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: *(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.)*	Genus Capital Management, Vancouver, Canada
Stakeholder Group: *(Please select the stakeholder group with which you most closely identify.)*	Investment Manager
Region: *(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.)*	North America
Country: *(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.)*	Canada
Confidentiality Preference: *(Please select your preference for whether or not your response is published on the CFA Institute website.)*	Yes, our 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>

Yes, the draft provisions are helpful because they provide specific instructions on the types of ESG information necessary for inclusion, both quantitative and qualitative. Generally, the provisions are well described and provide specific, relevant guidance on both content and presentation. We think the included notes are very important in clarifying the relevance and execution of certain provisions.

We think these provisions will provide information that is ultimately useful to end investors. We think that the creation of ESG Standards is important from a comparability perspective to assist investors in analyzing and quantifying the relative ESG benefits, characteristics, and practices of firms. The combination of qualitative disclosures regarding firm processes/principles and the quantitative focus in areas such as benchmarking and financial valuation/analysis provides a real foundation for investor decision-making.

The choice of product-level disclosures versus firm-level disclosures is an inclusive decision - specifically, it includes firms that serve a variety of client bases. This choice allows the meaningful participation of firms with diverse strategies, both between traditional and impact funds and within ESG products. See comment in question 4 about firm-level ESG commitment.

<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>

We do not think that preparing and presenting a compliant presentation would hinder our ability to comply with local laws, regulations, or other codes and standards. An interesting note is as of April 30, 2021, Canadian securities regulators (Ontario Securities Commission and British Columbia Securities Commission) were performing desk reviews of participants claiming to participate in ESG investing. As of right now, given the lack of mandatory Canadian regulatory standards specific to ESG, these reviews are being conducted with the power vested in requirements that registrants must 'deal fairly, honestly, and in good faith with their clients' and not present information that is misleading or exaggerated. These desk reviews suggest that greenwashing and frameworks for ESG compliance are emerging as a priority for Canadian security regulators. Are ESG-specific mandatory requirements at the security regulators level in the near future?

The Investment Funds Institute of Canada (IFIC) released a report in June 2020 on the future of Responsible Investments (RI) in the 2020s. We think it will be important for the CFA Institute to monitor the progress of these initiatives as well as other movements in the space of ESG/Sustainability frameworks, to help assess and define the CFA Institute's role in the changing landscape. There are 4 trends listed:

1. Increased regulation in the space of RI catalyzed by the 2008 financial crisis. In regards to the CFA Institute Disclosure Standards, we predict there will need to be close monitoring of the emergence of mandatory regulations to ensure alignment across these frameworks.
2. The International Standards Organization's Technical Committee ISO/TC 322 on Sustainable Finance is developing a standard for integration of sustainability and ESG into institutional investments and finance management (with specific focus on the UN Sustainable Development Goals and climate change). This may become a potentially complementary framework to the CFA Institute Disclosure Standards, with opportunity for significant overlap.
3. The EU Sustainable Finance Taxonomy endeavours to create a classification system for firms/investors to label economic activities in regards to their level of environmental sustainability. As the CFA Institute Disclosure Standards do not venture into labeling norms, we do not anticipate conflict with this new Taxonomy system.
4. The Canadian Expert Panel on Sustainable Finance released its final report in June of 2019. This report encouraged many policies and regulations to facilitate the energy transition and reinforced the important role of asset management in providing capital to carbon-reducing initiatives. The implementation of such policies and regulations may be seen in the near future.

<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>

Yes, we think it will be feasible and practical to provide the information required to claim compliance with the Disclosure Standards. Compliance will surely take dedicated work and effort. We found that it took close and careful reading of the entire document to holistically understand the Disclosure Standards and specifics of compliance. Below, we provide a suggestion to create a centralized checklist of 'minimum requirements' as well as a recommended 'compliance procedure' to ease the difficulties in understanding the entire compliance process.

That being said, we appreciate that in order to promote the meaningfulness of the Disclosure Standards, a level of complexity may prove beneficial. Firms that want to claim Disclosure

Standards compliance need to do the work to actually comply. Therefore, compliance with the Disclosure Standards may become a proxy for dedication to the spirit of sustainability/ESG.

