ONTARIO SECURITIES COMMISSION

ROUNDTABLE ON
ESG-RELATED REGULATORY ISSUES IN ASSET MANAGEMENT

HELD ON: Monday, September 27, 2021
HELD: Via Videoconference

MODERATOR:
Wendy Berman Vice-Chair, Ontario Securities Commission

OPENING REMARKS:
Wendy Berman, OSC
Hugo Lacroix, Autorité des marchés financiers

PANELLISTS:

Melanie Adams	Vice-President and Head, Corporate Governance and Responsible Investment, RBC Global Asset Management
Mari Brossard	Senior Manager, Sustainable Investment, National Bank Investments
Jean-Paul Bureaud	Executive Director, FAIR Canada
Michelle Edkins	Managing Director, BlackRock Investment Stewardship, BlackRock
Ian Howard	Executive Director Commercial, Corporation Solutions, Morningstar Sustainalytics
David Rutherford	Vice-President, ESG Services, NEI Investments

EVENT PRODUCER:

Clara Robinson

TABLE OF CONTENTS

--- Upon commencing at 1:00 p.m.

CSA ROUNDTABLE ON ESG-RELATED REGULATORY ISSUES IN ASSET MANAGEMENT:

MS. ROBINSON: Hello, everyone, and welcome to the CSA Roundtable on ESG-Related Regulatory Issues in Asset Management.

Before we get started, I would like to go over a few items so you know how to participate in today's event. You have joined the presentation listening using your computer speaker system by default. If you would prefer to join over the telephone, just select "phone call" in the audio pane and the dial-in information will be displayed.

All attendees are in listen-only mode.

You will have the opportunity to submit text questions to today's panellists by typing your questions into the questions pane of the control panel. You may send in your questions at any time during the roundtable and we will collect these and address as many as possible during the Q and A session at the end of today's discussion.

Today's virtual roundtable is being recorded. All registered participants will be e-mailed a link to the recording within a few days.

And with that, I would now like to introduce Wendy Berman, Vice-Chair of the Ontario Securities Commission, who will be the moderator for today's roundtable discussion. Go ahead, Wendy.

OPENING REMARKS:

MS. BERMAN: Thank you. And thank you all for joining us today.

Today's event is the first of many conversations we will be having in the coming months to foster dialogue on important issues affecting our capital markets, including disclosures on sustainable finance and diversity. We look forward to today's discussion and to continuing the dialogue, and we welcome all of you to the CSA Roundtable on ESG-Related Regulatory Issues in Asset Management.

I'd like to begin first with a land acknowledgement. This land acknowledgement has been developed by staff of the Ontario Securities Commission in close consultation with local Indigenous groups. It is also fitting for today's discussion, which touches on environmental and social stewardship issues and given that this week, we mark a week of events across this country in recognition of the National Day for Truth and Reconciliation this Thursday, September 30th.

Indigenous peoples of Canada have been stewards of this land. It is important to understand the longstanding history of the lands and waters many of us now call home. Much like the Indigenous Wampum **B**elts, where particular bead patterns symbolize alliances, kinships and land arrangements between different peoples, we, too, respectfully recognize the traditional territory of Indigenous peoples.

We acknowledge the Two Row Wampum Belt and we recognize that the beaded pattern signifies that neither group will force its traditions or customs on each other, but will co-exist peacefully as each group follows its own path.

With that, I want to acknowledge that Toronto and the Ontario Securities Commission are in the Dish With One Spoon

Territory, a treaty between several nations, including the Mississaugas of the Credit, the Anishinabek, the Chippewa, the Haudenosaunee and the Wendat peoples.

The dish represents the land that is to be shared peacefully and the spoon represents the individuals living on and using the resources of the land in a spirit of mutual co-operation and in a manner that does not harm the land.

I also acknowledge that Toronto is covered by Treaty 13, signed with the Mississaugas of the Credit, and by the Williams Treaty, signed with multiple Mississauga and Chippewa bands.

Today, as we join each on other on this land, we continue to seek meaningful ways to protect the earth and future benefactors for the peace, reconciliation, and healthy environments being heralded by this land acknowledgement. Thank you.

At this time, I would like to welcome my colleagues from the CSA who are in attendance today: John Hinze, Director of Corporate Finance at the British Columbia Securities Commission, Chad Conrad, Senior Legal Counsel at the Alberta Securities Commission, and Hugo Lacroix, Superintendent of Securities Markets at the Autorité des marchés financiers. I would also like to welcome the Chair and CEO of the Ontario Securities Commission, Grant Vingoe. Finally, I will also welcome our roundtable of expert panellists, who I will introduce a bit later.

Today, we will be discussing a number of regulatory issues arising from the increased interest in ESG investing, including the benefits and challenges associated with ESG-related disclosure, as well as marketing and other issues from the perspective of asset managers, ESG rating providers, and investors.

It is also a really important and timely discussion, given the paradigm shift we are all witnessing in the allocation of capital to ESG-related investments in Canada as well as globally. In Canada, the value of sustainable funds at the end of the first quarter this year was 18 billion, representing a 160 percent increase from 2020, with a more than 50 percent increase in the number of sustainable funds. Inflows globally into sustainable funds increased by 88 percent in 2020 to $152 billion U.S., and as of the second quarter of 2021, had increased to 185 billion. This type of shift, while clearly exciting, has its own growing pains, as well as magnifying some crucial challenges, many of which will be discussed later by our panel.

From the regulatory viewpoint, this race to green, both creating new ESG funds and incorporating ESG considerations into existing funds, creates increased potential for greenwashing, which is when a fund's disclosure or marketing inadvertently or intentionally misleads investors about the ESG-related aspects of the fund. All of this causes investor confusion and can negatively impact investor confidence in ESG funds and dilute the genuine efforts by responsible industry players.

The CSA recognizes the urgency to address these challenges and the critical role we play in promoting disclosures that yield decision-useful information for investors and foster capital formation in Canada's unique market. This roundtable is part of our broader work to enhance ESG-related disclosure in the Canadian market.

Internationally, Canadian securities regulators have also taken leadership roles on various ESG initiatives. Both the OSC and the AMF are members of the Sustainable Finance Task Force created by the International Organization of Securities Commissions, IOSCO, in 2020. The OSC co-leads the task force work stream focused on improving sustainability-related practices, and disclosure in the asset management industry. This work stream published a consultation report on June 30th, this year, with a final report anticipated in early November.

The consultation report contains five proposed recommendations for securities regulators and policymakers, covering asset managers' practices, disclosure, product level disclosure, supervision, enforcement, ESG terminology, and investor education.

In addition, the OSC is a member of another IOSCO task force, a work stream that is focused on sustainability-related disclosures for corporate issuers, and the AMF is a member of the third IOSCO task force work stream that is focused on ESG ratings and data providers.

And now I'd like to turn it to my colleague, Hugo Lacroix, who will provide an overview of domestic developments in this area. Thank you.

MR. LACROIX: Thank you, Wendy. It's a pleasure to work closely with you on ESG matters.

Bienvenue... (French not transcribed)

As Wendy indicated, I will focus my remarks on recent and ongoing CSA initiatives. CSA staff have been busy looking more closely at the very active ESG Canadian fund segment. We are certainly monitoring this trend with enthusiasm, but as a regulator, we need to stay on our toes. Greenwashing would certainly be detrimental to the entire ecosystem.

Not surprisingly, in the past years, we have seen the launch of several new funds picking up on retail investors' growing interest for ESG products. We have also seen a number of existing funds modifying their prospectus to add reference to ESG factors.

I don't want to be too technical, but I will highlight that some of these funds have tried to add reference to ESG in their name without referencing ESG in their investment objectives at all. They have quickly realized that this triggered regulator scrutiny.

In the past months, CSA staff have conducted reviews of regulatory disclosure documents and sales communications whose investment objectives -- sorry, for funds whose investment objectives referred to ESG factors, funds that indicated using ESG strategies, or funds that market themselves as ESG funds.

The purpose of this review was to assess the quality of the disclosure, including whether self-communications are misleading. The reviews were also aimed at evaluating how well our current disclosure requirements address ESG funds and ESG-related disclosure.

In general, staff found that although our current disclosure framework does not have ESG-specific requirements, it is broad enough in its scope to address effectively ESG funds and their disclosure. However, our reviews indicated that ESG fund disclosure would benefit from greater detail or clarity, particularly with regards to investment strategies and proxy voting disclosure.

Let me tell you today that CSA staff are well advanced in the drafting of a Staff Notice on ESG-related investment fund disclosure. This guidance will clarify our current disclosure requirements applied to ESG funds and will cover a number of areas including fund names, investment objectives and strategies, proxy voting and shareholder engagement, risk disclosure, sales communications and ESG-related changes to existing funds. The guidance will aim to enhance the ESG-related aspect of disclosure documents and ensure that sales communications are not untrue, misleading or inconsistent.

As Wendy mentioned, this is a very exciting time for ESG investing. We strongly believe that improving ESG-related disclosure and sales communications can help prevent greenwashing and enable an investor to make a more informed investment decision.

At this point, I will hand it back to Wendy to introduce our panellists for today. Thank you.

MS. BERMAN: Thank you, Hugo.

INTRODUCTION TO PANELLISTS:

MS. BERMAN: So I'll turn now to introducing our panellists.

First, I'll start with Melanie Adams, who is the

Vice-President and Head of Corporate Governance and Responsible Investment for RBC Global Asset Management. Welcome, Melanie.

Next, I will introduce Mari Brossard, who is the Senior Manager of Sustainable Investment at National Bank Investments. Welcome, Mari.

And next we have Jean-Paul Bureaud, who is the Executive Director of FAIR Canada. Welcome, Jean-Paul.

