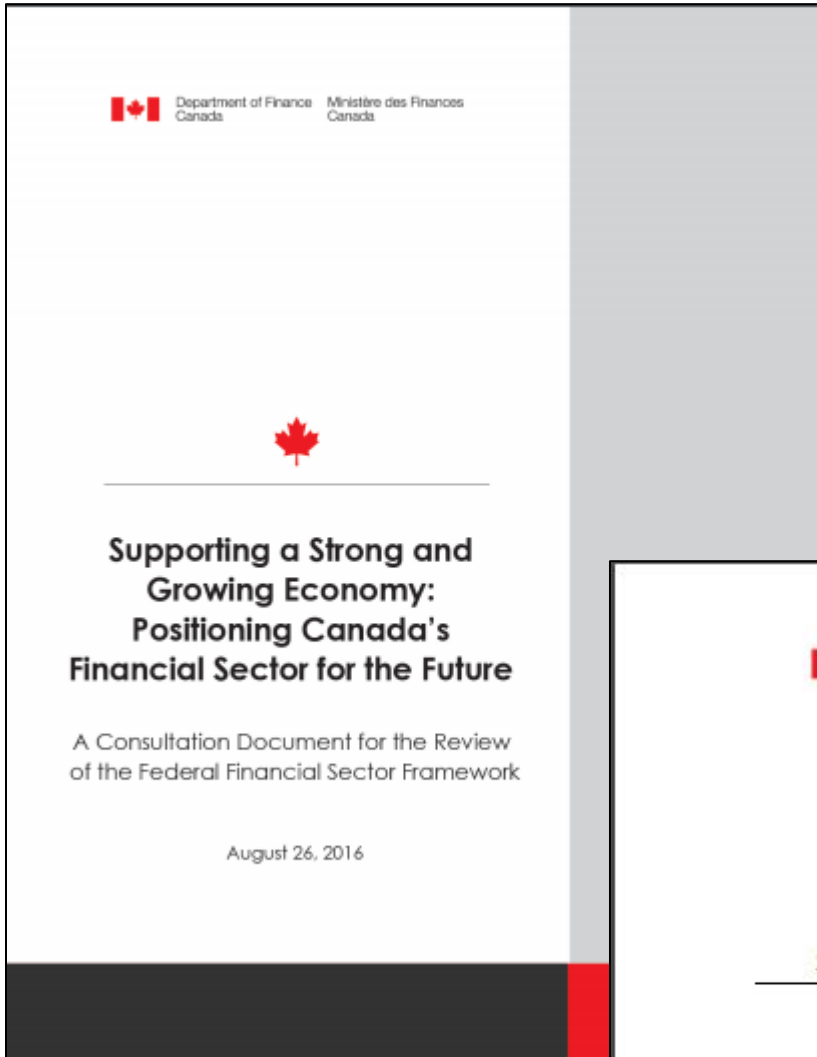


SECOND CONSULTATION – COMMENT LETTER

SEPTEMBER 29, 2017



September 29, 2017

Director
Financial Institutions Division
Financial Sector Policy Branch
Department of Finance Canada
James Michael Flaherty Building
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Sent by email to fin.legislativereview-examenlegislatif.fin@canada.ca

Re: Second Consultation on the Review of the Federal Financial Sector Framework

To whom it is concerned:

Thank you for your invitation to respond to the questions in the Second Consultation Paper, *Potential Policy Measures to Support a Strong and Growing Economy: Positioning Canada's Financial Sector for the Future*, under the Review of the Federal Financial Sector Framework. As mentioned in my previous submission, we are extremely fortunate to be living in a democratic society that allows its citizens to participate in public consultation processes with the government. Although at this stage of the consultation it appears to be more technical, I do appreciate the opportunity to address an issue that deserves a creative response.

According to the second consultation paper, the purpose of this review is to ensure that the financial sector legislative and regulatory framework continues to meet the needs of all Canadians now and in the future, where the Department of Finance Canada is considering a series of policy issues set out on the four themes:

- **Supporting a competitive and innovative sector** - the sector continues to engage its fundamental role in ensuring the efficient deployment of credit and capital among savers and borrowers with a focus on supporting fintechs and small and mid-size banks as key contributors to competition and innovation
- **Improving the protection of bank consumers** - the Department proposed five areas to strengthen the protection of bank consumers; access to basic banking services, business practices, information disclosure, complaints handling, and governance and public accountability. The Department is working with the dedicated regulator for financial consumer protection, the Financial Consumer Agency of Canada (FCAC), and initiatives are underway to assess whether further improvements are warranted
- **Modernizing the framework** - the framework must continue to respond to the changing macroeconomic environment and rising public expectations of corporate governance and transparency that support the safety and soundness of the financial system; and
- **Safeguarding a stable and resilient sector** - although the sector is well positioned from a stability perspective, certain risks in the areas of insurance resolution, cyber risk and climate risk

disclosure warrant further consideration. The Department is leaning on the Canadian Securities Administrators' project to review the disclosure of risks and financial impacts associated with climate change for recommendations on climate risk disclosure.

