Advancing Sustainability Reporting in Canada: 2019 Report on Progress

Stakeholder Research Associates Canada Inc. in partnership and collaboration with the Erivan K. Haub Chair in Business & Sustainability at the Centre of Excellence in Responsible Business in the Schulich School of Business, York University

Kathrin Bohr
Charles H. Cho
Katharine Partridge

With the research assistance and contributions of:
Jhankrut Shah
Ada Swierszcz

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About Stakeholder Research Associates
Stakeholder Research Associates has been at the forefront of sustainability reporting and stakeholder engagement for more than 20 years. Our team of expert practitioners and academics support an international clientele in the public and private sectors, as well as educational and non-governmental organizations. We are leaders in corporate social responsibility strategy development, stakeholder engagement, disclosure communications, and performance tracking and measurement.

About the Erivan K. Haub Chair in Business & Sustainability
The Erivan K. Haub Chair in Business & Sustainability was one of the first of its kind in North America. For more than two decades, the Chair has been an integral part of the Schulich School of Business, helping the school to become a globally recognized leader in sustainability research and teaching. Now, as part of the school-wide Centre of Excellence in Responsible Business, the Erivan K. Haub Chair in Business & Sustainability offers a unique opportunity to join a thriving, vibrant community of scholars, students and practitioners engaged in driving the transformation of business education toward a sustainable future.

Please direct comments to:
Katharine Partridge: kpartridge@stakeholderresearch.com
Kathrin Bohr: kbohr@stakeholderresearch.com
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Opening Note

Stakeholder Research Associates (SRA), with the Erivan K. Haub Chair in Business & Sustainability at the Centre of Excellence in Responsible Business in the Schulich School of Business, is pleased to present Advancing Sustainability Reporting in Canada: 2019 Report on Progress. This edition updates comprehensive research we last published in 2016. For this report, we once again look at the advances Canada’s largest companies are making in their environmental, social and governance (ESG) disclosures.

At the time of our last report, global sustainability reporting communities were responding to the release of the Global Reporting Initiative Standards, the introduction of the United Nations Sustainable Development Goals and the release of the United Nations Task Force on Climate-related Financial Disclosures recommendations. Our 2019 research reflects the thoughtful uptake of these guidance documents by both mature and new reporters.

Our research also reveals that challenges persist. In our conversations with seasoned reporters, we heard that their processes and progress often fail to reach investors, as they are “lost in translation” when issued through third-party ESG information providers. Reporting practitioners also reiterated the ongoing challenge of responding to myriad requests for information from rating and reporting agencies. Vermilion Energy states plainly in its 2018 report, “We urge all ESG analyst and reporting organizations to focus their efforts on aligning reporting requirements beyond their own standards, in the spirit of SDG 17, to aid transparency while recognizing the increasing reporting burden on companies, particularly on small- and medium-sized enterprises.”

Despite these and other challenges, we continue to be optimistic. After all, Canada has new reporting sectors (cannabis for one) that must mature to survive the scrutiny of the markets. We also hold the faint hope that stock markets will respond to the August 2019 announcement by the 181 CEOs of the US Business Roundtable, who committed to lead their companies for the benefit of all stakeholders — customers, employees, suppliers, communities and shareholders.

We are confident that our research will provide food for thought for companies interested in continuous improvement. We also encourage companies not yet reporting to join the growing global community is disclosing on ESG issues.
The Research

This report represents research undertaken from January to June 2019.

The research consisted of a comprehensive review of the sustainability reporting practices of 239 TSX Composite Index-listed companies. We reviewed information publicly available on corporate websites to assess the:

• **Number of companies reporting and their frequency**
• **Form and framework of reports and communications channels**
• **Inclusion of sustainability information in annual reports**

We also spoke with or surveyed senior sustainability executives at research and ratings agencies and the Toronto Sustainable Stock Exchange to gain insights into the opportunities and challenges present in the Canadian sustainability reporting landscape. We would like to thank the organizations that supported our research.