And next we have Michelle Edkins, who is the Managing Director of BlackRock Investment Stewardship. There we go. Hello, Michelle. Welcome.

And then Ian Howard, who is the Executive Director Commercial, Corporate Solutions, at Morningstar Sustainalytics. So I think, Ian, we have you. We just don't have your camera on. Oh, there. We have you and now we can see you. Welcome, Ian.

And finally, we have finally, least, but not last, we have David Rutherford, who is Vice-President of ESG Services at NEI Investments, and we'll just wait, David, while you turn your camera on.

Apologies, everyone. There's always going to be a technical glitch in virtual attendances. I'm going to try very hard not to speak while my mic is on mute. That's my goal for today. My goal for -- I was going to have a goal in 2021, which was nobody was ever going to say to me, "You're on mute," but I've failed that miserably, so now that's my goal for 2022.

Maybe what we'll do while we're waiting for David to join us is I might just turn to our first topic. Oh, David joined. There we go, David. We can see you. Welcome.

INVESTOR RISKS AND NEEDS:

MS. BERMAN: Good. All right. So I'm just going to get right into it because we've got a lot of meaty topics to cover in a very short period of time.

So our first topic is probably the biggest one, the most challenging one, which is what are investors' risks and needs in this marketplace. So, you know, as we've talked about the growing interest in and the increased number of ESG funds in the Canadian market and globally, really appreciate hearing your views on what you see as the key risks to investors, given this growth, and the types of information that investors need in order to make fully informed decisions.

I thought maybe I'd start off with you, Jean-Paul, if you could provide us your views.

MR. BUREAUD: Thank you, Wendy, and thank you, Hugo. Thank you for inviting FAIR Canada to this roundtable. It's certainly a very timely roundtable. I think ESG investing has really taken off in recent years and I think it's a great initiative to bring together different perspectives and have this kind of dialogue on these issues. Certainly, I think there's a lot at stake, both for the industry and, more importantly, for investors, so I applaud the efforts, and as well as the efforts by your staff who worked very hard to pull this all together.

So, from FAIR Canada's perspective, I think the risks to investors of being greenwashed are very, very high. I think given the speed at which ESG-related investing has grown in recent years, I think it's a very ripe environment for potential greenwashing risks, and I have no doubt it's going on. I believe it's very widespread, and I think it's happening on a daily basis.

I think the regulatory sweep that Hugo mentioned is kind of -- will help to kind of reveal the extent of the issues and the challenges. I do add that this is not an issue that's limited to North America. There's a lot of concerns in Europe as well, and the European Union has moved forward with introducing ESG-specific disclosure requirements to try to address some of these concerns. Other countries around the world are also considering these types of steps.

There's also live cases, as we speak. I think it was just a few weeks ago that the SEC and the U.S. Attorney's Office announced allegations against Deutsche Bank's asset management arm, raised very serious allegations involving greenwashing. So yes, I do think it's a significant risk for investors.

Wendy, you mentioned that some of this might be occurring deliberately, and I do believe that is the case, where people are repositioning their funds as ESG funds or sustainable funds, but really don't have much intention of following through and developing the know-how or acquiring the data to actually measure ESG-related concerns. I do believe, though, that the deliberate type of greenwashing is a very small percentage of the industry, at least I'd like to think so.

I think the issue that's happening today is the fact that there's a, and there are, a lot of well-intentioned people in the industry who do truly believe and subscribe to ESG values and are trying to do the right thing in terms of delivering credible products to investors, but like most of us, when it comes to ESG, we are all, essentially, learning on the fly.

So from my perspective, the real problem is that the investor demand is outstripping the industry's knowledge and the regulators' responses at this point. So I do think time is of the essence in terms of regulatory and industry response to these kinds of issues, and so I do applaud having this kind of roundtable to really get that discussion underway.

MS. BERMAN: I agree with you, Jean-Paul. I think it's really important that we've started the dialogue, and apologies for interrupting. I just thought I'd get a perspective of some of our other panellists.

So, Melanie, if I could turn to you and just get your -- if you have additional comments to add on to what Jean-Paul has advised us in terms of what he sees as the investor -- the key investor risks.

MS. ADAMS: Yes, absolutely. Thanks very much, Wendy. Thanks for the opportunity to be here on behalf of RBC GAM. Really important subject to cover.

Jean-Paul covered a lot of the greenwashing risks, so I'll probably leave that there, but I think that there's another risk that is also incredibly important and probably a little bit more common with what we're seeing with investors, is that there's so many ways to think about ESG and responsible investment and ESG integration that it's really challenging for investors to understand what methods are being employed in a particular investment product.

And I'd like to just break it down a little bit. If I could give, you know, if we could talk about the two main ways to think about ESG investing, or responsible investment, one is investors who are looking to invest in line with a certain set of values or beliefs, and on the other side, second way that this is being done is investors who are looking at it from a risk/return perspective, and so they're looking at it because they want to ensure that risks are being managed in the portfolio or they think that there is some benefit to investing in a sustainable way that might impact, you know, the long-term returns.

This is really important for investors to know, you know, what they're looking for in this. If you look at an investor -- I'm going to give an example here: Sin stocks. So let's say the investor doesn't want to invest in tobacco, gambling, alcohol, those are a few of the classic sin stocks, because that's in line with their beliefs, that's one way to invest.

Now, we do see a little bit of a nuance here where you might divest from these sectors or not invest in these sectors in your portfolio, or not these sectors, but these business involvement areas because you think they're riskier, and so understanding if that's why you are not including them in your portfolio, but understanding the actual impact on the risk of that portfolio. So if it's just a few exclusions in the portfolio, the impact on the risk is going to be smaller. If it's a significant number of exclusions you're looking at, they're going to have a bigger impact on your portfolio. So that's really important to understand what that is.

And there's another area where, when you're looking just at the risk, you might start looking at ESG scores. You might start looking at the controversies that the company has been involved in and you might start excluding companies or issuers based on some of those factors, and that's not your values anymore. Now you're talking about the risk of the portfolio, so it's just understanding these different ways of investing.

The final way is ESG integration. This is what we do across our teams at RBC GAM. This is when you're not excluding anybody at the outset, but you're doing a case-by-case assessment of an issuer, and so you might invest in a company that has some work to do on its ESG or its sustainability profile, but you're engaging with that company, you're talking with that company, and the company, you expect to see some progress and you expect that then to have a positive, you know, risk/return impact from the portfolio that you're investing in.

It's quite complicated, and I think that's where the real difficulty is for investors, is to really understand, you know, what the fund and the investment product is that they're investing in and how it's thinking about responsible investment, whether it's values, value, or a combination of both. I think that's where the biggest challenge that we see is.

MS. BERMAN: Certainly have to -- there's a lot of complexity around these products and you've done a great job, Melanie, of setting the scene for those. I don't know -- I turn now to Mari, if you have anything you'd like to add in terms of what you see are key risks and the types of information that investors need.

MS. BROSSARD: Sure. To me, I would be more concerned about the lack of visibility than greenwashing, and greenwashing can occur either at the fund, like the security level. At the fund level, I'd like to think that our fellow product manufacturers are professionals. I can reassure you that greenwashing is really a concern for the line of business and there's a clear direction coming from the line of business that we do not want to do greenwashing. Our customers are asking for whether they're having a real impact, and we're listening to this, we're willing to provide, and we know that more rigour is required.

So to me, I would be less concerned about greenwashing at the fund level, and at the security level, we've got a safety net coming from active portfolio management when we partner with the best-in-class portfolio managers in order to do some research, potential investment, to write investment reports, and to debate about them in investment committee.

There's some quality work that is done over there, and they have the opportunity to have dialogue to ask the right question to issuers, so to me, I would be more worried about lack of visibility than greenwashing.

And again, what investors need to know is how are we integrating responsible investment matters in an investment process. So to me, it's increased disclosure, addressing the lack of visibility, and again, for investors, if, as fund manufacturer, we're not able to simply explain in two, three, four sentences how we're creating value, why we're integrating responsible investment matters in investment products, it's not you; it's us.

At the end of the day, we've got to be able to provide clearly to investors some clarity on what we are doing, why we are doing it, and what are the goals that we are try to achieve, and if someone is being an expert in this matter, could easily explain to potential investors.

So to me, I will be more worried about the lack of visibility, clearer communication on investment processes, than greenwashing which kind of has old and meaningful application.

COMMON ESG-RELATED TERMINOLOGY:

MS. BERMAN: Thank you very much. So that leads really well into the next area of discussion because that level of transparency, consistency and comparability that investors need that you've spoken about, one of the issues in this field is the lack of consistency in ESG-related terminology and definitions for the whole of the investment fund industry, so that you can see there's that potential for confusion where investors aren't understanding what you're saying because your peers are using different terminology or different jurisdictions use different terminology.

You've said many of them: You know, responsible investing, socially responsible investing, you know, exclusionary screening, best in class. There's more terms than I can list in the time we have today.

So turning it sort of back to you first, Mari, what do you see is most needed for the fund industry to overcome the hurdles for quality disclosure, comparable disclosure to investors that contain sort of common ESG-related terms and definitions, so we understand the "what are you doing, why are you doing it and how are you doing it," with respect to investment strategies?

MS. BROSSARD: So I'll start with a bit of clarification on vocabulary because we use "ESG" and "sustainability" and sometimes it can lead to confusion.

So to me, it's pretty clear that ESG integration is a consideration of extra financial elements when you're doing research, so that's a consideration of environmental, social and governance factors within investment process, and then we're moving further into the spectrum and start to discuss about sustainable investment product, but in order to claim a product to be sustainable, it has to be in line with integrated definition of "sustainability", either coming from the product manufacturer or coming from a third-party organization, but would have to disclose how do we define sustainability and then we can set the alignment for the product with that agreed-upon definition.