My response will focus on an issue under the theme 'Modernizing the framework'. Once again, I strived to answer the question with this theme in mind and provided the following table of contents to help guide your review.

As both a Canadian citizen and a professional in the financial services sector, I am grateful for the opportunity to participate in this second consultation. If you have any questions regarding this submission, please do not hesitate to contact me at kshah@rogers.com.

Sincerely,
Kim Shah

Contents

Modernizing the Framework	3
Major global frameworks	5
The Global Reporting Initiative	5
The United Nations Global Compact	6
United Nations-supported Principles of Responsible Investing	7
United Nations Environment Programme - Finance Initiative	8
The Sustainable Development Goals and partnerships	9
Other frameworks	10
SDGs and the scientific community	11
The Global Innovation Index	11
International Development Research Centre	11
Corporate Governance and the Department of Finance Canada's Consultation Question	13
Appendix	14
GRI Reporting Principles	14
GRI list of aspects under Economic, Environmental and Social factors	15
Global Compact Participants (Canada)	16
PRI Six Principles for Responsible Investment	18
The Sustainable Development Goals (SDGs)	19

Modernizing the Framework

“A well-functioning federal financial sector framework keeps pace with new developments and best practices to remain up to date and effective for its various users....The framework must continue to respond to the changing macroeconomic environment and rising public expectation of corporate governance and transparency that support the safety and soundness of the financial system.”

Second Consultation Paper,
Review of the Federal Financial Sector Framework,
August 11, 2017

Part of modernizing a financial system is to seek input from stakeholders that participate in the system outside of traditional business models. The Department may be doing this as it already recognizes the importance of non-traditional businesses such as financial technology firms (fintechs). Fortunately for fintechs, they are given a voice due to their strategic partnerships with large investors such as Canadian banks that are seeking to leverage their technological know-how and cost-effective offerings. For example; By way of global scale, a consortium of more than 75 of the world’s largest financial institutions. They include RBC, TD, CIBC, BMO and Scotiabank (Big Five) partnered with the fintech R3 to design and deliver advanced distributed/shared ledger technologies to transform how financial transactions are recorded, reconciled and reported.^{1,2}

Fintechs foster a new type of intellectual thinking that appeals to young generations particularly millennials who grew up with the convenience of mobile devices and a digital appetite. It is a fast-paced industry that is continuously evolving and improving through each iterative process. Its inherent philosophy follows a transformative nature where new and radical ideas are created to push boundaries of what is and isn’t possible. For example; The recent launch of an annual summit between **Singularity University**, a Silicon Valley think tank that offers educational programs and a business incubator, with some major Canadian organizations including the Big Five. The summit will feature sessions on the future of energy, mobility, healthcare and finance and explore the impact of technologies like artificial intelligence, nanotechnology, and digital medicine on society. The partnership extends further to work in close collaboration with innovation hubs, academic institutions, and NGOs across the country with claims of the mission of inspiring and enabling all Canadians to create global impact.³

This type of thinking has also encouraged other innovative ideas within the finance world. For example under the theme of “sustainable development”, also more commonly referred to as

¹ <https://www.lexology.com/library/detail.aspx?g=899c5dce-8dae-4fe2-b9a5-c2f6a90e7bfa>

² <https://goo.gl/EztDh9>

³ <https://goo.gl/4JGgQZ>

“sustainability”, can be interpreted in many different ways but is best captured by the **Organisation for Economic Co-operation and Development’s** (OECD) explanation of “... seeks to balance the economic, environmental, and social dimensions of development in a long-term and global perspective. It implies a broad view of human welfare, a long-term perspective about the consequences of today’s activities, and the full involvement of civil society to reach viable solutions.”⁴

The following sections focus on a series of initiatives that are driving change through the creation of a global system of frameworks that are all interconnected. Virtually all global issues are captured and managed under this system. It is an inclusive approach that allows for participation from all stakeholders aimed at producing positive outcomes.