In addition, we conducted a literature review of recent publications on the topic of sustainability reporting. See the References section for details.

SRA’s research was supported by Jhankrut Shah and Ada Swierszcz, MBA students at the Schulich School of Business. Their contributions were conducted for Independent Study course credit under the supervision of Professor Charles Cho, Erivan K. Haub Chair in Business & Sustainability at the Centre of Excellence in Responsible Business in the Schulich School of Business. We would like to thank them for the many hours of hard work and valued input, as well as Professor Cho’s academic support of this project.

Professor Emilio Boulianne, Manulife Professorship in Financial Planning at the John Molson School of Business, Concordia University has generously provided funding for the design and publication of our research.
### Report Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian TSX Composite Index companies reporting sustainability information:</td>
<td>71%</td>
</tr>
<tr>
<td>Increase in TSX Composite Index companies reporting sustainability information in 2019 vs 2016:</td>
<td>6%</td>
</tr>
<tr>
<td>Canadian reporting companies that provide sustainability information in their annual reports:</td>
<td>75%</td>
</tr>
<tr>
<td>Canadian reporting companies that release integrated reports:</td>
<td>1%</td>
</tr>
<tr>
<td>Canadian reporting companies reporting progress against goals or targets:</td>
<td>58%</td>
</tr>
<tr>
<td>Canadian reporting companies referencing an international guidance or standards framework:</td>
<td>64%</td>
</tr>
<tr>
<td>Canadian reporting companies reporting against:</td>
<td></td>
</tr>
<tr>
<td>GRI:</td>
<td>43%</td>
</tr>
<tr>
<td>SASB:</td>
<td>3%</td>
</tr>
<tr>
<td>SDGS:</td>
<td>21%</td>
</tr>
<tr>
<td>TCFD:</td>
<td>8%</td>
</tr>
<tr>
<td>Canadian reporting companies that mention or discuss materiality:</td>
<td>41%</td>
</tr>
<tr>
<td>Canadian reporting companies that provide details of the materiality process and/or map priority issues:</td>
<td>33%</td>
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</tbody>
</table>

*Advancing Sustainability Reporting in Canada: 2019 Report on Progress*
Section 1

The Canadian Reporting Landscape

Sustainability reporting in Canada has evolved considerably over the last three decades, from the environmental disclosures by the country’s largest chemical and resource companies in the late 1980s to the addition of information on social issues and expansion across sectors in the mid-2000s to the uptake of environmental, social and governance (ESG) reporting by the majority of the country’s publicly listed companies today.

This report sets out the findings of our third comprehensive review of corporate sustainability reporting in Canada. Our research, undertaken in the winter and spring of 2019, analyzed trends among Canadian companies listed on the TSX Composite Index.\(^1\) It follows our first scan, which was completed in January 2015.\(^2\) Our last comprehensive report was published in December 2016.\(^3\) In October 2017, we issued an update on select research parameters.\(^4\)

After identifying an initial jump in uptake by TSX Composite companies — from 42% of companies disclosing sustainability information in 2014 to 65% in 2016 — we have seen a slow, but steady, increase in sustainability reporting — to 71% today.

Still, as we describe in the following pages, Canada continues to lag global trends.

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1. TSX Composite Index on January 20, 2019
2. TSX Composite Index on September 30, 2014
3. TSX Composite Index on May 31, 2016
4. TSX Composite Index on August 8, 2017
According to SRA’s 2019 research, 170 companies (71%) listed on the TSX Composite Index at the time of our research met what SRA considers to be a minimum threshold for sustainability reporting. This represents a 6% increase compared to our 2016 analysis.