So to me, there is a clear nuance between ESG integration and sustainability, and there is various shades of colour among both of them, but to me on the vocabulary, we're starting to have a bit of a consensus for those two elements.

And then one of your questions, Wendy, was, is it the role as regulator, how are we going to come up with a clear definition for the other elements that you've just mentioned. I'll be a bit bold on this one, honestly. I don't think that the burden should be only on the regulator's shoulder in order to develop some common understanding of the vocabulary.

The global industry has to come up with some solutions, and it's not only Canadian mutual funds. It's not really mutual funds. It really is part of the work section that has to be done at the global industry level, and we're starting to see some industry-lead initiatives, such as the Canadian taxonomy.

And again, in terms of content, I do believe that Canadian regulators do have enough content to enforce the application of disclosure for responsible investment products. So when we're talking about misleading, misrepresentation, say what you do, do what you say, to me, you have all the elements in order to have the right discussion with product manufacturers in terms of responsible investments. You have the credibility. You have the content.

And the last element that I would like to touch base is timing. Might be a bit early for regulation at this stage, because our industry is in a daily evolution and we don't want to paint ourselves in the corner. The world needs a bit of time to settle, to come up with a consensus, and meanwhile, the regulator has the content and the credibility with the current existing role in order to handle that discussion.

MS. BERMAN: So, you know, you raise a very good point about there being no borders when it comes to ESG investing, and so maybe I'll turn to you, Michelle, to see if you have some comments to add on to this tricky issue of what's what and what are we calling it.

MS. EDKINS: Absolutely. And hello, everybody.

Yeah, I'd like to build on a couple of points that Melanie made, as well as Mari's points because the other thing that we've found which straddles both these topics is clients have different expectations that they then expect their asset managers to help them implement and they may be using different terminology as they ask for what they are seeking to what their asset manager is -- to the language that their asset manager is using.

And so I do believe that there's a real responsibility on practitioners from asset managers to asset owners where the institutional investors who may have the resources to do this, with the regulators both within country and the supranational ones, to work together and create a baseline, common terminology that can then evolve, as Mari was saying, as we all get more experienced in this and put it into practice.

BlackRock definitely agrees that it's way too early to be establishing regulation here just because we see it rapidly changing. There's clearly need from a client perspective, from a regulatory perspective for asset managers to be very clear about how the descriptions they are using tie with the mandate they've been given by clients and to the outcomes of the investment strategy and in the reporting to clients.

And I think that in achieving that consistency or that link through each of those stages, we help that feedback loop from clients as well because I think there's capacity building happening at the asset owner level to be sure that they are using common terminology themselves.

The only thing I would add is, there is a real need for this to be common at an international level just because a lot of investors are international. Even retail investors invest in international strategies with asset managers that are not necessarily domestic, and so the more effort that can be put into a baseline global standard at the outset, I think the better we're all going to be positioned to deliver what we say we're delivering.

MS. BERMAN: Thank you, Michelle. And now, David, I'm just wondering, from your perspective, if you have anything you'd like to add on to these comments about consistent terminology.

MR. RUTHERFORD: Sure. Sure. Thanks, Wendy, and welcome, everybody.

I'm really glad Mari mentioned the whole issue around timing because I do think that most people don't think we're moving fast enough and that we need to reach the unified common understanding as quickly as possible, but if you look at what's been attempted so far from all the organizations that are trying to come up with these common definitions, it's really, really hard.

And, you know, just if you isolate what the CFA did, you know, about a year ago, they came in and they had very ambitious intentions, good intentions around trying to create a classification system for ESG investment products, but after they got feedback, they kind of stepped away from that. They looked into the abyss of all this and they decided, "Whoa, this is a little trickier than we thought," and they created a framework where it really just emphasized disclosure around certain themes and left it up to the fund providers and other investment providers to solve that challenge for them.

And, you know, I think that that was the right thing to do and it's probably the only choice they had, but what it does is it continues to put the onus on investors to do all the heavy lifting and figure all this out, and that's a bit of an unfair burden, but if the alternative is, you know, rushing to a set of definitions that really shortchanges and misrepresents what we do, then I'm not sure that's a better shake.

So I think, ultimately, we've got to remember who this is for. You know, sometimes I think we're imposing our historical structures on something that is actually fundamentally different, and the difference is that investors, and especially retail investors who are our focus at NEI, they're using responsible investing for a very different reason. For many of them, it's not just to grow wealth, and for some, it might not even be primarily to grow wealth. It's all about driving -- using investment approaches to drive change.

And so if, in demanding from their investments, you know, that they, you know, might be wanting them to drive this change, they're actually changing the fundamental utility of an investment product, and so maybe the structures that we've had in place for many years around traditional investment products don't fit so well on this.

So we really need to understand where investors' heads are at, and making sure that their goals remain front and center, and until we do that, until we give them, you know, the thing they need to make their job of figuring it out much easier, the only thing we can do is be maximum transparent about everything we do.

If we can tell them everything they're doing, give them the opportunity to figure out things we haven't figured out yet in ways that work for them, then I think that, you know, we'll be able to move forward and take our time and get the right solution, without leaving investors completely holding the bag on all this and trying to figure it out, but it's all going to take time and, you know, we just have to ensure, I think to Mari's point, we're not rushing into this for our sake, that whatever we create has to work for investors first.

REGULATORY GAPS:

MS. BERMAN: Well, you've, again, positioned us very nicely for the next topic, which is the notion of what are the regulatory gaps for investors.

So appreciate the importance of getting it right, appreciate the importance of the complexity that's around these issues in terms of what are investors actually looking for and what information do they need, but it's also a balance to make sure that they're getting the information they need in a way that's discernable, that there's not an overload of information.

So now we take a look at our regulatory disclosure framework for investment funds in Canada, and we have three main areas that we cover: Prospectus offerings, ongoing disclosure for funds, and marketing and sales.

And we do share the view, CSA, that this framework is sufficient and adequate and it covers to address the ESG-related risks that you’ve talked about and also the opportunities that investors are looking for to do with their money, at both the asset manager level and at the ESG or fund product level.

So turning to that, you know, setting that scene is -- some of you have strong views in terms of what's needed and when, but let's just focus on what's needed. So what are the regulatory gaps, if any, that apply to ESG funds and ESG-related issues, long and short-term? What do we see as the gaps in terms of making sure investors have all of that decision-useful information.

So with that, Michelle, if I could ask you to give your thoughts on that first.

MS. EDKINS: From BlackRock's perspective where we stand today, we haven't identified any gaps in the framework that exists for funds in Canada. There's focus on ensuring that the prospectus accurately reflects what the investment strategy is going to be, that the investment strategy lines up with that, and then that the disclosures that are provided to clients do represent what the investment -- how the investment strategy was implemented and the inputs that went into the investment strategy should all meet their informational needs.

That said, again, getting back to this point about capacity building, I think there probably is scope for ensuring that we're really communicating with clients to make sure we have a common understanding of that terminology, but as I mentioned, we use words in a way that we believe are widely understood, but other people use different words for those same concepts or constructs, and making sure that we're translating our documents to be sure that they truly are understood by the client in those conversations and in those negotiations around the prospectus should allay some of the fears that there is a mismatch there.

Then the other thing that we think, you know, will start to take shape more is just more clarity in marketing and more discipline in using the terms that you use consistently as a firm, and ensuring that client-facing colleagues are really deliberate in how they describe products and understand the differences between the different terminology that you use as an asset manager, because I do, you know, experience just this bucketing together with different things when it's intended that they mean -- that they have slightly different outcomes and slightly different objectives.

But to a point that David made a minute ago, in our experience, the vast majority of our clients who want to invest in some form of sustainability strategy are doing it on a risk/return assessment. So they believe that companies with strong sustainability credentials or ESG credentials will outperform over the long-term, and so the single outcome they're seeking is long-term financial returns, and so that is all very consistent with existing framework disclosures and requirements in terms of meeting our fiduciary duty to our clients.

MS. BERMAN: Thank you, Michelle. And now I just turn to you, Ian, to see if there's anything you'd like to add to that perspective on the effectiveness of the current landscape.

MR. HOWARD: Yes. I mean, I think one of the concerns that we at Sustainalytics have is the, you know, it is about what other panellists here have mentioned. It's a global market and so we provide solutions that work in multiple markets in terms of our research and analysis, but certainly, one thing is more standardized disclosures by companies related to ESG factors will make it more economical for all of us to do research on these companies and, ultimately, to have more comparable research between companies.

So I think that's one role that I think, over time, that the regulators can play in making sure, and I think that is also one thing that can be done in a particular geography without -- you know, doesn't require -- like, over time, that should be consistent globally, but you can have more disclosures in one market without having to negotiate that in every market.

Like, a second thing right now, what we're seeing a lot is -- I think in a way, Hugo, you almost alluded to it. You said current rules and regulations, you feel that they apply to ESG disclosures, and the problem with that view is that it creates uncertainty by issuers, by funds on what disclosures they need and what the regulatory implications are.

So, for example, you look at prospectus offerings. There is an open question of whether ratings can be included, and if they are included, would they be regulated, but we also know that there's no regulation, so it's a bit of a Catch-22.

So I think that just even that language saying that, you know, "We think it's already covered," implies that it's already regulated, but we're not regulated. So that I think is creating a lot of apprehension. Certainly has the lawyers on my side very concerned with how issuers and funds use ours, and I think that works against the objectives of regulators, right, because what it does is stops people from disclosing ESG research, analysis, information, and so that's created a bit of a problem in the market.

MS. BERMAN: Thank you, Ian.

MR. LACROIX: On that, I also said that we felt that guidance is warranted. So I guess we will be able with that to address some, at least, of the issues that you've just made.