⁴ <https://www.oecd.org/greengrowth/47445613.pdf>

Major global frameworks

The Global Reporting Initiative

The concept of 'sustainable development' can be expanded further through the **Global Reporting Initiative** (GRI) which is the most common framework for sustainability. The GRI is an independent international organization and has several partnerships through its global multi-stakeholder network to provide guidance and support to companies worldwide on how to conduct their business responsibly and report on their sustainability performance. Its global network also includes other providers of sustainability reporting guidance; OECD (OECD Guidelines for Multinational Enterprises), **United Nations Global Compact** (Communication on Progress) and **International Organization for Standardization** (ISO 26000, International Standard for social responsibility) with GRI being the main driver for sustainability reporting disclosures.

On October 19, 2016, the GRI launched its latest version of standards, **GRI Sustainability Reporting Standards** (GRI Standards).⁵ Central to the framework is the Reporting Principles which are ten principles that guide organizations on defining report content and quality (see [Appendix](#) for the list of principles). It focuses on material topics (i.e., topics that reflects a reporting organization's significant economic, environmental and social impacts, see [Appendix](#) for the list of aspects).

Contextual information about an organization and its sustainability reporting practices are also disclosed under the GRI framework, including information about an organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. This information is additionally important to help stakeholders understand the nature of the organization and its economic, environmental and social impacts.

The largest impact of the GRI thus so far is on the **European Union Non-Financial Reporting Directive** (EU NFRD) to harmonize non-financial reporting regulations across the Member States. Mentioned in my initial consultation paper; the Directive mandates that large public-interest entities (PIE) with more than 500 employees are required to disclose in their management report relevant and useful information on their policies, main risks and outcomes relating to sustainability issues. In jurisdictions that need to report as a result of the Directive, the GRI is helpful guidance for companies. Some national legislatures have transposed the Directive into law, word-for-word and in these jurisdictions, companies can reference any national, international or EU framework on non-financial disclosure. However, the GRI is the most widely used standard of sustainability reporting in the world.⁶

⁵ <https://goo.gl/gY82iq>

⁶ <https://goo.gl/ej1HxY>

As of September 28, 2017, there are 237 organizations from Canada that report through the GRI.⁷

The United Nations Global Compact

The **Global Compact** is a strategic policy initiative originally launched in 2000 to bring business, labour, civil society, governments, academics and others to work on practical solutions to corporate citizenship dilemmas and promote “good” corporate practices among the global business community. The process is through the voluntary adherence of corporations to ten principles, **Global Compact Ten Principles**, centered around four core issues; human rights, labour standards, environment and anti-corruption themes.⁸ Having corporations committed to the initiative was later accomplished through the mandatory process of an annual disclosure, **Communication on Progress (COP)**, to stakeholders on progress made in implementing the ten principles, and in supporting broader UN goals and issues.

There are past criticisms that because the Global Compact is not a regulatory instrument, it is unable to hold corporations accountable.⁹ However, since the implementation of the COP, there were a series of improvements to increase the effectiveness of the initiative. Companies were expelled from the Global Compact for failure to meet COP requirements and the creation of a new differentiation policy on the COP, **Global Compact Differentiation Programme**, contributed to positive outcomes.

The Differentiation Programme categorizes business participants based on their level of disclosure on progress made in integrating the ten principles and contributing to the broader UN goals and issues. It is a system of differentiation that is determined by the COP’s content and a self-assessment process that companies fill out when they submit their COP. There are three levels of differentiation, and they serve as a mechanism to help companies develop a behaviour of continuous improvement in the quality of reporting, assessment and accountability of the initiative. The Global Compact indicates that it believes in progress, in being inclusive and recognizes that companies all over the world are in completely different context and levels of development in their advancement of corporate sustainability. They do not exclude companies that have not advanced very far in a given issue area or perhaps have never tried to manage a given issue area.¹⁰ Instead, the goal of the Global Compact is to develop a public platform that enables stakeholders to make more informed choices as investors, employees and consumers, ultimately ensuring that companies live up to their commitment to the Global Compact.¹¹

In 2013, the Global Compact launched another policy designed to help improve the effectiveness of its initiative, the **Communication of Engagement (COE)**. Also a public

⁷ <http://database.globalreporting.org/search/>

⁸ <https://www.britannica.com/topic/Global-Compact>

⁹ <http://www.dw.com/en/global-compact-a-guide-dog-not-a-watchdog/a-18781065>

¹⁰ <https://www.youtube.com/watch?v=N0LvcxulZH0>

¹¹ <http://www.globalcompact.be/cop-differentiation-programme>

disclosure, but every two years, through which participants inform stakeholders about their efforts to support the ten principles and about their engagement in the initiative. It is intended for non-businesses to show their support in promoting the implementation of the ten principles among businesses and contribute to the change in business practices through transparency, dialogue and stakeholder vetting. At this point, there is not enough data to measure the effectiveness of this policy.