Companies communicated sustainability information through stand-alone reports or microsites, dedicated web pages on their corporate site and/or disclosures (from a paragraph or two to a comprehensive sustainability report) in their annual reports.5

While we applaud the increase in companies reporting, Canada continues to lag globally, trailing G250 companies issuing sustainability reports by more than 20%6 and S&P 500 companies by 15%.7

Defining Sustainability Reporting
SRA reviewed the sustainability information of 239 companies listed on the TSX Composite Index as of January 20, 2019. For this study, sustainability reporting encompassed “corporate social responsibility,” “corporate responsibility,” “responsibility,” “environment, social and governance” and other similarly titled reporting. We defined “reporting” as at least five web or PDF pages on at least two sustainability-related topics disclosed on a company’s website, in a stand-alone report, and/or in an annual report. The survey was conducted between January 2019 and June 2019. In this report, we also provide some examples of best practices from corporate reports issued in the summer of 2019.

5. SRA research 2019
1.2 Quality Reporting Remains a Challenge

Many Canadian reporters release substantial sustainability reports that deliver valuable decision-making information to their stakeholders.

In this round of analysis, we applied two proof points to help us separate effective reports from the merely interesting. We looked at:

- **Disclosure of performance against goal or targets**
- **Use of, or reference to, global guidance or standards**

According to our analysis, 58% of reporting companies met our goals/targets proxy, while 64% met our global guidance measure. In other words, roughly 40% of our 2019 reporting cohort (which represents just 71% of TSX Composite companies) failed to meet our “effectiveness” proxies.

Decision-makers deserve more, and we urge companies to up their game.

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**The US Experience**

Canada is not the only jurisdiction delivering less-than-adequate sustainability reporting. The **Sustainability Accounting Standards Board (SASB)** looked at the quality of sustainability reports in 2016, using US Securities & Exchange Commission (SEC) information, and found that of the **69% of US public companies** reporting on SASB topics, more than half (53%) used generic or boilerplate language, which the standards organization considered inadequate.

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At the time of our last publication, global sustainability reporting communities were responding to the release of the Global Reporting Initiative (GRI) Standards, the introduction of the United Nations Sustainable Development Goals (UN SDGs) and the release of the United Nations Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our 2019 research reflects the thoughtful uptake of these guidance documents by both mature and new reporters.

### 1.3 Update on Reporting Guidance

<table>
<thead>
<tr>
<th>Reporting Framework</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI</td>
<td>43%</td>
</tr>
<tr>
<td>SASB</td>
<td>3%</td>
</tr>
<tr>
<td>SDGs</td>
<td>21%</td>
</tr>
<tr>
<td>TCFD</td>
<td>8%</td>
</tr>
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</table>

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1.3.1 Global Reporting Initiative

The GRI continues to be the go-to guidance for Canadian companies, with 43% reporting in accordance with or referencing the framework. This is on par with the 2017 usage, and suggests a levelling out after usage rates among Canadian reporters dropped from a high of 71% in 2014. It also stands in contrast to global rates, with 75% of G250 companies and 63% of N100 companies using or referencing the GRI.

Of the GRI reporters we identified, 52% apply the GRI Standards, which were launched in 2016, and 44% use the older GRI G4 Guidelines. The remainder make reference to the GRI but do not provide evidence for explicit use of either the Guidelines or the Standards.

The GRI continues to evolve and update its guidance, launching revised Water & Effluents and Occupational Health & Safety standards in 2018, two areas in which Canadian companies are consistent reporters. The organization is also currently updating its Waste Standard and developing new guidance on taxes to address the evolving importance of these issues.

“GRI applauds the research on Canadian sustainability reporting conducted by Stakeholder Research Associates. Canadian companies are significant contributors to the global economy, and their sustainability practices have meaningful impacts on society and the environment. We are encouraged by the number of GRI reporters in Canada and see opportunities for more Canadian companies of all sizes and in all sectors to adopt the GRI Standards to provide consistent and meaningful disclosure to their stakeholders.”

Alyson Genovese,
Director of Regional Hub: USA & Canada, GRI

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GRI Guidance:
Percentage of Canadian Reporters Using or Referencing

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2017</th>
<th>2016</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>43%</td>
<td>42%</td>
<td>50%</td>
<td>71%</td>
</tr>
</tbody>
</table>

10. SRA research 2014
11. KPMG. The Road Ahead
1.3.2 United Nations Sustainable Development Goals

By all indications, the UN SDGs have emerged as an internationally adopted reporting framework.