However, even upon careful reading, we still have difficulties in understanding the exact requirements for compliance. For example, we think that the firm needs to prepare three specific types of documents: 1) Compliant Presentation(s); 2) Compliance Notification Form; and, 3) Policies Manual. It is clear that the Compliance Notification Form must be submitted to the CFA. We suggest further clarification in how to handle the other required documents (i.e. the Compliant Presentations and Policies Manual).

We propose that it would be helpful to have two additional appendices in the Disclosure Standards: (A) Compliant Presentation Checklist, and (B) Recommended Compliance Procedures. We envision the Compliant Presentation Checklist as a simplified list of all the mandatory requirements for a Compliant Presentation with references to the appropriate provisions. We envision the Recommended Compliance Procedures as a summary list of the specific documentation needed for compliance and how to prepare/store/submit these documents.

As an illustration, this is a list of 'action items' we compiled from holistically considering the Disclosure Standards. We think these bullet points could form the basis of a "Recommended Compliance Procedures" document.

- Document policies/procedures for compliance with the Disclosure Standards requirements and recommendations (and apply such policies/procedures consistently)
- Document policies/procedures for monitoring changes/additions made by the CFA Institute to the Disclosure Standards
- Choose investment products to which the firm will apply the Disclosure Standards
- Prepare a **Compliant Presentation** for each investment product chosen
- Update the Compliant Presentation when either (1) changes are made to the Disclosure Standards, or (2) changes are made to the Investment Product
- Capture, maintain, and make available the documents and records necessary to support information included in the Compliant Presentations
- Make every reasonable effort to provide a Compliant Presentation, if it exists, to all investors prior to an initial investment
- Correct material errors in Compliant Presentations, keep a log of such errors and corrections, and provide details of errors/corrections to investors and current/former verifiers
- Notify the CFA Institute of its use of the Disclosure Standards by submitting the **Compliance Notification Form**, filed between January 1 – June 30

<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>

One aspect that appears to be missing, that clients and consultants do ask about, is firm level commitment to ESG and Impact. It would be helpful to communicate what proportion of firm AUM are ESG products covered by the Disclosure Standards. Furthermore, a space to document firm-level efforts on its own ESG (such as diversity or green policies) and leadership of industry-wide ESG initiatives is relevant information for investors. We suggest an **optional** section, for example “Section 11”, that allows investment managers to discuss firm-level ESG. This Section 11 could include qualitative information analogous to “culture of compliance” (is there a culture of ESG/Impact? Does the firm’s mission or main branding include ESG/Impact?), as well as quantitative information such as % AUM as ESG.

Preparing and presenting a Compliant Presentation is a proactive approach - relevant, timely, and comparable information is provided prior to request by stakeholders. Not only is the information useful; the existence and distribution of a Compliant Presentation signals preparedness on the part of the investment manager.

We think that a Compliant Presentation provides validity to claims through two mechanisms: (1) the actual content presented, and (2) the consistent preparation of information in accordance with the Disclosure Standards. The reward for the work associated with compliance is real validity in the eyes of investors/stakeholders.

<QUESTION_01_04>

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

<QUESTION_01_05>

Yes. In general, we think templates/formats are helpful in overcoming the initial inertia/hesitation of investment managers in preparing a Compliant Presentation (helps to prevent the “fear of getting started” and makes compliance more approachable). After a year of early adopters, there will be some good examples of real presentations to work with.

The Sample Compliant Presentations are a great starting point, and we think there is benefit in including two further appendices:

1. Compliant Presentation Checklist (a simplified list of all the relevant, required provisions that investment managers can use as a starting point in drafting Compliant Presentations)

2. Recommended Compliance Procedures (guidance in regards to the necessary documentation and procedural steps in approaching and executing compliance)

<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?

   <QUESTION_02_01>
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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
   <QUESTION_02_02>

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?

   <QUESTION_02_03>
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   <QUESTION_02_03>

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

   <QUESTION_02_04>
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   <QUESTION_02_04>

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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?

   <QUESTION_03_01>
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   <QUESTION_03_01>

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

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<QUESTION_03_02>

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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<QUESTION_03_03>

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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ENTER RESPONSE HERE
<QUESTION_03_04>

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

<QUESTION_03_05>
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<QUESTION_03_05>

<u>Questions for Database Providers and Users</u>

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

<QUESTION_04_01>
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<QUESTION_04_01>

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?

<QUESTION_04_02>

ENTER RESPONSE HERE
<QUESTION_04_02>

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?

   <QUESTION_05_01>
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   <QUESTION_05_01>

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?