As of September 13, 2017, there were fifty-six business participants and seventeen non-business participants from Canada (See [Appendix](#) for the list of participants).

United Nations-supported Principles of Responsible Investing

The Principles for Responsible Investing (PRI) is an initiative that is made up of a global network of investment managers, asset owners and service providers (collectively called signatories) promoting responsible investing through the incorporation of environmental, social and governance (ESG) factors into their decision-making and ownership practices. In adopting the principles, signatories publicly commit to adopt and implement them, where they are consistent with their fiduciary responsibilities. They also commit to evaluate the effectiveness and improve the content of the Principles over time with the belief that this will help to better align their investment activities with the broader interests of society.¹²

Central to this initiative are the Six Principles for Responsible Investment which reflect the view that ESG issues can affect the performance of investment portfolios. Therefore, investors must give appropriate consideration to assess risks and opportunities by using ESG factors (See [Appendix](#) for the list of principles). Following the format of UN principle-driven frameworks, there are also lists of possible actions to incorporate ESG issues that can be followed under each principle.

Part of the process of becoming a signatory is its declaration and application process. Depending on the type of organization (i.e. investment managers, asset owners or service providers), the organization must declare its commitment to the six principles, disclose its reason for applying to be a signatory and start the annual reporting process (under the **PRI Reporting Framework**) within 24 months of becoming a signatory. The PRI requires its signatories to disclose their responsible investment activities annually to ensure:

- accountability of the PRI and its signatories;
- a standardised transparency tool for signatories' reporting; and
- that signatories receive feedback from which to learn and develop.

Reporting is mandatory for all investment managers and asset owners, signatories that fail to report are delisted. Signatories are assessed against a range of indicators within each reporting module and a scoring system is used to grade each signatory under different scoring categories. The assessment process allows the PRI the following:

¹² <https://www.unpri.org/about/the-six-principles>

- facilitate learning and development, outlining how the implementation of responsible investment within signatories compares year-on-year, across asset classes, and with peers at the local and global level
- identify areas for further improvement
- facilitate dialogue between asset owners and investment managers on responsible investment activities and capabilities

As of September 28, 2017, there were 99 signatories listed from Canada; fifty-six investment manager; thirty-two asset owners; and eleven service providers.

United Nations Environment Programme - Finance Initiative

The **United Nations Environment Programme - Finance Initiative** (UNEP FI) is a public-private partnership between **United Nations Environment Programme** (UNEP) and the global financial sector created in the context of the 1992 Earth Summit with a mission of aligning the financial system with the needs of sustainable development. There are over 200 members from the banking, insurance and investment sectors and must follow a type of code of conduct, **UNEP Statement of Commitment by Financial Institutions on Sustainable Development**. The Statement centres around nineteen specific goals but for this consultation they are simplified to the three broad goals of commitment to sustainable development; sustainability management and; public awareness and communication. UNEP FI's work also includes a strong focus on policy—by initiating country-level dialogues between finance practitioners, supervisors, regulators and policy-makers, and, at the international level, by promoting financial sector involvement in processes such as the global climate negotiations.¹³

The UNEP FI work is complex and covers several activities that support its goals. However, the following is a list focused on key initiatives based on the integration of ESG factors or corporate sustainability and a multi-stakeholder approach:

- **Principles for Sustainable Insurance (PSI)**; a global sustainability framework for the insurance industry to address environmental, social and governance risks and opportunities. Similar to the PRI framework, its signatories must commit to its four principles and participate in the annual public disclosure process. Supporters of the insurance industry are also encouraged to join the PSI and carry out at least one activity each year that would support the adoption and implementation of the Principles. Activities include conducting research, providing training, hosting events and translating materials. PSI is still in its early stages of building out mission relative to PRI. As of September 28, 2017, there were four participants, two Signatories and two Supporters from Canada
- **Principles for Positive Impact Finance (PIF)**; launched on January 30, 2017, in partnership with nineteen banks and financiers, are a set of guidelines for financiers and investors to support their efforts to increase their positive impact on the economy, society and the environment. The guidelines also help auditors rate investments by their

¹³ <http://www.unepfi.org/about/>

impacts, and support governments in issuing “impact-based” tenders for projects, as well as guiding private sector and civil society organizations in developing business models that benefit the environment as well as society.¹⁴ There are four principles, and they build on the themes of definition, frameworks, transparency and assessment. The Principles complement existing frameworks such as the PRI to provide a broad, common framework to achieve the financing of sustainable development goals. PIF is still in its early stages of development and is expected to evolve in time.