According to our 2019 review, 36 of 170 reporters (21%) referenced or reported against the UN SDGs. As we prepared our analysis for publication, we identified an additional 12 UN SDG reporters in the emerging 2019 cycle. Yet, even at a combined 48, or 28% of reporters, Canada lags behind the 72% of global reporters, according to 2018 research conducted by PwC.\(^\text{13}\) We anticipate Canadian uptake will increase as our national SDG strategy, released in 2019, gains footing.

The GRI signalled the importance of a uniform measurement and reporting methodology with the publication of *Integrating the SDGs into Corporate Reporting: A Practical Guide* in 2018. This message was reinforced in early 2019 with release of *The Sustainable Development Goals and the Future of Corporate Reporting*, a white paper developed by the Corporate Reporting Dialogue, a coalition of leading reporting bodies. It identifies several gaps in guidance from reporting bodies and outlines opportunities for the development of coordinated reporting frameworks.\(^\text{14}\) For more, see Section 1.3.4, *Aligning Reporting Guidance: The Corporate Reporting Dialogue*.

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**UN SDGs: A Best Practice Example**

The UN SDGs are emerging as important guidance for mature ESG reporters. *Lundin Mining* offers a case in point. The company’s mission, values and responsible mining policy align with the United Nations Global Compact’s (UNGC’s) Ten Principles on human rights, labour, the environment and anti-corruption, as well as the 17 UN SDGs. Its five-year sustainability strategy continues to advance the integration of the UNGC Principles and the UN SDGs into its business. Its 2018 report highlights the UN SDGs through feature stories called out with relevant SDG iconography.

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\(^{13}\) PwC. (2018) *From Promise to Reality: Does Business Really Care About the SDGs? And What Needs to Happen to Turn Words into Action?*

1.3.3 Task Force on Climate-related Financial Disclosures

In June 2019, the Task Force on Climate-related Financial Disclosures (TCFD) reported that 824 global organizations, including 36 Canadian companies, support its mission to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear and efficient. Of these, 12 are TSX Composite Index companies included in SRA’s 2019 analysis (Barrick Gold, BMO, CIBC, Manulife, National Bank, RBC, Scotiabank, Sun Life Financial, Suncor, TD, Teck and Telus).\textsuperscript{15} We also identified two TSX Composite companies that referenced or reported against the TCFD recommendations but are not listed in the TCFD database (Fortis and Kinder Morgan).
1.3.4 Aligning Reporting Guidance: The Corporate Reporting Dialogue

In 2016, we reported on the launch of the Corporate Reporting Dialogue (CRD), an initiative convened by the International Integrated Reporting Council (IIRC) and leading reporting guidance bodies16 to address the need for greater consistency and comparability among reporting frameworks and standards. A two-year CRD research initiative is currently underway. Called The Better Alignment Project, it aims to foster improved alignment in the corporate reporting landscape in order to make it easier for companies to prepare effective and coherent disclosures that meet the information needs of capital markets and society. The project engaged global stakeholders this past spring. Initial findings from that engagement are expected to be released in the fall of 2019.

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Reporting Guidance Rationale

While reporters wait for greater consistency in reporting frameworks, the best articulate their reasons for adopting the guidance they do. Here are three points of view:

**GRI:** The GRI is “the leading framework” for ESG reporting, according to Vermilion Energy. Yvonne Jeffery, the company’s Manager of Sustainability, Community Investment and Communications, notes that the GRI “provides a holistic view of everything that is important for sustainability.”17

**SASB:** SASB is referenced by just seven of the 170 reporting companies we reviewed. Kinder Morgan explains in its first full report: “After extensive stakeholder dialogue and evaluation of a number of reporting standards and guidelines, we selected SASB as our primary Sustainability Report framework. [This is] based on investor and lender feedback and because SASB focuses on disclosures of industry-specific ESG issues.”