   <QUESTION_05_02>
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   <QUESTION_05_02>

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

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   <QUESTION_05_03>

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

   <QUESTION_05_04>
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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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   <QUESTION_05_05>

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

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<QUESTION_05_06>

GENERAL PRINCIPLES FOR INVESTMENT PRODUCT DISCLOSURES

General comments on the Principles:

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Comments on Principle #1:

<COMMENT_00_01>
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<COMMENT_00_01>

Comments on Principle #2:

<COMMENT_00_02>
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<COMMENT_00_02>

Comments on Principle #3:

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<COMMENT_00_03>

Comments on Principle #4:

<COMMENT_00_04>
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<COMMENT_00_04>

Comments on Principle #5:

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<COMMENT_00_05>

SECTION 1: FUNDAMENTAL REQUIREMENTS AND RECOMMENDATIONS

General comments on Section 1:

<COMMENT_01A00>
ENTER RESPONSE HERE
<COMMENT_01A00>

Comments on Provision 1.A.1:

<COMMENT_01A01>

We think the intended meaning of this provision is that compliant firms must have a process for tracking changes the CFA Institute makes to the Disclosure Standards. We assume this is so that compliant firms can update their policies/procedures to remain in compliance.

However, the wording is unclear as to whether the above is actually the intended meaning, or if Provision 1.A.1 is instead saying that compliant firms must have a process for tracking their *own* disclosure changes (for example, choosing to adopt a new 'recommended' provision). We suggest the following clarification of the provision: "Document its policies and procedures to monitor and identify changes and additions *made by the CFA Institute* to ESG Disclosure Standards for Investment Products and interpretative guidance."

<COMMENT_01A01>

Comments on Provision 1.A.2:

<COMMENT_01A02>
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<COMMENT_01A02>

Comments on Provision 1.A.3:

<COMMENT_01A03>
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<COMMENT_01A03>

Comments on Provision 1.A.4:

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<COMMENT_01A04>

Comments on Provision 1.A.5:

<COMMENT_01A05>
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<COMMENT_01A05>

Comments on Provision 1.A.6:

<COMMENT_01A06>
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<COMMENT_01A06>

Comments on Provision 1.A.7:

<COMMENT_01A07>
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<COMMENT_01A07>

Comments on Provision 1.A.8:

<COMMENT_01A08>
ENTER RESPONSE HERE
<COMMENT_01A08>

Comments on Provision 1.A.9:

<COMMENT_01A09>

We think this provision would benefit from a note with an example. For example, a MSCI report is used to provide information relevant for an exclusion criterion under Section 6. How can the firm verify that this third-party report from MSCI meets the requirements of the Disclosure Standards?

<COMMENT_01A09>

Comments on Provision 1.A.10:

<COMMENT_01A10>
ENTER RESPONSE HERE
<COMMENT_01A10>

Comments on Provision 1.A.11:

<COMMENT_01A11>

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<COMMENT_01A11>

Comments on Provision 1.A.12:

<COMMENT_01A12>
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<COMMENT_01A12>

Comments on Provision 1.A.13:

<COMMENT_01A13>
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<COMMENT_01A13>

Comments on Provision 1.A.14:

<COMMENT_01A14>

We find this provision slightly confusing. Is the Investment Manager responsible for evaluating the independence of the third party verifier? If so, what should the Investment Manager do with this evaluation? It seems that the importance of this provision is to remind Investment Managers to consider the true level of independence of the third party - however, there is no associated action item or recommendation. We suggest that in Compliant Presentations with independent verification, that there be a requirement for Investment Managers to provide information on its consideration/justification for the independence of the third party verifier.

<COMMENT_01A14>

Comments on Provision 1.A.15:

<COMMENT_01A15>
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<COMMENT_01A15>

Comments on Provision 1.A.16:

<COMMENT_01A16>
ENTER RESPONSE HERE
<COMMENT_01A16>

Comments on Provision 1.A.17:

<COMMENT_01A17>
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<COMMENT_01A17>

Comments on Provision 1.A.18:

<COMMENT_01A18>
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<COMMENT_01A18>

Comments on Provision 1.A.19:

<COMMENT_01A19>
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<COMMENT_01A19>

Comments on Provision 1.B.1:

<COMMENT_01B01>
ENTER RESPONSE HERE
<COMMENT_01B01>

Comments on Provision 1.B.2:

<COMMENT_01B02>
ENTER RESPONSE HERE
<COMMENT_01B02>

SECTION 2: GENERAL INFORMATION

General comments on Section 2:

<COMMENT_02A00>
ENTER RESPONSE HERE
<COMMENT_02A00>

Comments on Provision 2.A.1:

<COMMENT_02A01>
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<COMMENT_02A01>

Comments on Provision 2.A.2:

<COMMENT_02A02>
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Comments on Provision 2.A.3:

<COMMENT_02A03>
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Comments on Provision 2.A.4:

<COMMENT_02A04>
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Comments on Provision 2.A.5:

<COMMENT_02A05>
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Comments on Provision 2.A.6:

<COMMENT_02A06>

The sentence structure differs between the required statement for independently examined and not independently examined. In the first 'the investment manager' is the subject, in the second 'the presentation' is the subject.

<COMMENT_02A06>

Comments on Provision 2.A.7:

<COMMENT_02A07>
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<COMMENT_02A07>

Comments on Provision 2.A.8:

<COMMENT_02A08>
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<COMMENT_02A08>

Comments on Provision 2.B.1:

<COMMENT_02B01>
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<COMMENT_02B01>

SECTION 3: OBJECTIVES

General comments on Section 3:

<COMMENT_03A00>
ENTER RESPONSE HERE

<COMMENT_03A00>

Comments on Provision 3.A.1:

<COMMENT_03A01>

We think that given the general nature of the Impact Objective definition provided in the notes to this provision, it is relatively easy to confuse ESG and Impact as synonyms. A compliant firm may simply claim that their impact objective is: “supporting best-in-class companies that are at the top of their industry in terms of environment, social, and governance leadership”. In other terms, an investment in a tobacco company could be disguised as an ‘Impact Objective’ if it is the ESG best-in-class tobacco company (for example, with excellent board diversity and community engagement projects).

We think this could be corrected with one statement that clarifies impact, for example, as investments where some component of revenue comes from projects making a difference in an area as measured by a framework such as the Sustainable Development Goals. We understand this is not a perfect fix, but do believe there needs to be some clarification that impact goes beyond the ESG-best-in class operation of a company and requires projects that actually have roots in sustainability or other priority areas. In effect, we think it should be clearer that it is possible to be an ESG-friendly firm without being an Impact firm (and theoretically vice versa, although less likely so). We think of ESG and Impact as two separate dimensions.

<COMMENT_03A01>

Comments on Provision 3.A.2:

<COMMENT_03A02>

We think this provision is incredibly important. Instead of requiring investors to weigh objectives against one another in isolation, the firm is proactively conducting this analysis. Of course, investors will check the results of this provision against their own personal frameworks, but the provision provides a helpful starting point for evaluation. It also encourages investment managers to rigorously consider the relationship between objectives, both synergistic and antagonistic, in their own investment products - which we think is a valuable exercise.

<COMMENT_03A02>

Comments on Provision 3.B.1:

<COMMENT_03B01>
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<COMMENT_03B01>

SECTION 4: BENCHMARKS

General comments on Section 4:

<COMMENT_04A00>
ENTER RESPONSE HERE
<COMMENT_04A00>

Comments on Provision 4.A.1:

<COMMENT_04A01>
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<COMMENT_04A01>

Comments on Provision 4.A.2:

<COMMENT_04A02>

This provision could use clarification. We are assuming that the provision is asking investment managers to provide resources/links for stakeholders to find further information on the construction of a specific benchmark index.

<COMMENT_04A02>

Comments on Provision 4.A.3:

<COMMENT_04A03>
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<COMMENT_04A03>

SECTION 5: SOURCES AND TYPES OF ESG INFORMATION

General comments on Section 5:

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<COMMENT_05A00>

Comments on Provision 5.A.1:

<COMMENT_05A01>
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<COMMENT_05A01>

Comments on Provision 5.A.2:

<COMMENT_05A02>
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<COMMENT_05A02>

SECTION 6: ESG EXCLUSIONS

General comments on Section 6:

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<COMMENT_06A00>

Comments on Provision 6.A.1:

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<COMMENT_06A01>

Comments on Provision 6.A.2:

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<COMMENT_06A02>

Comments on Provision 6.A.3:

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Comments on Provision 6.A.4:

<COMMENT_06A04>
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<COMMENT_06A04>

SECTION 7: ESG INFORMATION IN FINANCIAL ANALYSIS AND VALUATION

General comments on Section 7:

<COMMENT_07A00>

We think that investors would find it helpful to know the investment product's emphasis on the components of E, S, and G rather than just ESG as a group. In particular, financial analysis has probably always included some amount of traditional Governance work, but this isn't really what investors mean by ESG investing. We recommend requiring some kind of comment such as (exclusively, primarily, balanced, etc). We are resisting asking for say 30%/30%/40% E S and G because it's too precise. Lack of balance is not a bad thing, perhaps a product really is 90% E, but investors would want to know that.

