



Stakeholder Research Associates Canada

Advancing Sustainability Reporting in Canada

2016 Report on Progress



Publication Sponsor

Advancing Sustainability Reporting in Canada: 2016 Report on Progress

By Stakeholder Research Associates Canada Inc.
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About Stakeholder Research Associates (SRA)

SRA's team of expert practitioners and academics specialize in mobilizing formal and informal channels of stakeholder opinion to help senior business, government and civil society leaders in effective governance, strategy formulation and integrity-based communications. With partners at SRA supporting an international list of clients in the public and private sectors as well as non-governmental organizations, SRA has been at the forefront of sustainability reporting for 20 years. We are experts in the development and implementation of corporate social responsibility strategy, stakeholder engagement, transparency and disclosure communications and performance tracking and measurement. Our consulting model is rooted in the belief that a stakeholder-intrinsic approach to strategy and communication can provide an organization with enduring value creation.

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2016

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Foreword

Canadian companies face unprecedented challenges as they engage in trade in an increasingly global and competitive 21st century economy. Ever greater demands by ever more diverse stakeholder groups, a complex regulatory environment and an intricate network of international treaties and trade agreements all call for greater transparency and disclosure regarding the pressing social and environmental issues that we are facing in the world today.

Just as Canada has a vital role to play on the international political stage to promote the values of openness, integrity, trust and respect and to reassert its position as an agent of change, so do Canadian companies have a responsibility when it comes to demonstrating good governance and social and environmental engagement practices as vehicles of this change. Transparency through reporting is one of the most fundamental ways for Canadian companies to showcase our values and build the trust and respect that is so vitally needed to lead on the global stage. Yet, as the findings of this report show, further work is needed when it comes to sustainability reporting and disclosure in Canada.

Advancing Sustainability Reporting in Canada: 2016 Report on Progress will serve as a guidepost to those companies seeking to improve and elevate their transparency and disclosure practices as well as providing an excellent foundation for learning for those companies that are yet to embark on the journey.

The Right Honourable Joe Clark
Former Prime Minister of Canada

Opening Note

By all accounts, sustainability reporting has moved into the mainstream of business activity. A scan of the reporting landscape highlights a renewed interest in elevating sustainability disclosure and transparency. Witness the transformation of the Global Reporting Initiative (GRI) into a standards body in October 2016 and the adoption of the Sustainable Development Goals (SDGs) as a disclosure-framing mechanism. In parallel, we are seeing coordinated efforts by reporting guidance sponsors — the GRI, the International Integrated Reporting Council (IIRC), CDP (formerly the Climate Disclosure Project) and others — to wrangle greater coherence, consistency and comparability among frameworks. Thus we have, in 2016, the launch of the Corporate Reporting Dialogue, the Reporting Exchange and the Natural Capital Protocol.

These initiatives and others related to sustainability reporting have been explained, analyzed and evaluated in a plethora of studies, white papers and reporter surveys published over the last couple of years. While plentiful, the literature is primarily global in scope, with the Canadian experience only occasionally mentioned as a footnote within the North American context.

We were inspired to write this report because we, as Canadian reporting practitioners, wanted to better understand the ways in which global trends relate to progress in reporting in the Canadian context. As well, it's been more than 10 years since a comprehensive report on the state of sustainability reporting in Canada has been published.¹ The time was right, we thought, to shed some light on the state of sustainability disclosure and transparency in our country.

We hope that by understanding what is happening in 2016 we can help advance sustainability reporting in Canada in the years ahead. The goals of this report are straightforward: to identify key issues, practices and challenges in sustainability reporting and to offer practitioners concrete approaches they can apply to their future reports.

¹ Stratos. (2005) Gaining Momentum – Corporate Sustainability Reporting in Canada

The Research

This report represents a compilation of research undertaken by SRA from spring through fall of 2016. The research took three main forms: a literature review, an e-survey of Canadian sustainability professionals and a review of reports and reporting practices of TSX-listed companies. In addition, this report references the proceedings of the Toronto Sustainability Reporting Symposium, which SRA hosted in September 2016.

Literature Review: SRA reviewed more than three dozen recent publications on the topic of sustainability reporting. For details, please see the Resources section of this report.

E-Survey: In October 2016 SRA invited 175 Canadian sustainability professionals to assess Canadian sustainability reporting and identify its value, challenges and opportunities. More than 60 leading experts and practitioners provided their insights and observations.

Biennial Review of Sustainability Reporting: SRA conducted its second biennial review of TSX Composite Index-listed companies in the summer and fall of 2016. 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

Additionally, we looked more closely at the publicly available information of 60 reporters (54 TSX-listed companies, three federal Crown corporations and three co-operatives) across a wide range of industries. In this analysis, we reviewed a company's approach to, and integration of, material issues, including five that we identified as being important in Canada (climate change, Aboriginal relations, water, health and safety, and supply chain). We also assessed a company's engagement of stakeholders, including investors, and its approach to communication with them.

Toronto Sustainability Reporting Symposium: Held September 22, 2016, this symposium convened 25 reporting practitioners from a range of industries, as well as subject matter experts and academics, for presentations and dialogue focused on three themes: materiality, reaching the investor audience and multi-channel sustainability communications. The symposium identified best practices, challenges and practical approaches to advance reporting, all of which inform this report.