MR. HOWARD: That's great, yeah. It wasn't meant to be a slight against the regulators. We do think that --

MR. LACROIX: Oh, no. No worries.

MR. HOWARD: -- what you're doing --

MR. LACROIX: At the end of the day, I think we, Wendy and I, fully agree with Mari's comment earlier that everything is enforceable at the end.

MS. BERMAN: So we feel comfortable, is what we're saying. I'd love to hear a bit more about the investor perspective, Jean-Paul, if you have something to add in terms of this, this question about the effectiveness of the regulatory landscape and whether you and FAIR see gaps.

MR. HOWARD: Sorry, Jean-Paul. We can't hear you.

MR. BUREAUD: Thank you, Wendy. I think we have to challenge the assumption that the current regulatory regime, which is a very open-ended kind of architecture, is really serving investors well at this time.

So I agree that in terms of the, you know, typical requirements in a prospectus to provide full, true and plain disclosure, or to provide timely continuous disclosure or material information to investors is there, and arguably is broad enough to include ESG-specific issues. I don't doubt that. The problem is the practice of providing the kind of transparency that investors want and need today is not yet caught up to the standards we would expect.

So I've read a lot of prospectuses that mark themselves as sustainable or ESG or responsible investing focus, and there's very little information that would help me as an investor to really understand how they're going to, through the different strategies they employ, achieve those objectives.

And so I would actually challenge the industry that -- and I agree. I think David said it earlier, that we do need to maximize the amount of transparency until we can create kind of a global common language around ESG, but until that time happens, I think we could all be -- we could all use some guidance from regulators and other organizations to help raise the calibre, raise the quality of that transparency because, you know, based on a review I did on SEDAR, I just randomly picked a number of prospectuses and MRFPs and things like that, I didn't have a lot of information that I could work from in terms of the issues that I would be concerned as, as an ESG-focused investor.

And I think Melanie made the point earlier that a lot of the -- they're focusing a lot in terms of how ESG factors impact portfolio risk, and that is important, but what investors I think -- what's unique about ESG-focused investors is, and David did mention this, is they're not solely focused on financial performance or risks to the portfolio in terms of financial performance. They're also very interested in knowing that their investments are making a difference on ESG-related factors.

And to-date, I have not seen very much, if at all, any kind of disclosure that really helps investors understand how their investments are achieving their ESG-related objectives as opposed to purely their financial objectives.

So I would really challenge industry to raise the bar in terms of delivering enhanced disclosure based on the existing broken architecture. Some jurisdictions, and the EU is the most notable one, have taken the view ESG-specific information is indeed needed because the existing framework is not sufficient to get us there.

MS. BERMAN: The guidance that Hugo mentioned will address many of the issues that all of you have raised today, and so it's just a question of whether -- it's that balancing between prescriptive rules and guidance that will achieve the best for investors. So I appreciate the candour of your comments.

PROXY VOTING AND SHAREHOLDER ENGAGEMENT DISCLOSURE:

MS. BERMAN: But I turn to yet another complexity with ESG investments and, you know, so as regulators, we look to see what's new, what are the evolving, developing types of investment products that have unique characteristics, and this one has lots, ESG funds or ESG investment strategies, because one distinction we've seen is that ESG funds, some ESG funds will use proxy voting and shareholder engagement as part of their overall investment strategy or tool to achieve the ESG-related investment objectives that the fund has set out to do. So that's a unique feature.

So in your view, if you could think about this, what elements of disclosure should be provided to investors about proxy voting and shareholder engagement? Should the disclosure include things like, you know, the particular fund's proxy voting and shareholder engagement policies or procedures with their past record of proxy voting and shareholder record, you know, and shareholder action that aligns with the investment objectives, so somebody can measure how effective that strategy is.

And then, you know, in three minutes, you'll each have three minutes, just address the difficulties and challenges associated with that as well as whether or not that disclosure should be at the asset manager level or the product level or both.

So that's a lot to unpack, and I thought I'd put it in Melanie's lap first and see if you can try -- if you can give us some of your views on this.

MS. ADAMS: Yeah, thanks. I'd be happy to do that, Wendy.

So I think when we think about proxy voting and engagement in the context of ESG, we have to remember that voting our proxies is part of the fiduciary duty to do it in the best interest of the unitholders. It is already an obligation we have as asset managers.

And, similarly, with engagement, engaging in a way that's in the best interests of unit holders is part of our fiduciary duty. So this is already an obligation that we have.

If these methods are being used to promote sustainability or proxy voting, then I think that that is disclosure that's important to be made as part of the material prospectus of the fund, but I would like to talk about some of the difficulties or some of the nuances involved with each one of these and some of the oversimplification that's happening.

When thinking about proxy voting, we get often asked from our clients to disclose our proxy voting records, which we do on a quarterly basis. It's all on our website. You can see any proxy vote that we've done and, you know, we're obliged to report it.

What we started to do in the past year is we have also put up our rationale for voting the way we have. Partly, this is due to client demand, and partly, it's just to be really clear about why we voted the way we did, because I think that there's sometimes a simplification where you see something on the ballot and it's ESG-related. You know, for example, it's a climate-related shareholder proposal.

As, you know, active managers and stewards of our clients' assets, we look at each one of those and we assess them case by case on their merits, and so we might not -- we might agree with the ballot item in principle. We might think that that type of, you know, climate reporting, if that's what the case is, is important, but we look at what the company is already disclosing.

If the company is already doing it, we're not going to vote in favour of it because we think that's really confusing for management to wonder and question what are they missing in the reporting. If we think it's already adequate, we vote against it, and so we try to -- you know, we put that on our website, you know, the rationale for why we vote on our Canadian website.

The other reason we might vote against a shareholder proposal is we might generally agree with it in principle, but there's something really prescriptive in the language where it's asking the company to produce a report with specific metrics. Sometimes this comes up in the diversity and inclusion area, where we don't want to be so prescriptive on the company. We want the company to do it in a way that actually is reflective of their business and their strategy.

And so to say that, you know, there are these ESG ones and to lump them all together, sometimes we see this, you know, where we're evaluated on how we do on our proxy voting. It's really nuanced and we have to be really thoughtful and careful about that.

Just on the side of -- and actually, I could, just in terms of scale, we voted for 30,000 a year. I'm sure Michelle and BlackRock have much more than that as well. So the scale and the scope of what we're disclosing there is enormous, and it's enormous amount of resources for us to put that out there, what we put out on a quarterly basis.

Just on the engagement side, I think it's really important to disclose engagement, but I think, again, there's a scale issue. For us at RBC GAM, we had over 1,200 ESG engagements in 2020, and so I'm not sure how helpful it is for investors to have pages and pages and pages of all the different engagements. We do disclose them, but we pick, you know, on an annual basis some highlights that we'd like to disclose.

But I think one really important point is that we have a relationship. If we disclose every time we meet with management or the board or if we over-disclose it, we won't be invited back in to talk to boards and management about these different issues. It's going to change the relationship that we have there, and so I think we want to be really mindful of that as well.

MS. BERMAN: Thank you, Melanie. I mean, again, we're -- the theme I'm hearing is how tricky and nuanced this is in the ESG space in terms of what investors need to understand the strategy that's being employed when it comes to proxy voting or shareholder engagement.

So, David, I don't know if you have something that you can add to this.

MR. RUTHERFORD: Sure. I mean, a lot of what Melanie said is exactly the approach we take and, you know, that's where it gets tricky around transparency. Even though you can, as we do, have, you know, maximum transparency as an operating principle, you've got to -- you have to protect your engagement relationships. You can't be disclosing things that are going to damage that relationship. You're trying to accomplish something with a company.

On the other hand, we're finding more and more companies really want their investors to know that they're talking about ESG risk, so it's getting easier to disclose everything, but I think to Melanie's point, the key is why. It's very easy to say, "This is what we did," but, "Why did you do it?"

And so, you know, you might have people scratching their heads about why you voted a certain way. They will expect you to do the opposite, but if you start to get into the reasons why, then that gets into your understanding of the company and the relationship you have with that company, and then it all makes sense, but that takes a lot of work to disclose all that and, you know, there are scale issues for sure. Even, you know, if RBC has scale issues, then we really have scale issues because, you know, they have more resources at their hands to do this kind of thing, but, ultimately, it shouldn't be hard for any asset manager to try and to really commit themselves to being as transparent as possible.

What I will say, though, is it might be tempting when you do this to only present the good news or wait for those real tangible results from these activities, and my advice is don't do that. Engagements, they rarely move in a straight line and, you know, there's lots of downtime where the company's thinking about what you told them, but they haven't done anything yet, and so it can take a long time to reach meaningful results, and it doesn't mean you're not making progress and investors want to know that you're in there, doing that work.

There was a study a couple of years back by an organization called Oxford Risk, and they interviewed investors who were really interested in sustainable investing, and the key for those investors was, they wanted the investment providers they were partnering with to actually be working to make companies that were sustainability laggards into sustainability leaders, and so they were willing to invest in companies that weren't doing as well on sustainability factors, provided you were in there having those conversations.

So they need to know you're having those conversations, even if you're not able to say, "Look, we accomplished this, this quarter and we're going to accomplish this next quarter." It just doesn't work like that, but I think it's important that you tell investors that and what you're doing, and so if we talk about it more, if we prioritize that disclosure of the process over the results, or at least as important as the results, then investors are going to understand better what we do and how it benefits them.

So there's an educational benefit there as well, but as I said, the most important thing for many investors is that we're in, or at the table in the boardrooms of the companies that we own, and we're talking to them about how they're making change. We have to give investors that voice and to know that their voice is being heard, we have to tell them what we're doing.

