

Response Form
for the
Exposure Draft of the
CFA Institute ESG Disclosure Standards for Investment Products

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 goal for this Exposure Draft is to elicit feedback on the proposed principles, requirements, and recommendations within the Standards. Please refer to the “Providing Feedback” guidelines for submitting comments. **All comments must be received by 14 July 2021 in order to be considered.**

Providing Feedback

Public commentary on the Exposure Draft will help shape the final version of the Standards, which is expected to be issued in November 2021. Comments should be provided in this Response Form, found [here](#) on the CFA Institute website, and submitted to standards@cfainstitute.org. Designated spaces for comments appear in the Response Form in the order in which the related topic sections appear in the Exposure Draft. Questions directed toward the Standards’ intended users are posed in the Exposure Draft’s Introduction, and these questions appear first in the Response Form, followed by designated spaces for comments related to the Guiding Principles, Provisions, and Glossary. General or summary comments on the Exposure Draft may be provided in the designated section at the end of the Response Form.

Each topic section in the Response Form contains a space for providing general comments pertaining to that section as well as spaces to provide comments for each provision in the section. When providing feedback on a specific provision, it may be helpful to consider whether the meaning of the provision is clearly stated and whether the provision will add value for users of the Standards. You may provide as few or as many comments as you wish.

The deadline for providing feedback is 14 July 2021. **Comments received after 14 July 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 14 July 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>	Addenda Capital Inc.
Stakeholder Group: <i>(Please select the stakeholder group with which you most closely identify.)</i>	Investment Manager
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>	North America
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>	Canada
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 FOR INTENDED USERS

Questions for Investment Managers

1. Are the draft provisions helpful in establishing or clarifying the type of information that should be included in an investment product's disclosures regarding the ESG-related aspects of the investment product's strategy?

<QUESTION_01_01>

Addenda is largely supportive of the approach taken in the disclosure standard. We believe that the standard represents a clear step towards addressing the increased greenwashing and over-selling that we have seen in the market. It will also help to establish common language and expectations in communication about investment products between asset managers, consultants and asset owners.

Although many investors are already disclosing some of the information contemplated in the standard, not all do, and disclosure quality varies widely. The consistency in format and contents provided for in the CFA draft standard will help to build transparency in the market for ESG products.

Finally, even in disclosures provided in compliance with the proposed standard, it may still be possible for investors to overstate the ESG or sustainability aspects of their investment products. We recommend that after three to five years of implementation, the CFA Institute to conduct an assessment of the disclosures produced for evidence of overselling and consider appropriate reforms. This could include consideration of whether external verification should be mandatory for compliance.

<QUESTION_01_01>

2. To what extent are the draft provisions supportive of and complementary with local laws and regulations and other codes and standards? Would preparing and presenting a compliant presentation in any way hinder your ability to comply with local laws and regulation or with other codes and standards?

<QUESTION_01_02>

In Canada, we expect the draft provisions will inform and complement the development of local laws, codes and standards.

<QUESTION_01_02>

3. Do you expect it will be feasible and practical for your organization to provide the information required by the draft disclosure provisions and adhere to the draft fundamental provisions?

<QUESTION_01_03>

As a small to mid-sized asset manager that manages ESG investment strategies across a range of asset classes, it will be somewhat challenging and resource intensive for us to provide the complete information required and develop compliance presentations across strategies. However, we believe that it will be feasible for us to provide all required information. We

believe two years is a reasonable time frame to comply with the disclosure requirements following publication of the standard.

As part of the final published standard, we encourage the CFA Institute to provide guidance on when asset managers should be expected to produce product disclosures in compliance with the standard. A reasonable timeline for this would be two years following publication of the final standard. We also suggest that the guidance around the frequency of disclosures be clarified to emphasize that institutions are expected to review and update their disclosures annually.

<QUESTION_01_03>

4. To what extent would a compliant presentation proactively provide to asset owners, consultants, and advisors the ESG-related information they commonly request in their Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires?

<QUESTION_01_04>

The topics covered in the disclosure standard are consistent with the ESG-information addressed in many of the DDQs, RFPs, and other questionnaires that we receive from consultants and clients. We believe the compliance presentation will provide a complement to these questionnaires, but it is unlikely to fully address inquirer information needs in the near term. Many clients have questions unique to their investment policy statements and ESG concerns and beliefs. We expect that we will be able to refer to the compliant presentation when responding to questionnaires and attach it as a supplement in annex.