Executive Summary

Advancing Sustainability Reporting in Canada provides an overview of disclosure and transparency practices in Canada in 2016. Canadian companies have been disclosing their environmental, social and economic (ESG) impacts through voluntary annual reports for more than two decades. Yet a scan of the Canadian landscape in 2016 indicates that the number of Canadian corporations producing sustainability reports has not advanced over the last 10 years. This is in contrast to the steady increase in adoption of sustainability reporting around the globe, and it is despite an increase in the number and complexity of ESG issues confronting corporations.

The adoption of Canadian reporting lags behind other jurisdictions. 65% of companies listed on the TSX Composite Index provide some public disclosure on their sustainability initiatives. Compare this to the 92% of the world's 250 largest companies by revenue (G250) and 81% of the S&P 500 that report.

Perennial challenges, such as the lack of high-level leadership within companies and the array of emerging and evolving guidelines and standards, continue to hinder progress. In Canada another factor at play is the changing character of our corporate landscape. We are seeing a number of the resource-based early adopters disappearing and newer investment and service corporations that are, perhaps, not yet under the same pressure to report on ESG issues, taking their place. Canada also lacks the mandatory requirements in the form of regulations and stock market guidance that are gaining ground and driving reporting in other parts of the world.

Certainly in Canada we have our share of strong, effective and vibrant reporters that tell their sustainability stories in a forthright, engaging and transparent manner. But many Canadian reporters can do better. We identified three drivers to increasing the effectiveness of their disclosure initiatives.

1) Report on the Issues that Matter

It is vitally important that reporters determine the issues that are significant to their organization and stakeholders and elevate them

to a strategic level. Only when reporters focus on the issues that matter most and their performance against them will sustainability disclosure become an effective tool for conveying information to stakeholders and the broader investor marketplace.

2) Create a Narrative

A strong narrative places the activities and progress of a company in a context that is at once global, regional, sector- and company-specific. It frames the opportunities and addresses the challenges of the material issues identified in the short-, medium- and long-term, measuring and assessing value created and value at risk. Reporting in the absence of strategy will never catch the ear of investors.

3) Connect With Your Audiences

The rich array of communication vehicles that digitalization has spawned provides unparalleled opportunity to reach multiple stakeholder audiences. But the digital world, where everyone has a voice, will also challenge companies to step up with their disclosure. With social media and open-source models, it will be more important than ever for companies to hone the strategic presentation of their sustainability information to ensure quality, timeliness and accessibility to the audiences they want to reach. If companies don't tell their own story, others will tell it for them, and if they don't tell it well, no one will listen.

Looking to the Future

In developing this report, we set out to better understand and shed light on the state of sustainability disclosure and transparency in Canada.

Looking to the future we are confident that Canada's reporting leaders are positioned to advance their practice to create competitive advantage by issuing information that is useful and provides value to their stakeholders. We are also optimistic that new reporters will take up the opportunity to learn from the leaders as they begin to engage in the global reporting community. Together we believe these companies can elevate Canadian sustainability reporting to international levels of best practice.

SECTION 1

The Canadian Reporting Landscape

Canadian companies have been disclosing their environmental, social and economic (ESG) impacts through voluntary annual reports for more than two decades, with leaders in the field, such as TransAlta, reporting as early as 1994. Yet a scan of the Canadian landscape in 2016 indicates that the number of Canadian corporations producing sustainability reports has not advanced over the last 10 years. This is in contrast to the steady increase in adoption of sustainability reporting around the globe, and it is despite an increase in the number and complexity of ESG issues confronting corporations.

Companies Reporting in Canada

According to SRA's research, 65% of companies listed on the TSX Composite Index at the time of our research² released some form of sustainability information in 2016. Of these companies, 58% met what SRA considers to be a minimum threshold for sustainability reporting. The other 7% of companies included a small amount of sustainability information (from one sentence to a few pages) exclusively in their annual reports.³

SRA's 2016 biennial survey of Canadian sustainability reporters reviewed 234 companies listed on the TSX Composite Index. For this study, sustainability reporting was defined as at least five web or PDF pages on at least two sustainability-related topics posted on a company's website or in a stand-alone report. The survey was conducted in the summer and fall of 2016.

With 65% of companies reporting, Canada lags in comparison to global numbers, which indicate that 92% of the world's 250 largest companies by revenue (G250)⁴ and 81% of the S&P 500⁵ report.