MS. BERMAN: Michelle, do you have anything you'd like to add to that topic? We just have a few more minutes. Sorry.

MS. EDKINS: Sure. Thanks, Wendy. A couple of things I'd like to add.

I do think it is very straightforward for asset managers to be clear about how they think about stewardship, as we would call it, which is the proxy voting and the engagement, and how that ties to their predominant investment strategies, because for a hedge fund, really an engagement may not be essential to their strategy. For an index fund, such as many of the funds that BlackRock invests in for clients, it's a core part of our service to clients and long-term shareholders in companies, and so linking what you're doing with your strategies I think is pretty straightforward and quite important to ensure that your clients truly understand what you're doing on their behalf in this area.

The other big gap that we see in stewardship reporting is talking about the resources you apply to it, because it is resource-intensive if you're doing it well, and I think a lot of clients may not appreciate that. It isn't something that just gets done in and of itself. If you're truly integrating stewardship activities into your investment strategies, you need a significant amount of resource in terms of both people and data and analytical tools and reporting capabilities because -- and as others have said, transparency or reporting to clients is hugely important.

In our view, publishing your voting record at least annually is, you know, just baseline reporting. I think client portfolio-specific voting and engagement reporting is also now a core part of the client service.

And again, moving to quarterly reporting and voting is, I think, becoming quite common across the market because clients want to know how you've been voting in a timeframe that makes most sense when things are still fresh for them.

But as Melanie said, if you are an asset owner invested in an index strategy, you will have holdings in hundreds if not thousands of companies, and so there really is a need for the asset managers to provide reporting that really highlights the key developments over a time period, whether it's quarterly or annual, just because an awful lot of what we do on stewardship is ensuring that we're providing feedback to companies, ensuring they understand our thinking on various things, but it isn't necessarily about change and driving change. Sometimes it is, but not always.

And then the other thing, sort of building on a point that Melanie made about shareholder proposals, shareholder proposals are just one very thin or small component of the feedback mechanisms that we have for companies, and for BlackRock, voting on shareholder proposals was under one percent of the voting that we did last year. We vote on many, many more directors than we vote on shareholder proposals, and we believe that director accountability is a core part of that mechanism.

But that said, I think when it comes to voting and engagement from a regulatory point of view and from a practitioner point of view, as an asset owner or as an asset manager, you have to really think through whether sometimes individual entities are overclaiming the role that they had in bringing that change.

Shareholders provide companies with feedback, whether it's through engagement conversation or through voting, but it's for the board and management to determine the right course of action for the company, and they shouldn't do something just because they hear from one shareholder. They should do something because there's clearly growing sentiment amongst their investor base mindset on issues and it's clearly in the long-term interest of the company to change.

MS. BERMAN: The corporate governance structure could be an entire roundtable on its own, and the role of investors in that structure and other stakeholders, especially when it comes to ESG-related.

ESG-RELATED CONTINUOUS DISCLOSURE:

MS. BERMAN: So I'm just going to turn to our next topic and ask, David, if you could start off on it, but we talk about, you know, the continuous disclosure regime and that will typically involve a fund reporting on its financial performance in periodic reports or timely reports.

But as we've said, ESG funds also -- their performance as against their ESG objectives is critically important to investors, not just from a financial perspective, but maybe from a social perspective.

And so what do you think is needed, like what information is needed to assist investors in evaluating how well a particular fund or a product is meeting its ESG-related objectives?

MR. RUTHERFORD: Yeah. I mean, this is tricky because sometimes it's hard to evaluate how well an ESG fund is doing in meeting its objectives just because, and we've been discussing it over the last 10 minutes, there are certain responsible investment approaches like corporate engagement, like policy advocacy, which we haven't talked about, that don't always lend themselves well to measurement.

So you can be making an impact, but it might take a long time to be tangible enough to be reported in some kind of defined disclosure framework and, you know, to me, that can have two implications.

In a framework that's very tightly defined, a fund might look like an ESG laggard when, in fact, it could be making a big impact on a significant systemic risk like climate change, for example, just through corporate engagement work alone, but you might not see it because of the tangibility of the standards you’ve set.

The other outcome, and we're seeing this, is a shift towards true impact mandates and mandates that have measurable, social and economic outcomes in addition to financial outcomes, and they're built right into their investment objectives and, you know, impact investments of this type, you know, the pure impact investing, they're super convenient to talk about, they're easy to explain, and you can be very precise on the issue you're targeting, and reporting on the targeted impact is built right into the model. So structurally, they look a lot like some of the traditional financial products that we've all been used to.

My worry is, because of the convenience of the structure, they'll become the default approach for ESG solutions in a more tightly regulated world and, you know, undeniably, they're easier to sell and we know our industry is really good at selling neatly packaged solutions and we know from the struggles we've had, especially in the early days of responsible investing and we've been doing this for years, you know, sometimes it was hard to engage advisors around what we were talking about because it wasn't very neatly packaged.

Still isn't very neatly packaged, and there's a lot to talk about, but that, you know, default towards solutions that are simpler, easier to explain, have absolute defined measurability to them, that has the potential to leave a lot of very effective, responsible investment approaches like we're talking about off the table because they don't neatly fit into that model.

And so as we’ve discussed already, investors want these approaches because they want their providers to drive change at the companies they invest in. So, as I said at the outset, I think we have to remember who this is for and make sure that the structures and the regulations that we put in place really do benefit investors and really do give them a clear understanding of all the approaches available to them.

MS. BERMAN: Thank you, David. And Mari, it would be helpful to hear your -- if you have any additional thoughts on top of David's thoughts on this issue.

MS. BROSSARD: So yes. Thanks, Wendy, for thinking about me.

I do have four elements I would like to highlight in terms of continuous disclosure. It's going to be a very simple recipe: Four elements, the first one being your objective.

What are you trying to achieve with your responsible investment practice? Are you trying to finance a project that will have a positive impact for environment by investing primarily into green bonds? Well, that's a clear objective. Can be explained in simple words. Or trying to enhance the long-term value portfolio company by having a constant dialogue with them, ensuring best practices. That's also a simple objective that could be highlighted.

Then the second element would be, how are you going to achieve that objective? What are your processes that you have in place in order to integrate responsible investment? And the fact that we might not have standardized vocabulary in order to describe those processes shouldn't be an issue so far. We should be able to explain them in simple words.

So we've excluded certain segments of the investment universe based on our values. Whatever we call this, negative screening or exclusion, doesn't matter. That's not the focal point necessarily. Like I said, we should be explaining the responsible investment process to investors.

Another example would be, let's say we will be maintaining the exposure to all the sectors of the benchmark. So we'll be investing in energy, but we will make a particular effort in order to choose the best company in each of those sectors.

So whether we call this "best in class" or "leaders", doesn't matter. We will agree on vocabulary over time, but the most important is as of today, to start having that discussion with investors and being able to explain this clearly.

The third element in terms of disclosure is data, and I will be cautious on the data side. I'm sure that some of my co-panellists will provide more insight on data. We have some data experts on the panel with us today, but we've got to be cautious on what we communicate in terms of data because we have to choose the key metrics that are in line with our objectives and analysis.

And the communication channel with investors is already very busy as of today, and investors do not have an infinite amount of time and not everyone has the same knowledge. So by providing a huge buffet of data points to investors and say, "cherry-pick what you like in this," is just creating more confusion.

So we're the experts in the matter. We know which data points are relevant for investment processes and practices, so we've got to be able to clearly highlight those to clients, say, "We've got a fund that has this objective and we'll be supporting over time with three data points their contribution towards the objective."

And the fourth element that I would love to see in terms of disclosure is whenever we refer to that global, the big house definition or the global definition, they come from a working group, being able to point out the source of the framework and the definition that we'll be using.

MS. BERMAN: Thank you, Mari. Jean-Paul, we've heard the view of investment fund managers, asset managers, and now it will be interesting to hear your perspective on what investors need to evaluate the performances against ESG.

MR. BUREAUD: Thank you, Wendy, and I think Mari just laid out an interesting four-point set of objectives.

The one thing -- and I just -- just to pick up on David's comment about impact investing, and impacts are hard to measure and they take time and I think most people, especially when you're dealing with, you know, climate change or social change, I think most people understand that, intuitively, that these are difficult things to measure and stuff.

But I think there's a lot of disclosure that could be provided to investors short of that, that would be very helpful, and I think some of it is, just explain to the investors what you did in terms of your investment strategy.

So if you have an investment strategy to reduce your holdings in fossil fuel producers, then explain what steps you took to do that and, you know, clarify whether the portfolio is free of any exposure to carbon or fossil fuel producers, things like that. I think that's missing.

I think, you know, in terms of the randomly-selected management reports of financial performance that I looked at, it was all about financial performance, and these were all funds that all set out in their prospectus that they are either responsible investors and follow different metrics and different strategies, sustainable funds, and yet there wasn't a single piece of information in that document to explain to the investor what they did in the past year in terms of taking action on those strategies.

So I think there's a lot that could be done that falls short of actually trying to assess the actual impact, and so I would encourage people to think about increasing the amount of transparency in terms of how you've executed the strategy.

ESG INFORMATION IN MARKETING MATERIALS:

MS. BERMAN: That's really helpful. Thank you, Jean-Paul. And I'm going to move us along to our next area of discussion, and that's teeing off of -- moving from prospectus and continuous disclosure to marketing and sales communications.

So that is an area of concern for many investors as they try to wade through materials and we see, you know, it's obviously very important to regulators that that sales communications and marketing information is accurate and not misleading, and we're seeing a number of jurisdictions globally that are evaluating investment fund best practices in that area, as I spoke about briefly in my opening.