<QUESTION_01_04>

5. Would it be helpful if the Standards contained a recommended format or template for compliant presentations?

<QUESTION_01_05>

Yes, a template would help to further standardize disclosure and ease implementation. We also expect that the CFA Institute will achieve broader compliance among asset managers and use of compliant presentations by other stakeholders, if a template were available.

On publication of the final standard we encourage the CFA Institute to provide a more detailed explanation of how it will oversee implementation to ensure alignment with intended use.

<QUESTION_01_05>

Questions for Investors and Asset Owners

1. After reviewing the draft provisions and the sample compliant presentations, do you think a compliant presentation would help you understand how and why an investment product uses ESG information or addresses ESG issues?

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<QUESTION_02_01>

2. To what extent would a compliant presentation provide the ESG-related information that you typically request in your Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires? Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

<QUESTION_02_02>
ENTER RESPONSE HERE
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3. Would the provision of compliant presentations by investment managers complement, streamline, or otherwise improve any of your existing processes, e.g., due diligence, certification, or reporting?

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4. Would you find it helpful if the Standards contained a recommended format or template for compliant presentations?

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Questions for Consultants and Advisors

1. After reviewing the draft provisions and the sample compliant presentations, do you think a compliant presentation would help you understand how and why an investment product uses ESG information or addresses ESG issues?

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2. Would a compliant presentation help facilitate client discussions regarding ESG-related needs and preferences and suitable investment products?

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3. To what extent would a compliant presentation provide the ESG-related information that you or your clients typically request in Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), and other types of questionnaires? Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

<QUESTION_03_03>
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4. Would the provision of compliant presentations by investment managers complement, streamline, or otherwise improve any of your existing processes, e.g., investment product due diligence or overall assessments of investment managers' capabilities?

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5. Would you find it helpful if the Standards contained a recommended format or template for compliant presentations?

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Questions for Database Providers and Users

1. To what extent would a compliant presentation provide the ESG-related information that users are looking for?

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2. Is it necessary, or would it be helpful, for compliant presentations to be in a standardized format? Would it be helpful if a machine-readable template was developed?

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Questions for regulators and investment professionals

1. Are the draft provisions helpful in establishing or clarifying the type of information that should be included in an investment product's disclosures regarding the ESG-related aspects of the investment product's strategy?

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2. Is there information that you would like to see disclosed in a compliant presentation that is not required by the draft provisions? Is there information required by the draft provisions that is not necessary?

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3. Would the Standards be helpful in maintaining a commitment to professional ethics and integrity?

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4. Would the Standards be helpful in providing investor protection through product transparency?

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5. Would the Standards be useful in serving as a mechanism to help investors align their ESG-related objectives with those of suitable products?

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6. Would the Standards be useful in serving as a mechanism to develop product labelling in your country?

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GENERAL PRINCIPLES FOR INVESTMENT PRODUCT DISCLOSURES

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Comments on Principle #5:

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SECTION 1: FUNDAMENTAL REQUIREMENTS AND RECOMMENDATIONS

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SECTION 2: GENERAL INFORMATION

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SECTION 3: OBJECTIVES

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SECTION 4: BENCHMARKS

General comments on Section 4:

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SECTION 5: SOURCES AND TYPES OF ESG INFORMATION

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SECTION 6: ESG EXCLUSIONS

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SECTION 7: ESG INFORMATION IN FINANCIAL ANALYSIS AND VALUATION

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SECTION 8: PORTFOLIO-LEVEL ESG CRITERIA AND CHARACTERISTICS

General comments on Section 8:

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Comments on Provision 8.B.1:

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SECTION 9: PROCESS TO ACHIEVE IMPACT OBJECTIVE

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Comments on Provision 9.B.1:

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SECTION 10: STEWARDSHIP

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GLOSSARY

General comments on Glossary:

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Comments on **BENCHMARK**:

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Comments on **COMPLIANT PRESENTATION**:

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Comments on **ESG INFORMATION**:

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Comments on **ESG ISSUE**:

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Comments on **EXCLUSION**:

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Comments on **FINANCIAL OBJECTIVE**:

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Comments on **IMPACT OBJECTIVE**:

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Comments on **INVESTMENT MANAGER**:

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Comments on **STEWARDSHIP ACTIVITY**:

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GENERAL COMMENTS

General comments on Exposure Draft:

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