**UN SDGs:** In its 2018 report, Sun Life Financial notes, “The SDGs not only embody opportunities to offer innovative, sustainable solutions for a better world, but also serve as a compass to better our own operations.”

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17. SRA interview notes
1.4 Industry Trends

**Sectors that could do better**

Retail • Real estate • Reefers

Historically, Canadian chemical, resource and energy sector companies have been the first to release non-financial reports on their environmental impacts. In our 2019 survey, 100% of oil and gas companies issued sustainability reports, as did more than 90% of mining companies and utilities.

Companies in the retail, real estate and cannabis sectors are less forthcoming.

**Retail lags.** Fewer than 60% of Canada’s retail sector listed on the TSX Composite disclose sustainability information. While in line with global disclosure rates,18 risks in the retail sector increasing are attracting the attention of investors, regulators and standards setters. Risks include ongoing supply chain scrutiny, cybersecurity and privacy, and a growing interest in waste reduction and circular economies. The GRI, for example, is revising its Waste Standard to require companies to report waste management processes and performance through the lens of a circular economy.

**REITS and their impacts.** In our 2016 report, we noted a shifting TSX Composite landscape, citing real estate investment trusts (REITs), asset management firms and service organizations among reporting laggards. The trend continues. Of the 17 REITs listed among Canada’s largest corporations in our 2019 review, just over half provide information on their sustainability practices. The real estate sector continues to be a significant CO2 emitter19 and faces headwinds from climate change-related extreme weather.20 For more, see Spotlight on REITs.

**Lessons in governance.** With the legalization of cannabis in Canada in 2018, a new sector entered the marketplace. Predictably, it made headlines, not always for the right reasons. Just one of the four companies listed on the TSX Composite at the time of our study reported on sustainability issues. For more, see Spotlight on Cannabis.

18. KPMG. The Road Ahead. According to KPMG’s review of N100 companies, 63% of retail sector companies provide sustainability disclosure.


1.4.1 Spotlight on REITs

Of the 17 real estate investment trusts (REITs) listed on the TSX Composite in our 2019 analysis, six provided information on their sustainability practices. Yet, according to GeoPhy, a property valuation firm based in the Netherlands, today’s investors need to heed sector risks that are only just starting to emerge. In Canada, for example, the July 2013 floods in the Greater Toronto Area resulted in commercial property claims averaging more than $1 million for large properties. The Alberta floods in the same year resulted in total damages of $2.72 billion. Severe weather across the country in 2017 and 2019 continued to produce billions of dollars of insured damages.

In response to investor interests in this sector, a number of global exchanges have launched real estate indices that lean toward energy-efficient and renewables-linked properties. These include the FTSE Russell, a subsidiary of London Stock Exchange Group, which launched in December 2018. We are hopeful of a similar development — and investment opportunities — in Canada now that the TSX has joined the Sustainable Stock Exchanges initiative. For more, see Closing Note.

**Reporting by REITs**

RioCan published its first sustainability report in May 2019, setting out the REIT’s multi-year plan to embed sustainability in three focus areas: people, community and the environment. As part of its pledge for continuous improvement, RioCan has committed to participating in the Global Real Estate Sustainability Benchmark (GRESB) survey, the leading ESG benchmark for real estate and infrastructure investments across the world.

The Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) includes an 18-page sustainability report in its 2018 annual financial report. In addition to providing an overview of the company’s key ESG activities, the company is “looking to implement additional conservation processes to strengthen building-level decision-making, allocate capital, uncover industry best practices and further operational performance across the portfolio.”

“As climate change and extreme weather, primarily in the form of flooding, continue to impact the commercial real estate sector, SRA’s Advancing Sustainability Reporting in Canada: 2019 Report on Progress provides clear direction to issuers to communicate their preparedness to these evolving risks to the investment community.”

Dr. Blair Feltmate, Head, Intact Centre on Climate Adaptation, University of Waterloo

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21. Four Twenty Seven. *Climate Risk, Real Estate and the Bottom Line*


1.4.2 Spotlight on Cannabis

Since the legalization of cannabis in Canada in 2018, 17 cannabis companies have listed on the TSX. This includes four on the TSX Composite Index at the time of SRA’s research, only one of which provided sustainability information (Canopy Growth).