So not letting you quite off the hot seat yet, Jean-Paul, I'm going to ask you if you -- you know, in addition to your prospectus, your ad hoc prospectus review, if you have a view on the types of ESG information being included in marketing materials that you see as being potentially misleading for investors and is there information that's missing from these marketing materials like you saw in the prospectus disclosure that you think creates a risk of misleading and confusing investors.

MR. BUREAUD: Thanks, Wendy. I did peruse a number of asset manager's websites for information, just to get an idea what people are disclosing, and it's certainly not an exhaustive review by any stretch.

A few observations.

There's not always a clear connect between what the asset management says on its website and some of the products it's offering. So, lots of general statements about, "we're aligned to the Paris Climate Accord," or, "we align with the UN

Stainability Development Goals," "we consider all responsible investing factors in our decisions," and things like that, but those are very broad, general statements, that it's not entirely clear. So there's some of that.

What I found really interesting and, again, just a quick review of a number of them, they all appear to be leaders in their fields. That was a statement that came up in many websites, so I found that interesting.

A number of them include not ESG ratings, per se, but they've been awarded A+ ESG awards by some organizations, and one website actually included the name of the organization and it was actually an industry organization. So it really kind of created the appearance that, you know, this investment manager was A+ in terms of ESG ratings, but I'm not sure how many people would actually read the fine print to really appreciate and judge for themselves how much weight they want to give that.

So I do think, actually, in all the areas, I think the marketing materials is the area that I find is the more -- most worrisome in terms of the amount of claims that are being made, in very general terms, and I don't know if it's providing very helpful information to investors in terms of helping them decide whether this is the asset manager they want to, you know, partner with, and so I think there's a lot of issues that we should be concerned about.

In terms of missing information, again, there's not always a straight-line understanding of, "we take this very general approach to ESG kind of investing," but there's no real information about what you do in practice and how you actually consider those factors in your investment decisions.

MS. BERMAN: Thank you. So then I'm going to turn it over to you, Ian, and I appreciate any views you have on what's in that's problematic, what's out that's problematic.

MR. HOWARD: I already highlighted that there is some issues right now on what issuers can disclose and where they can disclose it based on concerns around regulation that has not yet been clarified, but I think the other thing is, if you think through the whole value chain of ESG research, right, you start at the issuer disclosing information, which often is too limited, right, which means that the quality of ESG research is limited by what data is available across an industry, so there is an issue there in terms of what information is available that limits sort of the start of this ESG data production line.

Next, what companies can disclose and how that data is then used in a rating, and then used by investment or funds to then create the next thing. I think there needs to be greater transparency through the whole value chain of, you know, where did that data come from and how was it manipulated through.

So I would say that that would be kind of, for us, there's great concern about the availability of data from a rating, ESG ratings provider perspective and what that data then gets used for later in the chain.

MS. BERMAN: Thank you. Mari, do you have any additional views you'd like to add to this issue?

MS. BROSSARD: Sure. Well, on the what should be included side, you know my position: clear communication on investment processes. That's the base of all the communication that would help the investor.

And you were referring to misleading, Wendy, on the question. "Misleading" is a bold statement. It has a legal implication. At this point, I would be more worried about misunderstanding or misunderstood information than misleading statements because not all investors have the same knowledge and our industry is, in fact, in evolution. See some new trends emerging every week, and investors do receive a lot of information from us, from everywhere. So to me, I would be more worried about misunderstanding than misleading statements.

And so part of the panel, we've discussed about what we can do in terms of us, fund manufacturers, and we've also taken the position of a public representative with knowledge that our job is not easy to make sense of all of this, but we haven't discussed about the value of investment advisors, financial planners, and to me, there's a great opportunity for financial advice in that space.

So recognize that it's a complex world. There's a lot of product, there's a lot of statements, there's no standardization, but there is also a great niche opportunity for financial planners, investment advisors who are willing to learn and to bridge that gap before we come up with more clarity.

So there's really value-added with the funds in the responsible investment space.

ESG RATINGS AND DATA PROVIDERS:

MS. BERMAN: So now I'm going to just turn us to our last and final topic before we turn to questions, which Ian has introduced very nicely in his answer to the last panel which is the use of ESG ratings and data providers and, obviously, there's a huge and growing interest in, and reliance on, ESG ratings we start to see in the space, and data providers, both, by asset managers, by product developers and by investors. So we see that key role that ESG ratings and data is providing.

So this is the big question: In your view, is there a role for regulators in ESG ratings and data providers, and is this role one where we regulate around the disclosure aspect related to the ratings or the data that's used, or the actual providers themselves, similar to credit rating agencies, for example.

MR. HOWARD: So first, full disclosure: I'm a salesperson who sells ESG solutions, so take what I say with a grain of salt here, but I do, I do see -- I mean, I think if I can refer to what David was talking about, he said, you know, it's going to take time and it's hard. I think that's true, right?

And the thing with ESG, it's a very broad topic, right? We're covering many different things, and I do, I do, you know -- what has been a trend in investment management for the last few years, the panellists here would be more expert on, has been, you know, the squeeze on management fees.

So I wonder, like I do worry about, you know, what is the economic model to improve ESG, right? Are we -- is there sufficient funding to have the quality of ESG that we're talking about here today?

So, you know, I do think that there is a role that the regulator may play in terms of creating, you know, the economic conditions that would allow us to get to that goal. I would have suggestions, but it would really be too focused on my own interests, so I'll leave those for now.

But I do think that is one question that we need to answer as an industry. Like, how do we fund this? Who's going to pay for it, right? Now, I would say -- and you mentioned the credit rating industry. One of the ways that the regulator changed the economic model, right, was to put a lot of onus on the issuer, right, both in terms of disclosure, right? Jean-Paul, you were talking about SEDAR and, you know, we've got these disclosure requirements, that that cost is borne by the issuer.

I think that's -- there are some things like that which are needed, right, to shift some of those costs to the issuer, so that they can be used in many different ways by investors, by investment managers, by the broader industry. So I think that --

MS. BERMAN: I think on the cost point, you're -- I think what I hear you saying is that, you know, detail around the rating or the data provider, maybe that will be the issuer's responsibility to get that information from that third party provider, but are you saying -- do you have an issue with that type of information being important for investors? You know, who is the rating provider, the data provider? What methodology did they use and what are the limitations on their assumption?

MR. HOWARD: Yeah. I think -- no, I mean, I do think there is something that was kind of alluded to or said a few times here, which is, you know, a common understanding of a particular term, right? It kind of speaks to what is the method for coming up with that particular indicator that you're talking about.

And that there should be some -- I think we're talking about consistency in language. Like, when I say a certain thing, it has to be consistent from the investment manager to that investor to the ESG ratings company and to the data provider, and so I think that that is certainly something that we need to do and, you know, who is the actor in the market that creates the consistency? That -- maybe the regulator has some role there, particularly on very important things that need to come to consensus.

MS. BERMAN: And David, do you have views from, you know, an asset manager perspective on ESG ratings and data providers and --

MR. RUTHERFORD: Sure. I mean, we, like a lot of firms, have our own kind of proprietary ESG evaluation framework, but we use multiple data providers and we know that the data is a bit spotty and it's inconsistent, and yet we want more and more data, you know, and even though there's challenges with it, and I think Ian spoke to the challenges, I don't really care about, you know, your rating or what you think of it. I want to know the methodology behind how you formed your opinion, because it's that methodology that's really going to tell you how you think about materiality.

So, you know, if we have to regulate anything, let's make sure that we regulate disclosure of methodology, for example, but I don't know that regulating data matters is really the route to go down. I think we need to regulate disclosure with companies and make sure they're providing data that we can all use, because right now, a lot of it is voluntary and it's all over the place and it varies by industry, and you have to kind of weed your way through it.

And for us, that's where we derive the value in all this work around data, is that because of the situation we're in, you really require human intervention. You really require qualitative analysis to figure out what it all means, and it's in that qualitative analysis that you're really starting to drive the value for investors.

So, you know, I'm always a little bit, you know, reticent about going down the road where I feel like we're too quickly commoditizing what ESG is all about, because I think the value for investors is in people who are really familiar with this space looking at companies, looking at the data, and figuring out for themselves, you know, is this company an ESG leader? Is this a laggard? Why is this company doing -- saying this, but doing something else? That all requires human intervention and human analysis, but I really think that's where the value lies in a lot of this.

So yes, we want better quality data, but we still want to be able to figure it out for ourselves in terms of what all this data means because in that qualitative analysis, that's where the value lies.

So give us more data, give us more transparency on the methodologies, make companies disclose data, really focus there, and then let us do the work in terms of uncovering the value for investors.

MS. BERMAN: Very clear. Thank you, David.

So Melanie, we'd love to hear your comments and thoughts on, you know, this topic of ESG providers and data providers.

MS. ADAMS: Yeah. And actually, I think Ian and David have done a really good job of summarizing some, you know, the key points, some of the hurdles that we're addressing in the space.

We know that methodology, I agree completely with David on that, is so important. We don't put a lot of weight into the different ESG scores from the different data providers, but we look at them and we look at the methodology and care about that, care when we change. So it's certainly something that we look at as one part of it. I do think if -- you know, if we are disclosing externally to investors, there should be information on what that methodology is because that's so critical.

The issues with the data coverage, there are very real issues, and my concern is always that as asset managers, what is our role in putting out there very detailed ESG metrics when we don't have the data from the underlying companies in all cases.

And we are seeing this type of regulation is happening in other regions where if we're required to report on, let's say, a -- do the metric water, for example. It's very, you know, very sparse data underlying that.

And so my concern is, if we're required to report out on some of these metrics on the portfolio level, do investors understand how much of that data is estimated by a third-party data vendor which, you know, they're doing whatever the best they can as the third-party data vendor in estimating it, but it's not coming from the company. It's not the same.

