

# 2023 ESG Errata

29 January 2024

If you find something in the curriculum that you think is in error, please submit full details via the form at <http://cfa.is/Errata>.

- Corrections below are in bold, and new corrections will be shown in red; page numbers shown are for the print volumes.
- The short scale method of numeration is used in CFA Institute curricula. A billion is  $10^9$  and a trillion is  $10^{12}$ . This is in contrast to the long scale method where a billion is 1 million squared and a trillion is 1 million cubed. The short scale method of numeration is the prevalent method internationally and in the finance industry.

## Chapter 1

- In the lesson “Macro-Level Debate on ESG Integration,” section Macro-Level Debate on Integrating ESG Considerations, the third paragraph under Economic Perspective (page 32 of print) should read:

In fact, the Stockholm Resilience Centre identified nine “planetary boundaries” (see Exhibit 8) within which humanity can continue to develop and thrive for generations to come.<sup>16</sup> **In 2022**, it found that **six** of them—climate change, loss of biosphere integrity, land-system change, **freshwater change**, **novel entities**, and altered biogeochemical cycles (phosphorus and nitrogen)—have been crossed. Two of these—climate change and biosphere integrity—are deemed “core boundaries,” for which significant alteration would “drive the Earth System into a new state.”
- In the lesson “Financial Materiality of ESG Integration,” under Aeon Group in the first case study box (page 38 of print), it should read, “Between 2015 and 2018, the Japanese retail group Aeon achieved a decrease of 9.7% in food waste, which was equal to 32.14 kg **per** ¥1 million (£6,826) in net sales—**approximately 13 million kg**.<sup>26</sup>”
- **Page 56 should be changed as follows:**
  - **The United Nations Framework Convention on Climate Change (UNFCCC), launched at the Rio de Janeiro Earth Summit in 1992, aims to stabilize GHG emissions to limit man-made climate change.**

**Should be changed to,**

**The United Nations Framework Convention on Climate Change (UNFCCC), launched at the Rio de Janeiro Earth Summit in 1992, aims to stabilize GHG concentrations to limit man-made climate change.**

## Chapter 2

- In the first paragraph of Lesson 3, the third sentence (page 74 of print) should read, “Its most recent report<sup>3</sup> showed sustainable investing assets in the five major markets stood at US\$35.3 trillion (**£27.81 trillion**) at the start of 2020, a 15% increase in two years.”
- The three bullets above Exhibit 3 (page 76 of print) should read:
  - **Negative/exclusionary screening** is the largest strategy in Europe.
  - **Sustainability themed investing, corporate engagement and shareholder action, negative/exclusionary screening, and ESG integration** command most assets in the United States.
  - **Corporate engagement and shareholder action, negative/exclusionary screening, and ESG integration** constitute the predominant strategies in Japan.
- The fourth Key Fact (page 105 of print) should read:

The Global Sustainable Investment Alliance’s most recent report shows sustainable investing assets in the five major markets stood at **US\$35.3 trillion (£27.81 trillion) at the start of 2020, a 15% increase from two years before**. The proportion of sustainable investing relative to total managed assets grew in **almost every region, except Europe**.

- Option C in Question 11 (page 110 of print) should be, “**United States** and Europe.”
- The answer to Question 12 (page 113 of print) should be **C**.
- The question for Ch 2 Q23 p 112 should be “Which matters do the **Technical Expert Group** address?”

## Chapter 3

- Question 11 (page 221 of print) has two correct answers. Both C (Developing clean cooling systems) and D (Protecting coastlines from erosion) are correct.
- **Option B in Question 13 (page 221 of print) should read, “Coal gasification combined with transition to biofuels.” The solution (page 224 of print) should read, “A is correct.”**
- The answer to ESG Ch 3 Q13 p 221, should be **A**

## Chapter 8

- The first sentence of the third paragraph in the lesson “The Evolution of ESG Integration: Exclusionary Preferences and Their Application” (page 474 of print) should read, “According to statistics maintained by the Global Sustainable Investment Alliance (GSIA), exclusions-based approaches remain the **second** largest portion of dedicated, ESG-screened assets under management (AUM).<sup>43</sup>”
- In the lesson “The Evolution of ESG Integration: Exclusionary Preferences and Their Application,” the first sentence in the third paragraph (page 477 of print) under Applying Exclusionary Preferences should read, “Because of its relative ease of implementation, screening is **one of the main universal** approaches within ESG investing, only behind ESG Integration.”

- In the lesson “Integrating ESG Screens within Portfolios to Manage Risk and Generate Returns,” the last sentence in the fourth paragraph under Integrating ESG to Manage Portfolio Risk (page 497 of print) should be replaced with the following: “While firms may have certainly developed proprietary approaches to this problem, the ability to measure performance attribution for ESG **is still in early stages of development. Source data and methodologies vary widely across providers.**”
- In the lesson “ESG Strategies, Objectives, Investment Considerations, and Risks: Full ESG Integration, Exclusionary Screening, and Positive Alignment,” the second sentence in the third paragraph under Exclusionary Screening (page 520 of print) should read, “Exclusions-based approaches continue to represent **a significant portion** of dedicated AUM, **only behind ESG integration.**”
- Question 12 (page 538 of print) should read, “Which of the following is ~~NOT~~ a macro-economic climate consideration?”
- The answer to Question 17 (page 542 of print) should read, “**C** is correct.”