Much like the tobacco and alcohol sectors, the cannabis industry has much to gain from promoting robust sustainability and governance practices, if only to deflect the headline-grabbing actions of some actors.

The world's first responsible cannabis framework, released in June 2019, provides guiding principles on responsibility, collaboration, continuous improvement, and particularly, transparency. As cannabis companies mature, we look forward to tracking their progress and their disclosure practices.

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Section 2
Reporting What Matters Most

In our 2016 report, we noted that reporting on what matters most and elevating disclosure on the identified topics is vitally important to increase the value and quality of corporate sustainability disclosure. Best practice reporting on materiality helps stakeholders identify the reasons behind the relevance of issues, prioritization of some concerns over others as well as the overall strategic vision with regard to sustainability. So we were disappointed to find that only 41% of Canadian reporters mention or discuss materiality and just one-third provide details of their process to identify material issues and/or call out which issues they identified.

Still, some companies are getting this right and a few are significantly elevating the practice. In this section, we provide a snapshot of international guidance and examples of Canadian best practice.
**Materiality Guidance**

**GRI Standards.** The modular format of the GRI Standards signals fewer distractions for reporters, which can help focus reports. In applying GRI’s materiality principle, organizations are asked to consider their significant impacts on the economy, the environment and society.

**SASB.** Using the US Supreme Court definition of materiality, SASB was founded on the belief that every investor has the right to material information. SASB’s interactive Materiality Map identifies and compares reporting topics across sectors and industries.

**IIRC.** “In Integrated Reporting,” IIRC advises, “a matter is material if it could substantively affect the organization’s ability to create value in the short, medium or long term.”

**UNGC.** Through the UN SDGs, the UNGC requests that companies focus on their external impacts as opposed to the impacts of their sustainability activities on their business.

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**Best Practices: Materiality**

Reporting on materiality is at the core of sustainability reporting, yet many companies are still not reporting on what matters most to them and to their stakeholders. In our research, we identified a number of best practices examples. Here are just two:

**Nutrien.** In its first report as a combined company (Potash Corp and Agrium), Nutrien’s materiality assessment identified three strategic themes and five material topics, which inform the front section of the report. The latter part of the report captures what the company identifies as “Sustainability Foundations” (sustainability governance; stakeholder engagement; ethics, integrity and human rights; responsible supply chain; and safety). The company’s vision and its rollout are tightly captured in a two-page table that summarizes the alignment of priority themes, material topics, 2018 initiatives and related targets (all indexed to report pages), as well as related UN SDGs.

**Yamana Gold.** Similar to Nutrien’s, Yamana Gold’s 2018 report focuses on a minimal number of sustainability topics (nine) that are material to internal and external stakeholders (governance and strategy; business ethics and human rights; health and safety; community relations and social licence; water; waste and tailings management; climate change; biodiversity; and closure).

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Section 3
Reaching Investors

Responsible investing in Canada continues to gain ground, with responsible assets accounting for more than 50% of total Canadian assets under management, up from 38% two years ago. Many factors are contributing to the increase, not the least of which are higher valuations — upwards of 19% — that top ESG performers achieve compared to companies that don’t have comprehensive sustainability policies and practices in place.

Of the 170 reporting companies in our study, 129 (75%) include some sustainability information in their annual reports. In addition, 30 non-reporting companies also mention sustainability in their annual reports — a strong indication, supported by our interviews with reporting practitioners, that companies are responding to investor interest in sustainability information. Still, short of publishing fully integrated reports (just two in our study), communicating a fulsome sustainability story continues to be challenging.