And so if we understand these difficulties, you know, with quality, that's -- it's just a really important component of that because I worry that we push capital and we have all these capital flows that are actually being pushed into areas when really, if the underlying basis or the reason for which this capital is being put into this area is not great data, then we're not doing -- you know, we're not servicing our investors very well at all or our end clients.

So it's complicated and I think we have to be really careful about, you know, stacking our house of cards on something that maybe is a little bit, you know, not stable at the bottom.

MS. BERMAN: Thank you. Those are really good analogies and I might use them going forward. I'll try to give you good credit, Melanie, about the stack of cards.

So I really appreciate and want to thank the panellists for this very interesting discussion, providing insights on the beginning of what's going to be a very, very important dialogue to the Canadian capital markets and to the capital markets globally. So thank you.

QUESTIONS FROM THE AUDIENCE:

MS. BERMAN: I think it's important -- now, we've got a large number of questions and I really wish I’d went out and bought better reading glasses with more magnification, but I shall do my best. We've got a lot of questions coming in from the attendees and I think it's important we give you an opportunity to answer those questions and them to have their questions answered. So I'm going to turn to some questions.

So I might start off with Jean-Paul. Can you give -- sorry, just lost it. That's terrible. Sorry.

Can you give a sense of the types of questions or concerns that you're hearing from retail investors on ESG products or ESG-related investment strategies? Are they more generic or are you seeing concerns about specific types of investments, for example, oil and gas pipelines?

MR. BUREAUD: I think the concerns are more generic in terms of confusion, not really understanding what the different products are really offering. I think a lot of retail investors who are motivated by ESG kind of considerations do want to feel that they are making a difference, but I think there's a lot of confusion out there and a lot of possibility for being greenwashed for a lot of the reasons we talked about today.

So it's not specific in terms of an industry. I think it's a more general response of -- and I think it's -- listen, the number of funds that have been created in recent years has really taken off. There's a lot of -- it's still a relatively small number of funds relative to the total number of funds out there, but it's a fast-growing area of focus and interest for retail investors, and I think they, like all of us, are really kind of scrambling to keep up and understand.

So I think some of it is just more transparency, clearer communication. You know, Melanie, you talked about risks with data, and a lot of it is unreliable or whatever. You know, I think some of it, in terms of risk disclosure, you know, how reliable is the data that you use in terms of product selection, things like that, would help address some of those concerns.

MS. BERMAN: I'm on mute. Thank you, Jean-Paul.

Another question is, I'd appreciate hearing from panel members on Indigenous issues and ESG issues, both from a values and the risk management perspective, and that this is something, obviously, that's very important in Canada, given UNDRIP that has been adopted by the federal government, which requires a free, prior and informed consent of Indigenous peoples for economic activities, and that this can have -- and the possible impact on resource development in Canada, both from a value and risk perspective, given the overlay of those two issues.

So I don't know, Melanie, I might throw it out to you if you think that's something you can respond to, and then anybody else that wants to, can add to it.

MS. ADAMS: Yes. I'm happy to kick us off on this. This is a really important issue. You know, as you mentioned, Wendy, in Canada, it's of particular importance.

From an asset management perspective, what we're doing is we meet with the companies that we're invested in and we talk to them about how they're addressing, you know, the Indigenous communities that their work is impacting.

It's a really important part of the engagement where this is material. It's a whole part of our proxy voting to make sure that we're getting the information we need to understand what the impact is. And so, you know, we obviously advocate for full engagement and addressing any concerns that are raised by Indigenous communities impacted by companies, we're fully supportive of that, and we -- you know, the main point from our perspective is understanding that the company is also committed to that, and understanding specifically the steps that they're taking, not just as their overall firm-wide approach, but at a project level. Where there's really specific concerns, we talk to the company and we really want to understand what -- you know, how those are being addressed and we want to make sure that that they’re being addressed appropriately.

MS. BERMAN: And any of the other asset managers? David, Michelle, would you like to add on to that issue?

MR. RUTHERFORD: Well, okay. I'll say it's a classic -- sorry, Michelle. I'll say it's a classic social risk in the sense that, you know, if you're a resource company and you don't have a strategy or a policy around dealing with Indigenous issues, then your company is really at risk in this world.

But the other side of it and the other side of every “S” issue is, you know, why aren't you, as a corporate citizen, considering Indigenous issues in your business operations? Where have you been and you know, how out of touch are you, you know, especially this week, that you're not considering the impact of Indigenous rights in the communities that you operate?

And so we would ask companies to think about

Indigenous issues from both perspectives, both from the perspective of, you know, how can this impact your company as a risk, but how can you also be a, you know, a part of this movement in terms of social change? How can you be part of the truth and reconciliation process as a company that operates in Canada?

Sorry, Michelle.

MS. EDKINS: No. I was just going to build a little bit and say our expectation is that companies identify in their disclosures who their key stakeholders are, and clearly, for many businesses, Indigenous peoples will be one of those stakeholders, and how they're understanding in meeting the expectations of those key stakeholders, because I think when companies disclose this in their reporting, it really helps create that baseline for the conversation of a follow-up engagement that Melanie and David mentioned.

MS. BERMAN: Thank you. And Ian, from your perspective, appreciate your views on this topic.

MR. HOWARD: Yeah. I'd say from a Sustainalytics perspective, there isn't a great -- you know, our -- we do ratings on a global level that are -- we look for data sets that are -- that we can find in many jurisdictions, and so that presents a problem in terms of what is available for us to use in our ratings.

That being said, there are some things related to engagement with local communities in our ratings, and I think also that it does show up in what we call "controversies", so when companies get involved in disagreements such as the things that

David and Michelle were alluding to with local communities, and that can show up and affect a rating.

But yeah, I think that that's -- you know, another thing for us, you know, diversity and inclusion is another related topic where the data availability is very different from country to country for those. So it makes it very difficult to come up with comparisons, you know, in the standardized framework such as ESG ratings.

MS. BERMAN: Another area where we've got information-gathering issues when it comes to ESG-related funds.

So another question: There have been some announcements about investigations by some regulators. I think, Jean-Paul, you mentioned one involving a major bank, financial institution, regarding their firm's disclosures. Do you think that this kind of activity is premature or helpful when you see there are egregious examples? Does it help ensure a level playing field for those firms that are more diligent? And is that something you think is premature that regulators are stepping into the fray or is it something that's overall helpful for the industry? And so --

MR. BUREAUD: Is that for me?

MS. BERMAN: Yes. No, I think I know your answer, but why don't you start off, Jean-Paul.

MR. BUREAUD: Well, I was going to say from industry's perspective, I'm sure it's premature for all the good and valid reasons we talked about today in terms of, you know, the lack of common understanding and standards and things like that.

On the other hand, I think if you take the view that the existing regulatory requirements are sufficient to address ESG issues, then maybe this is the kind of nudge that industry needs to raise the quality of their disclosure.

MS. BERMAN: Is anyone brave enough to take the contrary view?

MS. ADAMS: Well, I could just maybe add to that. It's not so much a contrary view, but, you know, just for the comment from Jean-Paul that maybe industry would disagree, I actually think that that's not how I feel. I feel very much like I want people, if they're greenwashing out there, if my competitors are greenwashing, I want them caught out because I think that's not doing anybody a service.

You know, we're all, you know, investors and in that ourselves, but we're all trying to, you know, operate within a set of parameters, and if people are operating outside of those parameters, then it's not a fair playing field, and so, you know, it's not fair to investors, and I think that that is appropriate.

So I don't really have any concerns if there's egregious behaviour out there that is being appropriately, you know, regulated and, you know, and addressed. I think that's really important. It's important in this industry. We're a highly regulated industry, and we need that and there's a reason for that because at the end of the day, these are investors. This is retirement money that we're, you know, that we're managing on behalf of end clients. So I think it's fully appropriate that anything outside, you know, what we're set out to do, we should be called out if we're not doing it.

MS. EDKINS: Yeah. I'm going to echo Melanie and Jean-Paul's points, but I do think it comes back to where we started the conversation. This is an area, because we're all using the same terminology, sometimes to mean different things, we're overcommunicating what you mean by what you -- by when you use a certain phrase, then we can sort of limit the risk of falling foul of regulation, but you know, I don't think there's any asset manager who isn't acutely aware that we're a heavily regulated industry, and that there are very high standards that we're expected to meet.

MS. BERMAN: So keying off of that, the next question is quite appropriate, and it's a question again for David, Michelle, Melanie and Mari to just describe what are the sort of processes, what system do you have in place at your firms to make sure that funds are not being greenwashed and misrepresented by your marketing departments and/or others that are involved in the channel?

MS. ADAMS: I can -- I'm happy to start. Again, we might all start talking at the same time.

I'm wanting to start and give a few examples of some of the stuff we're doing. One is, all of our global investment teams have fully documented processes for how they integrate ESG. We don't require all of our investment teams to do the exact same thing, but what we do have is a very strong oversight where all these processes are documented. They go up to the CIO. They're evaluated on it. They're -- it's part of their compensation process at the annual year-end.

And we also talk with the teams about look at data and look at resources to make sure that throughout the year, we're able to help address any issues they're having in pulling in the information.

We also do really detailed analysis on climate. We do climate scenario analysis for over 70 of our funds. Really, you know, we look at the 1.5 degree, 2 degree, 4 degree scenarios. We run all our portfolios through that, and we sit down with the investment teams on a quarterly basis. We talk about climate implications of all the different portfolios.

We look at -- you know, it's a very integrated process and we're talking about engagement and proxy voting and how we think about these. So these are just some of the steps that we're taking and I'll leave time for others to maybe weigh in as well.

MS. BERMAN: David, do you want to weigh it?