The Sustainable Development Goals and partnerships

The **Sustainable Development Goals (SDGs)** came into existence on September 25, 2015, under the release of the **UN Agenda 2030 for Sustainable Development**, a UN resolution aimed at tackling global issues, and was immediately adopted by the international community. The SDGs, also known as the **Global Goals**, is made up of 17 universal goals (See [Appendix](#) for the list of goals), 169 targets and 232 indicators¹⁵. They are aimed to eliminate poverty, fight inequality and tackle climate change over the next 15 years; they build on the work of the previous goals, **Millennium Development Goals (MDGs)**, which also worked with a 15-year agenda to tackle the indignity of poverty. The SDGs are the result of over two years of public consultation and engagement with civil society and other stakeholders around the world and included work done by the **Open Working Group (OWG)** of the **UN General Assembly** and by the **UN Secretary-General**.¹⁶ The UN member states are expected to use the SDGs to frame their agendas and government policies over the 15 year period.

Cooperation between the GRI and Global Compact initiatives started back in 2001 and grew stronger in 2010 with the additional alignment of reporting frameworks. However, on March 27, 2017, the relationship was strengthened further with the launch of **Action Platform** for reporting on the SDGs, the latest initiative in the evolution of sustainability reporting frameworks.

Action Platform is a multi-stakeholder online platform that uses the GRI Standards and the Ten Principles of the Global Compact to work with businesses by guiding them to incorporate SDG reporting into their existing processes. The two main groups on the platform:

- **Corporate Action Group (CAG)** - comprises of business representatives to serve as a business engagement and peer learning forum where members can show leadership by helping define and promote their business contributions to the SDGs; and
- **Multi-stakeholder Advisory Committee (MAC)** - comprises the CAG plus representatives from governments, international and civil society organizations, investors, trade unions, data users, statistical offices and academics. This committee will guide the research and analysis done by the Global Compact and GRI.

¹⁴ <http://sdg.iisd.org/news/unep-financiers-launch-positive-impact-investment-principles/>

¹⁵ Previously 244 indicators but at the 48th session of the United Nations Statistical Commission held in March 2017

¹⁶ <https://goo.gl/i7RjvH>

As of September 27, 2017, there were 20 initiatives listed on the Action Platform under Canada; ten of which were a blend of multiple SDGs, eight were unique to Goal 14 and; two were specific to Goal 4.¹⁷ Participants varied from federal government agencies, provinces and territories, indigenous people, NGOs, universities to the private sector.

There is also a strategic relationship among Global Compact, UNEP and PRI. The Global Compact and UNEP created the PRI, and in 2006 it was spun-off as a separate entity. Global Compact and UNEP still sit on the Board of the PRI Association as permanent advisors and are currently collaborating on initiatives promoting the adoption of SDGs within the investment community—that SDGs can be enhanced through improved ESG outcomes. According to the PRI, “Globally investors are already working to address ESG objectives tied to the SDGs, such as gender, climate and transparency.”¹⁸

Recently the PRI and GRI announced a ‘collaboration agreement’ to advance projects that support wider mainstream adoption of sustainability reporting, with a focus on impact and outcomes, along with supporting investor and corporate reporting on the SDGs.¹⁹

Corporate sustainability reporting is a crucial enabler of the SDGs by its distribution of data for stakeholders to apply when making environmental, social and governance considerations. This reporting ecosystem is achieved through the global reporting standards of the GRI, the reporting framework of Global Compact and the commitment of the PRI and UNEP-FI.

Other frameworks

Several organizations have developed their own frameworks on how to organize the thinking on sustainability as well as inform planning, management, and evaluation of activities to improve and maintain desired outcomes, such as:

- **Sustainability Accounting Standards Board (SASB);**
- **Integrated Reporting (IIRC);**
- **Securities and Exchange (SEC);**
- **Canadian Securities Administrators (CSA);**
- **National Association of Insurance Commissioners (NAIC);**
- **Carbon Disclosure Project (CDP);** and
- **Public Accountability Statement (PAS).**

Each developed their own set of criteria, measurement, tracking and reporting mechanisms.²⁰

However, the focus of this consultation does not include the frameworks listed above as they are outside of the scope of this research.