<COMMENT_07A00>

Comments on Provision 7.A.1:

<COMMENT_07A01>
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<COMMENT_07A01>

Comments on Provision 7.A.2:

<COMMENT_07A02>
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<COMMENT_07A02>

Comments on Provision 7.A.3:

<COMMENT_07A03>

We think there is a typo in the notes to this provision. We think the first sentence of the note has an extra “and” (the fourth word before the first comma), and should instead read: “If an investment manager does not use financially material ESG information in the financial analysis and valuation of all investments at all times.”

<COMMENT_07A03>

Comments on Provision 7.A.4:

<COMMENT_07A04>

This provision is interesting, as it puts an emphasis on how ESG issues will actually impact the bottom line. We appreciate that both qualitative and quantitative processes are highlighted throughout the Disclosure Standards. There is an underlying assumption, for firms using this provision, that material ESG information will have an impact on financial performance and thus incorporate this information into models. However, there are also firms that look at ESG from a purely qualitative perspective and may not resonate with the application of ESG information to financial analysis and valuation. We think this is okay - there are other places where a qualitative analysis is honoured (for example, Provision 5.A.2 states that if any ESG information is used in the investment process, the source and type of this information must be disclosed.) Qualitative ESG firms may use this as an opportunity to elaborate on their practices. Another section where qualitative analysis is encouraged is in Section 8, where firms may disclose their portfolio-level ESG criteria and characteristics.

<COMMENT_07A04>

SECTION 8: PORTFOLIO-LEVEL ESG CRITERIA AND CHARACTERISTICS

General comments on Section 8:

<COMMENT_08A00>
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<COMMENT_08A00>

Comments on Provision 8.A.1:

<COMMENT_08A01>
Avoid “brown” as the opposite of “green”. Alternatives are “grey” or “low-ESG”.

We think that there is some tension between ‘internal targets’ for portfolio level ESG versus a stated target. Ultimately, good faith manager discretion can be more valuable than strict adherence to an official target. An example from conventional investing is a dividend yield target which can lead to portfolio distortion if arduously followed out of appropriate discretion. As written there is some room (stating that the criterion is non-binding. Ability to change it over time. The option to have internal targets that are not listed in the compliant presentation). Traditionally compliance documents say things like “The fund will own primarily Canadian equities” to create similar safety.

<COMMENT_08A01>

Comments on Provision 8.A.2:

<COMMENT_08A02>
ENTER RESPONSE HERE
<COMMENT_08A02>

Comments on Provision 8.B.1:

<COMMENT_08B01>
ENTER RESPONSE HERE
<COMMENT_08B01>

SECTION 9: PROCESS TO ACHIEVE IMPACT OBJECTIVE

General comments on Section 9:

<COMMENT_09A00>

Impact investing means different things to different people. A useful clarifying question is “How does this differ from ‘ESG Investing’?” An investment product can do both ESG and Impact, but it’s helpful to investors to know which activities the manager considers to be which.

<COMMENT_09A00>

Comments on Provision 9.A.1:

<COMMENT_09A01>

We think this provision is necessary, important, and inclusive. We like that a mostly conventional fund with some impact investments can claim compliance with the Disclosure Standards, and receive credit for their Impact investments.

<COMMENT_09A01>

Comments on Provision 9.A.2:

<COMMENT_09A02>
ENTER RESPONSE HERE
<COMMENT_09A02>

Comments on Provision 9.A.3:

<COMMENT_09A03>
ENTER RESPONSE HERE
<COMMENT_09A03>

Comments on Provision 9.A.4:

<COMMENT_09A04>

We appreciate the inclusion of this provision. It brings awareness to the fact that Impact investments should be considered holistically - for both positive and negative consequences, to ensure that Impact firms are not trading off one good outcome for a bad one and creating a net zero or net negative result.

