	The Standards do not contain requirements for making past proxy voting records available on fund websites or for disclosing how past proxy voting records align with an investment product's ESG-related objectives or strategies. However, the Standards do require disclosure of how an investment product's stewardship activities are reported to investors (Provision 2.A.18).

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
b) Funds that use shareholder engagement as an ESG strategy		
However, staff encourage all funds that use shareholder engagement as an ESG strategy to provide disclosure about their past shareholder engagement activities on their designated websites, for the same reasons discussed above in relation to the disclosure of past proxy voting records. In addition, similarly, staff encourage all funds that use shareholder engagement as an ESG strategy to include, as part of the summary of the results of the fund's operations in the MRFP, disclosure about how the fund's past shareholder engagements during that period align with the ESG-related investment objectives and/or strategies of the fund.	N/A	The Standards do not contain requirements for disclosures related to past shareholder engagement activities or alignment with an investment product's ESG-related objectives or strategies. However, the Standards do require disclosure of how an investment product's stewardship activities are reported to investors (Provision 2.A.18).
VIII. Sales communication		
A sales communication pertaining to an investment fund is prohibited from including a statement that conflicts with information that is contained in the fund's regulatory offering documents. In addition a sales communication pertaining to an investment fund is also prohibited from being untrue or misleading.	1.A.4	The Standards require that an investment manager must not, in an ESG Disclosure Statement, present information that is false or misleading, omit significant information about the investment product's ESG approaches, or contradict disclosures made in the investment product's regulatory documents (Provision 1.A.4).
a) Sales communication that indicates the Fund is focused on ESG		
In staff's view, a fund should not include statements in its sales communications that indicates that it is focused on ESG unless the fund references ESG in its investment objectives. A fund that does not reference ESG in its investment objectives but that discloses in its investment strategies prospectus disclosure that it uses an ESG strategy may include statements in its sales communications that accurately reflect the extent to which that strategy is used. However, such funds should not exaggerate the extent of the fund's focus on ESG in their sales communications. In contrast, while a fund that does not reference ESG in either its investment objectives or investment strategies may provide factual information about the ESG characteristics of its portfolio (such as fund-level ESG ratings, scores or rankings), it should not include any ESG-related claims about what the fund is trying to achieve.	1.A.4 2.A.3	The Standards contain no requirements related to statements or communications or related to whether a fund is focused on ESG or references ESG in its investment objectives. However, the Standards do require that an investment manager must not, in an ESG Disclosure Statement, present information that is false or misleading, omit significant information about the investment product's ESG approaches, or contradict disclosures made in the investment product's regulatory documents (Provision 1.A.4). In addition, the Standards require disclosure of the ESG approaches used in an investment product (Provision 2.A.3).

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
b) Sales communication that references a Fund's ESG performance		
A fund must not include misleading statements in its sales communications about the ESG performance of the fund.	1.A.4	The Standards contain no requirements related to the communication of the ESG performance of an investment product. However, the Standards do require that an investment manager must not, in an ESG Disclosure Statement, present information that is false or misleading, omit significant information about the investment product's ESG approaches, or contradict disclosures made in the investment product's regulatory documents (Provision 1.A.4).
c) Sales communication that include fund-level ESG ratings, scores or rankings		
If a type of fund-level ESG rating, score or ranking is considered "performance data" or a "performance rating or ranking", or a comparison of that type of fund-level ESG rating, score or ranking is considered to be a comparison of performance, sales communications that include this type of fund-level ESG rating, score or ranking, or a comparison thereof, may not be able to comply with some of the provisions of Part 15 that relate to "performance data", "performance ratings or rankings" and comparisons of performance (the Performance Requirements). In addition, any sales communication that includes fund-level ESG ratings, scores or rankings, including Portfolio-Based ESG Ratings and Portfolio-Based ESG Rankings, must not be misleading. In staff's view, a sales communication that includes fund-level ESG ratings, scores or rankings may be misleading for a number of reasons, including any of the following: • there are conflicts of interest involving the provider that prepares the fund-level ESG rating, score or ranking; • the selection of the specific fund-level ESG rating, score or ranking is the result of cherry-picking fund-level ESG ratings, scores or rankings in order to present the fund's ESG characteristics or performance in a positive light; • the selected fund-level ESG rating, score or ranking is not representative of the ESG characteristics or performance of the fund;	1.A.4	The Standards contain no requirements related to fund-level ESG ratings, scores, or rankings that are considered performance data, performance rating, or performance ranking. However, the Standards do require that an investment manager must not, in an ESG Disclosure Statement, present information that is false or misleading, omit significant information about the investment product's ESG approaches, or contradict disclosures made in the investment product's regulatory documents (Provision 1.A.4).

CSA Staff Notice 81-334	Standards Provision #	Comparison and Explanation
• the sales communication does not include explanations, qualifications, limitations or other statements necessary or appropriate to make the inclusion of the fund-level ESG ratings, scores or rankings in the sales communication not misleading. (Staff guidance on how to avoid these four issues is provided in the Notice.)		
IX. ESG-related changes to existing funds		
Where a fund's name references ESG, the fundamental investment objectives of the fund are required to reference the aspect of ESG included in the name of the fund. Accordingly, where a fund intends to change its name to add or remove a reference to ESG, the fund should consider whether it is also required to change its fundamental investment objectives.	N/A	The Standards contain no requirements related to referencing ESG in an investment product's name or investment objectives. However, the Standards require an investment manager to update an investment product's ESG Disclosure Statement when the investment manager makes changes that affect information included in the ESG Disclosure Statement (Provision 1.A.10).
X. ESG-related terminology		
A fund's description of the ESG strategies that it uses must be written using plain language in order to ensure that investors are able to understand the fund's investment strategies.	3.B.2 3.B.3 3.B.4 3.B.6	The Standards encourage all managers to write disclosures in plain language. In addition, the Standards recommend that an investment manager define certain ESG-related terms and approaches the first time they are used in an ESG Disclosure Statement (Provisions 3.B.2, 3.B.3, 3.B.4, and 3.B.6).
In addition, if a fund's prospectus includes other ESG-related terms that are not commonly understood, it should provide a clear explanation of those terms using plain language in accordance with the requirement that the prospectus provide full, true and plain disclosure of all material facts.	N/A	The Standards encourage all managers to write disclosures in plain language.
XI. IFM-related commitments to ESG-related initiatives		
Staff recognize that some IFMs are signatories to international or regional ESG-related entity-level initiatives, such as the United Nations Principles for Responsible Investment and Task Force on Climate-related Financial Disclosures, and publicly disclose this information. For IFMs that are signatories to such initiatives, it is important for the disclosure of their signatory status or commitment to these initiatives to be clear that the commitment is at the entity-level rather than at the fund-level and where applicable, that the funds managed by the IFM may not be focused on ESG.	N/A	The scope of the Standards are product-level disclosures. The Standards do not contain any entity-level disclosure requirements.

 |