¹⁷ <https://sustainabledevelopment.un.org/partnership/search/?str=>

¹⁸ <http://www.sdg-investments.com/downloads/pri-sdg-relation.pdf>

¹⁹ <https://www.unpri.org/page/pri-gri-shake-on-collaboration-agreement-in-new-york>

²⁰ <http://www.smu.ca/webfiles/2-JCARsustainabilityreporting.pdf>

SDGs and the scientific community

According to the OECD, science, technology and innovation activities are a major driver of productivity, economic growth and social well-being. The scientific community is supportive of the SDGs; the following two examples are of organizations that are applying both scientific thinking and specific SDGs to achieve targeted outcomes. There are also other independent scientific organizations and individuals that work directly with the UN on the SDGs.

The Global Innovation Index

The Global Innovation Index (GII) surveys the innovation performance of more than 100 countries and economies around the world, based on at least 80 indicators on an annual basis. The work is the result of a collaboration between **Cornell University**, **INSEAD**, and the **World Intellectual Property Organization (WIPO)**, a specialized agency of the United Nations) as co-publishers, and their knowledge partners.

The following are excerpts from its 2016 report:

- “Most of the SDGs are directly or indirectly related to or influenced by technological upgrading, innovation, and related policies. Goal 9, for example—‘Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation’—refers to several factors referenced in the GII: infrastructure, research, and technology.”
- “...the SDGs and their targets provide the framework for monitoring, reviewing, and ensuring the accountability of the 2030 Agenda at global, regional, and national levels. This process is based on statistical indicators established through an international consultative process.”
- “Also collaborations are ongoing between the GII publishers and many UN organizations, in particular the United Nations Educational, Scientific and Cultural Organization (UNESCO), as well as private data providers, to optimize innovation metrics to monitor innovation performance. Countries are free to use these data to work towards the SDGs and to help foster global innovation flows.”

In GII’s view, the SDGs are key participants to promoting scientific, technological, and policy solutions which are factors in measuring a country’s economic performance as it relates to innovation.²¹

International Development Research Centre

International Development Research Centre (IDRC) is a Crown corporation that provides research services to developing countries and contributes to Canada’s foreign policy, complementing the work of Global Affairs Canada, and other government departments and

²¹ http://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2016.pdf

agencies. It was established by an act of Canada's parliament in 1970 with a mandate "to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions."²²

IDRC is engaged in the promotion of SDGs through its **Think Tank Initiative** and its financial support of **International Institute for Sustainable Development's** (IISD) SDG Knowledge Hub which is an online resource for news and commentary regarding the implementation of the 2030 Agenda for Sustainable Development, including all seventeen SDGs.

IDRC is focusing its efforts on Goal 3—'Ensure healthy lives and promote wellbeing for all at all ages'—through an initial consultation with representatives of 60 think tanks and academic institutions from around the world. Then engagement with other interested stakeholders such as national public health institutions, policymakers, and funding agencies to help accelerate the implementation of the SDG agenda on global health.²³

²² <https://www.idrc.ca/en/what-we-do>

²³ <https://www.idrc.ca/en/resources/perspectives/can-policy-research-institutions-help-transform-world>

Corporate Governance and the Department of Finance Canada's Consultation Question

Q: The Department is seeking views on whether to implement a “comply or explain” model to promote the participation of women on boards of directors and in senior management of federally regulated financial institutions.

There are some global principle-based models that are promoting gender diversity at boards, for example; the 30% Club that is led by the members of the business community only and perhaps is only limited to impact the business community. Most of its work revolves around education and advocacy and does not have a rigorous reporting mechanism and the multi-stakeholder approach to hold members accountable as other principle-based models do.

Gender equality issues are global and are captured as an SDG under the Agenda 2030 for Sustainable Development, **Goal 5**; “Achieve gender equality and empower all women and girls”. Several targets and indicators have been identified for this goal including one that can tackle the gender diversity issue on boards of directors and in senior management of all types of organizations including federally regulated financial institutions, **Target 5.C** and **Indicator 5.C.1**.

Target 5.C is to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels. Indicators serve as a statistical tool to measure the outcomes of the targets. The corresponding indicator, Indicator 5.C.1, will measure the “proportion of countries with systems to track and make public allocations for gender equality and women’s empowerment.”²⁴ Details on the methodology that would be used for this indicator falls outside of the scope of this consultation. For further information on SDG indicators, please visit <https://unstats.un.org/sdgs/iaeg-sdgs/>.