Genus is a proponent of this approach. We publish Net Impact reports that consider and quantify both positive and negative outcomes of investments in order to create an overall net score.

<COMMENT_09A04>

Comments on Provision 9.A.5:

<COMMENT_09A05>

This provision could be clearer. We suggest clarification that “the compliant presentation must state potential threats to achieving the desired impact objective” (i.e. what is the chance that you do not achieve the desired impact objective, and why?). Otherwise, the provision may be misinterpreted as the potential risks of pursuing the impact objective.

<COMMENT_09A05>

Comments on Provision 9.B.1:

<COMMENT_09B01>
ENTER RESPONSE HERE
<COMMENT_09B01>

SECTION 10: STEWARDSHIP

General comments on Section 10:

<COMMENT_10A00>
ENTER RESPONSE HERE
<COMMENT_10A00>

Comments on Provision 10.A.1:

<COMMENT_10A01>

We think that this provision would benefit from an example of an ESG-relevant stewardship activity.

<COMMENT_10A01>

Comments on Provision 10.A.2:

<COMMENT_10A02>
ENTER RESPONSE HERE
<COMMENT_10A02>

Comments on Provision 10.A.3:

<COMMENT_10A03>
ENTER RESPONSE HERE
<COMMENT_10A03>

Comments on Provision 10.A.4:

<COMMENT_10A04>
ENTER RESPONSE HERE
<COMMENT_10A04>

Comments on Provision 10.B.1:

<COMMENT_10B01>
ENTER RESPONSE HERE
<COMMENT_10B01>

GLOSSARY

General comments on Glossary:

<COMMENT_11A00>

We appreciate the glossary as a step to guide industry in using words consistently.

<COMMENT_11A00>

Comments on **BENCHMARK**:

<COMMENT_11A01>
ENTER RESPONSE HERE
<COMMENT_11A01>

Comments on **COMPLIANT PRESENTATION**:

<COMMENT_11A02>
ENTER RESPONSE HERE
<COMMENT_11A02>

Comments on **ESG INFORMATION**:

<COMMENT_11A03>

ENTER RESPONSE HERE
<COMMENT_11A03>

Comments on **ESG ISSUES**:

<COMMENT_11A04>
ENTER RESPONSE HERE
<COMMENT_11A04>

Comments on **EXCLUSION**:

<COMMENT_11A05>
ENTER RESPONSE HERE
<COMMENT_11A05>

Comments on **FINANCIAL OBJECTIVE**:

<COMMENT_11A06>
ENTER RESPONSE HERE
<COMMENT_11A06>

Comments on **IMPACT OBJECTIVE**:

<COMMENT_11A07>
ENTER RESPONSE HERE
<COMMENT_11A07>

Comments on **INVESTMENT MANAGER**:

<COMMENT_11A08>
ENTER RESPONSE HERE
<COMMENT_11A08>

Comments on **INVESTMENT PRODUCT**:

<COMMENT_11A09>
ENTER RESPONSE HERE

<COMMENT_11A09>

Comments on **INVESTOR**:

<COMMENT_11A10>
ENTER RESPONSE HERE
<COMMENT_11A10>

Comments on **STEWARDSHIP**:

<COMMENT_11A11>
ENTER RESPONSE HERE
<COMMENT_11A11>

Comments on **STEWARDSHIP ACTIVITY**:

<COMMENT_11A12>
ENTER RESPONSE HERE
<COMMENT_11A12>

GENERAL COMMENTS

General comments on Exposure Draft:

<COMMENT_12A00>

We think that if the Compliant Presentation is publicly available on a firm's website, the firm should be able to advertise on social media/websites/etc. that their investment product(s) claim(s) compliance with the Disclosure Standards. In order to avoid false advertising or greenwashing, perhaps any place where the firm advertises/claims compliance, there is a requirement that the firm provides a link to the full Compliant Presentation.

Further, we see an opportunity for continuous standards improvement, where the Disclosure Standards evolve with the industry through a built-in feedback process. We call this a "flywheel of continuous standard improvement." This could potentially be accomplished through a continuously open feedback submissions portal, where comments are incorporated every year into an updated Disclosure Standards. We anticipate this would require clear communication of updates every year in a manner that facilitates feasible and straightforward compliance for investment managers.

<COMMENT_12A00>