MR. RUTHERFORD: Sure. I mean, a lot of this, similar things that Melanie talked about; in particular, making sure that our ESG team's at the table when we're scoping new managers, when we're, you know, evaluating our managers and their ESG capabilities, so for sure there.

We also, for a subset of our funds, it's our ESG team that evaluates the company universe and then determines for that sub-advisor the companies that that sub-advisor can invest in. So it's a very prescriptive process, making sure that the companies that are in our funds pass a certain level of ESG credibility.

Doesn't mean they're all ESG leaders because we use that evaluation process to identify candidates for corporate engagement because if we can find an organization within, within an industry that might be lagging on a couple of ESG factors, but is an industry leader, and if we can get that organization to move, it can lift the entire industry.

So that tight connection between ESG evaluation and corporate engagement and then our policy work on top of that is really critical to making sure that all the funds that we offer in some way speak to our responsible investment value proposition.

MS. BERMAN: Thank you, David. I'll just turn it to you, Mari, if you have anything you'd like to add to Melanie and David's comments.

MS. BROSSARD: So he has plenty of time to create marketing material. It's not a secret that we operate under a business model called open architecture, so we'll always have the analysts that have been part of the external manager research to be involved in the content integration, and have open dialogue with external managers also. So sometimes we’ll send material to Melanie’s team saying as our external manager, "are you comfortable with this?" So it's having the buy-in of the fund research analysts and being in constant discussion with the external manager to make sure they're also comfortable with how represented their investment strategy. [Inaudible]

MS. BERMAN: Thank you. I think if it's okay, Michelle, unless there was something you wanted to add, I'll move on because questions are coming in.

So one is on ESG ratings, and so, you know, big question, which is, how can you really avoid greenwashing or inaccuracies if you rely on ESG data or scoring, that one is subjective, or if you're relying on it from an outside provider that there are so many assumptions built into it as well as nuance, and all of the nuances we talked about when it comes to ESG-related issues for different funds.

So how can you avoid it being misleading or not an appropriate "one size fits all" for investors to compare?

And in terms of -- Ian, why don't I let you lead off on that.

MR. HOWARD: I think -- I mean, it is true, right, there is not sufficient data availability or disclosure by companies and that really is what limits our research, right? We can only really use data that is available across a broad set of companies in an industry, right?

So when we do have data, I mean, the big exercise for us as a ratings provider is to make sure that that set of data is reliable and available, right? And then, so a bigger problem for us is not having data to cover things that are still important, right, to investors. Often, we cannot satisfy that. So we're left with what we can analyze.

So when we do get those, that data, it is -- usually meets certain -- always meets certain standards for us, and in terms of the question, you know, how can – you know, I think a rating provider, what we do is provide structure to the decision-making of how to evaluate these maybe subjective pieces of information like a policy, and when it is -- are things that are not quantitative and they're qualitative, the exercise often comes down to how does a company perform relative to its peers.

So it may not be to the same degree of comparability of a quantitative figure, but you at least start to get, you know, a comparability and across companies, so that's really the process.

So I think the methodologies, as we call them within our firm, are an answer to the problem of how do you assess these non-quantitative things in a structured way.

And so I think that is on the path, right? And, you know, certainly room for improvement, but I think it, in part, addresses some of those concerns.

MS. BERMAN: And I don't know if Michelle or any of those have a comment on those issues in terms of the reliability, the reliance on ratings and data providers?

MS. EDKINS: I would just add, you know, I think it is important that you describe how you use it in your process, and a lot of asset managers, particularly in the active investment strategies, use a rating as a flag because there is that peer-to-peer comparability, even if you might question how thorough the data gathering is underneath because of, you know, gaps in corporate reporting.

But if you're looking at a sector and you see some companies have, and just going to be really simplistic here, the equivalent of a green flag and others have the equivalent of a red flag, do you understand what's driving that and is that an issue that needs to be taken into consideration in your investment analysis.

The only other thing I would add is there's a role for asset managers to be developing their own tools and analytics and also working with the data providers on feedback on how to improve or where ratings may fall short of the use case from an investment management point of view, but it is hugely important because increasing numbers of clients, especially clients in Europe, are setting portfolio restrictions on companies that don't achieve a minimum rating. So while an asset manager may not be using it in investment decision-making, some asset owners are including that in their mandate.

MR. BUREAUD: Wendy?

MS. BERMAN: Yes?

MR. BUREAUD: I just want to add: I think it's a very important issue. Hopefully, some of it can be cured by disclosure and transparency and actually being very specific about the unreliability or the risk of too much reliance on the data and trying to explain the reasons for that.

Just one: I came across a study done by MIT, which actually looked at different ESG ratings, and it was a very interesting conclusion. They found that there was actually a low degree of correlation as amongst the different ratings on the same companies. In other words, one rating organization scored at a high, gave it a high rating, the other one scored a very low rating, and to me that just underscores the importance of full disclosure, talking about the challenges.

And maybe just David's point earlier about talking about the methodologies because I think, in that way, it's probably the only way that people can kind of draw their own conclusions about how much reliance they want to put on a different rating.

MR. HOWARD: Yeah. I think, if I can just respond to that, the ratings -- because ESG is such a broad topic, different companies measure different things with their rating, right? And have different availabilities of data on which to base their ratings, right? I think as our asset manager colleagues here have mentioned, they use not just our rating, right? The rating becomes a flag. So I think it is maybe overstated, the reliance on the ratings in the investment community, right? As Michelle was mentioning, it's used as a flag, and then the data, right, that underlies our rating can also be used, but those things often are used as the first step into deeper analysis, right?

So I would question whether ratings are truly used to the level that is alluded and, you know, I think, you know, in terms of ratings, most investment managers have a different approach to using ESG and different data and using multiple data sources.

And I think that study and many like it didn't say that there was a complete disagreement, right. That study said one provider might say, you know, have a greater emphasis in the other, another, and that is a common complaint of ESG ratings, that they aren't consistent, and I think it usually comes from those who come from the credit world, right, and like traditional investors, that they want something very consistent and I think we have -- we're not against that, but it's going to take years before we come to agreement, right?

So that, you know, I don't think anyone's against the idea of us being -- having an agreed-upon way to evaluate ESG to allow rating providers to have more comparable ratings, but it's going to take years of discussion, negotiation, consensus-building to get there and, you know, we've only really just started that.

MR. LACROIX: Wendy, if I may say maybe two things on that. The first one is, I think we've heard a lot in that discussion and the previous one for the question period the need for more comparability and more data coming from companies, from issuers that are included.

Like, I think I can say, Wendy, in both our names and CSA colleagues that we are certainly not working on ESG matters solely from the perspective of asset management, but also considering other perspectives, and certainly, we can, in the near future, give more clarity and help on that front as well.

The second thing that I want to mention is that we've heard a lot in that discussion the use of data and ratings from an investment management or professional investment management viewpoint.

If we look at the recent data from Investor Economics, that the growth in the ETF sector is -- the growth of the ESG ETF sector for the past 12 months is 241 percent. So it may take a lot of time to reach the level of consensus and comparability, but as we speak, there are investors feeling in the position to make investment decisions.

And they are also using ratings and product ratings, fund ratings and analytics, and I am actually wondering how much are they -- how many investors are taking their decision looking at the website from investment managers, and how much are they making that decision using a website platform providing weightings, ratings and metrics.

So, it is -- for me, we spoke less of that, but in my mind, to have it right and to tackle the risks that we outlined, we need to keep that in mind in the solution.

MR. HOWARD: Yes. On the retail investor, I mean, it's been interesting for us as we've merged into Morningstar, who plays a big role in the retail side, for us, up until a couple of years ago, the only clients of ESG research were investors, investment managers in the equity public markets, and so the ESG research that we have is pretty much focused on what the needs of the institutional investors have, right?

So I think there is a lot that needs to be done on the debt markets, a lot needs to be done in the -- for the retail market in terms of improving ESG, and I think, you know, I would say that one of the biggest topics from this discussion today has been about consensus and understanding of terminology. It's going to take us a while, but really, really important when it comes down to the retail investor that we get there, so it's very consistent use.

And I think that will be a role for you, Hugo and Wendy and your organizations, to assure that there is consistency, so that retail investors can, you know, understand more clearly. So...

CLOSING REMARKS:

MS. BERMAN: Well, thank you all. I think we still have a ton of really interesting questions, but unfortunately, we've run out of time, but that's okay, because this is just the beginning of the dialogue, so we will have an opportunity to continue the discussion. We've got a lot of very complex issues to sort out and a great sense of urgency to get them sorted out.

And so I really appreciate the opportunity. It's been a pleasure to host this roundtable, and to thank you all again for participating in the panel and for sharing so candidly your thoughts on what we're facing and the challenges that we have to overcome.

I want to thank everyone who attended today, including my colleagues around the CSA, and a special thank you to Hugo Lacroix for being my co-chair on this today. I really appreciate it. As Hugo said in the beginning, we're very much enjoying working together on ESG issues, and so it's been -- it's great, and that's all I can say about that.

And I can say as well that as working together across provincial borders, not just Ontario and Quebec, but across the country, I am very pleased by the commitment of Canadian securities regulators to addressing these issues and to engaging in these types of important dialogue to make sure we get it right and we do what's best for the investing public and for the security of our capital markets.

Lots will be changing, lots of moving parts, and little time, so that's the big challenge facing all of us.

So thank you all very much and I hope everyone has a great afternoon. Take care.

--- Whereupon the roundtable adjourned at 2:58 p.m.

I HEREBY CERTIFY THE FOREGOING
to be a true and accurate
transcription of my shorthand notes
to the best of my skill and ability.

____

Beverley Killen, CSR
Computer-Aided Transcription