As a result, the Department should implement a “comply or explain” model to promote the participation of women on boards of directors and in senior management of federally regulated financial institutions. The Government should explore the opportunity to use disclosures that follow a reporting standard such as the GRI which is already being followed by some of the larger Canadian financial institutions, along with the appropriate reporting framework to be participants in the system. Institutions are already reporting on other SDGs, therefore rather than reinvent the wheel or create a separate system to achieve a similar outcome, it appears to be more efficient to include global goals of this nature into the existing system.

In conclusion, modernizing the federal financial sector framework takes an innovative approach which can involve adopting best-practices from principles-based and multi-stakeholder reporting frameworks, and allow for collaboration between the public sector, the private sector and other stakeholders.

²⁴ <https://sustainabledevelopment.un.org/sdg5>

Appendix

GRI Reporting Principles

Source: GRI G4 Sustainability Reporting Guidelines, page 9 of 97.

Retrieved September 29, 2017, from

<https://www.globalreporting.org/resource/library/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>

The Reporting Principles are fundamental to achieving high quality sustainability reporting. An organization is required to apply the Reporting Principles if it wants to claim that its sustainability report has been prepared in accordance with the GRI Standards (see Table 1 in Section 3 for more information). The Reporting Principles are divided into two groups: principles for defining report content and principles for defining report quality.

The Reporting Principles for defining report content help organizations decide which content to include in the report. This involves considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders.

The Reporting Principles for defining report quality guide choices on ensuring the quality of information in a sustainability report, including its proper presentation. The quality of information is important for enabling stakeholders to make sound and reasonable assessments of an organization, and to take appropriate actions.

Each of the Reporting Principles consists of a requirement and guidance on how to apply the principle, including tests. The tests are tools to help an organization assess whether it has applied the principle; they are not disclosures that are required to be reported.

Reporting Principles for defining report content	Reporting Principles for defining report quality
<ul style="list-style-type: none">• Stakeholder Inclusiveness• Sustainability Context• Materiality• Completeness	<ul style="list-style-type: none">• Accuracy• Balance• Clarity• Comparability• Reliability• Timeliness

GRI list of aspects under Economic, Environmental and Social factors

Source: GRI G4 Sustainability Reporting Guidelines, page 9 of 97.

Retrieved September 29, 2017, from

<https://www.globalreporting.org/resource/library/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>

TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES				
Category	Economic		Environmental	
Aspects ⁱⁱ	<ul style="list-style-type: none"> Economic Performance Market Presence Indirect Economic Impacts Procurement Practices 		<ul style="list-style-type: none"> Materials Energy Water Biodiversity Emissions Effluents and Waste Products and Services Compliance Transport Overall Supplier Environmental Assessment Environmental Grievance Mechanisms 	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects ⁱⁱ	<ul style="list-style-type: none"> Employment Labor/Management Relations Occupational Health and Safety Training and Education Diversity and Equal Opportunity Equal Remuneration for Women and Men Supplier Assessment for Labor Practices Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> Investment Non-discrimination Freedom of Association and Collective Bargaining Child Labor Forced or Compulsory Labor Security Practices Indigenous Rights Assessment Supplier Human Rights Assessment Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> Local Communities Anti-corruption Public Policy Anti-competitive Behavior Compliance Supplier Assessment for Impacts on Society Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> Customer Health and Safety Product and Service Labeling Marketing Communications Customer Privacy Compliance

Global Compact Participants (Canada)

Source: Retrieved Sept 13, 2017, from <https://www.unglobalcompact.org/what-is-gc/participants/>

Name of business organization	Type	Sector
1QBit	SME	Software & Computer Services
AEdifica	SME	Construction & Materials
Agrium Inc.	Company	Food Producers
Barrick Gold Corporation	Company	Industrial Metals & Mining
BCE - Bell Canada Enterprises	Company	Fixed Line Telecommunications
Bombardier Inc	Company	General Industrials
CAE Inc.	Company	Aerospace & Defense
Canacol Energy Ltd	SME	Oil & Gas Producers
Deetken Asset Management Inc.	SME	Financial Services
Earth Alive Clean Technologies	SME	Diversified
Econoler	SME	Alternative Energy
Eldorado Gold Corporation	Company	Mining
Enbridge Inc.	Company	Oil Equipment Services & Distribution
Everuz Corporation	SME	Software & Computer Services
F.Iniciativas Inc	SME	Support Services
FONDACTION	SME	Financial Services
Gabriel Resources Ltd.	SME	Industrial Metals & Mining
GlobeScan Incorporated	SME	Support Services
Goldcorp	Company	Mining
Golden Star Resources Ltd.	Company	Industrial Metals & Mining
Golder Associates Corporation	Company	Support Services
Hudson's Bay Company	Company	General Retailers
HyperActive Productions Inc.	SME	Support Services
Intrepid Investigations Inc.	SME	General Retailers
Kinross Gold	Company	Mining
Lundin Mining Corporation	Company	Mining
Lytica Inc	SME	Software & Computer Services
Maitre Benkhalifa Cabinet Inc	SME	Support Services
Martins Industries Inc.	SME	Industrial Transportation
Melitron Corporation	SME	General Industrials
Momentum Decisive Solutions Canada	SME	Support Services
Mountain Equipment Co-op	Company	Personal Goods
Native American Resource Partners	SME	Equity Investment Instruments
New Gold Inc.	Company	Industrial Metals & Mining
Optimum Talent Inc.	SME	Support Services
Peoplesource Staffing Solutions Inc.	SME	Support Services
Power Corporation of Canada	Company	Financial Services
Power Financial Corporation	SME	Financial Services
PrintFleet Inc.	SME	Software & Computer Services
QuickMobile Inc	SME	Software & Computer Services
Rideau Recognition Solutions Inc.	SME	General Industrials
S2e Tech	SME	Electricity
Scotiabank	Company	Financial Services
SkyPower Global	Company	Alternative Energy