We identified a number of ways reporters have responded to the challenge. Here are five:

The Shift to ESG. In keeping with the evolution of thought around sustainability, Cenovus is one of several companies that are transitioning from a corporate responsibility (CR) perspective to an environmental, social and governance (ESG) perspective. In its 2018 report, Cenovus explains that the concepts and principles of ESG build on CR foundations “to include a broad set of environmental, social and governance metrics that are used by companies to assess risk and opportunity and are integrated into their business planning processes.” With a growing number of investors using these metrics to assess corporate performance and identify the potential for superior risk-adjusted returns, Cenovus believes the ESG perspective better reflects its longstanding approach to sustainable development.

**The GRI Index Report.** IAMGold is among the growing crop of companies that are reaching investors through a comprehensive GRI Index. The company’s 2018 health, safety and sustainability performance is disclosed through a 90-page GRI Index report, which is complemented by a 24-page report on the company’s efforts to advance the UN SDGs in host communities.

**The One-Pager.** TD continues to provide a suite of reports that enhance its comprehensive annual disclosures. Its 2018 titles include the Public Accountability Statement, Managing Climate-Related Risks and Opportunities: TD’s TCFD Report and the Low-Carbon Economy Progress Report 2018. We also like the way TD cuts to the chase: The first page of its newly named “Environment, Social and Governance Report” offers a one-page “Performance Summary for Investors,” introduced cheekily: “Sustainability reports tend to be too long. We agree! If you only have time to read one page, here is a summary of TD’s ESG performance.”

**The Material Issue Report.** We noted earlier the maturing of materiality reporting. In its most recent report, TC Energy has taken this trend to the max, releasing its inaugural Report on Sustainability and Climate Change. In it, the company “describes its approach in the context of climate change to ensure the resilience of our business model during the transition toward a lower carbon economy.” TC Energy considered the recommendations of the TCFD to “identify climate-related risks and opportunities to TC Energy’s operations, as well as [to] discuss our actions to reduce our greenhouse gas (GHG) emissions.”

**The Searchable Report.** The trend toward online reporting is getting some backlash from investors and other stakeholders who prefer to scan pages rather than search the web. Companies such as IGM Financial and Power Corporation are replicating their web reports in plainly designed PDFs. As IGM explains, “[This meets] some of our stakeholders’ requests to be able to consult, in this format, the information that we publicly disclose on our website.”
Section 4

Closing Note

We are encouraged to see steady, if slow, progress on sustainability reporting in Canada. While Canada still lags our US and international counterparts, we have observed the gap narrow since we did our first analysis in 2014.

An increase in the number of reporters, however, does not necessarily equate to an increase in quality, and the challenges to reporting continue to be significant.

Still, two events in 2019 buoy our optimism.

First, in Canada in February, the TMX, the parent company to the TSX, joined the Sustainable Stock Exchanges initiative. The United Nations initiative aims to build the capacity of stock exchanges and securities market regulators to promote responsible investment in sustainable development and advance corporate performance on environmental, social and governance issues. TMX joins 96 global exchanges representing more than 52,000 listed companies with market capitalization of $US 87,624,976 million.30

Second, in August, the US-based Business Roundtable, comprised of 181 CEOs of the largest corporations in America, ditched its long-held notion of shareholder primacy in favour of a model embracing all stakeholders, including customers, employees, suppliers, communities and stakeholders.31 As Dustyn Lanz, CEO of the Responsible Investment Association, notes in the organization’s Magazine, “[the] demise of the [Milton] Friedman Doctrine marks a fundamental shift in how business leaders understand the purpose of a corporation….and provides leverage for responsible investors who engage with companies on ESG issues.”32

These and the positive trends we noted in our research make us hopeful that corporate accountability and disclosure in Canada, and around the world, will increase. It remains to be seen whether uptake and improvements happen voluntarily or by way of regulation. We look forward to reporting on progress in future reports.

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References

ACCA. Mapping the Corporate Sustainability Landscape: Lost in the Right Direction. 2016.


Four Twenty Seven. Climate Risk, Real Estate and the Bottom Line. 2018.


PwC. *From promise to reality: Does business really care about the SDGs? And what needs to happen to turn words into action.* 2018.


Sustainable Accounting Standards Board. *SASB Materiality Map.*