Stantec Inc.	Company	Support Services
Suncor Energy Inc.	Company	Oil & Gas Producers
Tech Sonic LP	SME	Oil Equipment Services & Distribution
Teck Resources Limited	Company	Industrial Metals & Mining
TELUS Corporation	Company	Fixed Line Telecommunications
Teranga Gold Corporation	Company	Mining
The Plastic Bank	SME	General Industrials
Turbulent DIFFUSION Technology Inc.	SME	Industrial Engineering
Voyageur Aviation Corp	Company	Aerospace & Defense
Willowglen Systems Inc.	SME	Technology Hardware & Equipment
Xpera Risk Mitigation & Investigation	Company	Support Services

Name of non-business organization	Type
British Columbia Institute of Technology - School of Business	Academic
Centre for International Sustainable Development Law (CISDL)	Academic
Richard Ivey School of Business	Academic
Rowe School of Business	Academic
The Canadian Health Sciences Institute	Academic
The Haskayne School of Business University of Calgary	Academic
The Schulich School of Business	Academic
Universite Laval	Academic
Breathing Games (c/o Canadian Academy for the Knowledge Economy)	NGO Global
International Bureau for Children's Rights (IBCR)	NGO Global
International City Leaders	NGO Global
PeaceGeeks Society	NGO Global
SOS Children's Villages Canada	NGO Global
The Delian Project	NGO Global
The Global Organization of Parliamentarians Against Corruption (GOPAC)	NGO Global
The Micronutrient Initiative	NGO Global
Ngangambi International Fondation	Foundation

PRI Six Principles for Responsible Investment

Source: Retrieved September 29, 2017, from <https://www.unpri.org/about/the-six-principles>

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements.
- Support development of ESG-related tools, metrics, and analyses.
- Assess the capabilities of internal investment managers to incorporate ESG issues.
- Assess the capabilities of external investment managers to incorporate ESG issues.
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.
- Encourage academic and other research on this theme.
- Advocate ESG training for investment professionals.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs).
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
- Communicate ESG expectations to investment service providers.
- Revisit relationships with service providers that fail to meet ESG expectations.
- Support the development of tools for benchmarking ESG integration.
- Support regulatory or policy developments that enable implementation of the Principles.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles.
- Exercise voting rights or monitor compliance with voting policy (if outsourced).
- Develop an engagement capability (either directly or through outsourcing).
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
- File shareholder resolutions consistent with long-term ESG considerations.
- Engage with companies on ESG issues.
- Participate in collaborative engagement initiatives.
- Ask investment managers to undertake and report on ESG-related engagement.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
- Collectively address relevant emerging issues.
- Develop or support appropriate collaborative initiatives.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative).
- Ask for ESG issues to be integrated within annual financial reports.
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).
- Support shareholder initiatives and resolutions promoting ESG disclosure.

Principle 6

We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices.
- Disclose active ownership activities (voting, engagement, and/or policy dialogue).
- Disclose what is required from service providers in relation to the Principles.
- Communicate with beneficiaries about ESG issues and the Principles.
- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.
- Seek to determine the impact of the Principles.
- Make use of reporting to raise awareness among a broader group of stakeholders.

The Sustainable Development Goals (SDGs)

Source: The 2030 Agenda For Sustainable Development, pages 3-4 of 41.

Retrieved September 29, 2017, from

<https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>



Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote wellbeing for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalise the global partnership for sustainable development