² TSX Composite Index on May 31, 2016

³ SRA Research 2016

⁴ KPMG. (2015) Currents of Change: The KPMP Survey of Corporate Responsibility Reporting 2015 www.kpmg.com/crreporting

And although more than one third of Canada’s largest companies *do not* report sustainability information (compared with just 8% of the G250), the number of TSX Composite Index-listed companies that do issue sustainability information in a stand-alone format has more than doubled over the past decade, increasing to 58% in 2016 from 25% in 2005.⁶

Companies Reporting Sustainability Information

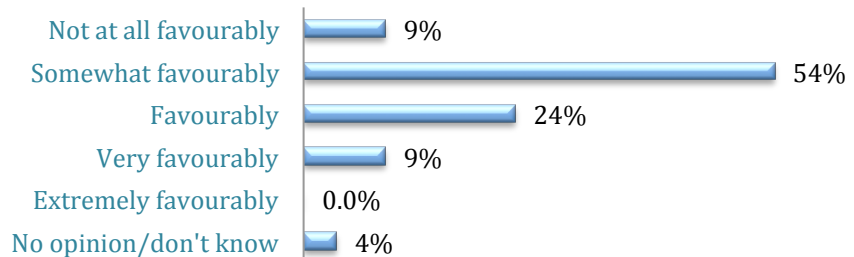
92% G250

81% S&P 500

65% TSX Composite

The quality of Canadian reporting also fails to stand up on the global stage. Only 33% of respondents to SRA’s survey said that Canadian sustainability reports stack up “favourably” or “very favourably” against international reports. Compare that to the more than 60% who said that Canadian sustainability reporting stacks up “not at all favourably” or “somewhat favourably” against global reporting.

SRA asked: *Thinking broadly about the Canadian reporting landscape, how favourably does Canadian sustainability reporting stack up against global reporting?*



⁵ Governance and Accountability Institute, Inc. (2016) Flash Report www.gainstitute.com/research-reports/2015-flash-report.html

⁶ Gaining Momentum

Barriers to Progress

There is no shortage of barriers to the adoption and effectiveness of sustainability reporting in Canada, as well as globally. As the table below summarizes, perennial challenges continue to hinder progress.

10 Reporting Roadblocks

Internal	External
1. Lack of senior management buy-in and understanding of the value of reporting	6. Differing definitions of “sustainability reporting”
2. Sustainability reports that are disconnected from, and lack a contextual link to, a business’s core value drivers	7. Ever-shifting reporting landscape scattered with evolving and emerging guidelines and standards
3. Absence of goals to drive continuous improvement	8. Absence of commonly agreed-upon metrics for comparability
4. Reports devoid of balanced storytelling that speaks to multiple audiences	9. A multi-channel universe providing a growing array of sustainability information
5. Legal concerns related to transparency	10. Disinterest and lack of trust among stakeholders

Another factor at play in Canada is the changing character of our country’s corporate landscape. In the 1990s, Canadian reporters were primarily resource companies responding to pressure for increased transparency from non-governmental organizations (NGOs). A decade ago, companies such as Alcan, Inco, Dofasco, Petro-Canada and Talisman, all early adopters of Canadian sustainability reporting, were listed on the TSX but have since disappeared.⁷ In contrast, the current landscape of TSX Composite Index-listed companies is vastly different. Real estate investment trusts (REITS), asset management firms and service organizations have taken the place of some of the former commodities giants but may not yet be under pressure to report on ESG issues in the same way their counterparts in other sectors have been.

Carrots and Sticks

We also lag in both voluntary incentives and regulations. In its 2016 edition of *Carrots and Sticks: Global Trends in Sustainability Reporting, Regulation and Policy*, KPMG notes that 400 reporting

⁷ Gaining Momentum

instruments, 80% of which are government regulations, are driving disclosure in 64 countries around the world. Ten years ago these instruments were the exception, not the norm. With the European Union Directive on disclosure of non-financial and diversity information coming into force at the end of 2016, sustainability reporting is expected to increase sharply in Europe in the coming years.⁸

Reporting instruments issued by stock exchanges and financial market regulators have also grown considerably, according to KPMG. The Sustainable Stock Exchanges Initiative, of which the TSX is a member, has been a prime mover.⁹ In fact, stock exchanges are playing an increasingly important role. In *Measuring Sustainability Disclosure: Ranking the World's Stock Exchanges 2016*, the fifth edition of *Corporate Knights'* review, CEO Toby Heaps writes: "Five years ago, the conventional wisdom was that the best way forward was to issue principles-based guidance. We now have evidence that the 'report what you feel you like' approach in the absence of minimum mandatory [stock exchange] standards is not a recipe for useful disclosures."¹⁰

The Toronto Stock Exchange ranked 21st out of 45 exchanges in 2016 for sustainability disclosure of listed companies. This is up from 32nd place in 2014, but lagging behind Colombia, Malaysia and Abu Dhabi¹¹

In Canada, our governments and financial regulators have been largely silent on disclosure requirements, though the TSX's two-year climb in the rankings compiled by Corporate Knights indicates the disclosure of Canada's listed companies is improving despite the leadership gap.¹² Reflecting that trend, our survey of

⁸ WBCSD. (2016) Reporting Matters
www.wbcsd.org/Projects/Reporting/Resources/Reporting-Matters-2016

⁹ KPMG. (2016) Carrots and Sticks
www.kpmg.com/content/dam/kpmg/pdf/2016/05/carrots-and-sticks-may-2016.pdf

¹⁰ Corporate Knights. (2016) Measuring Sustainability Disclosure: Ranking the World's Stock Exchanges 2016 www.corporateknights.com/reports/2016-world-stock-exchanges/2016-sustainable-stock-exchange-report

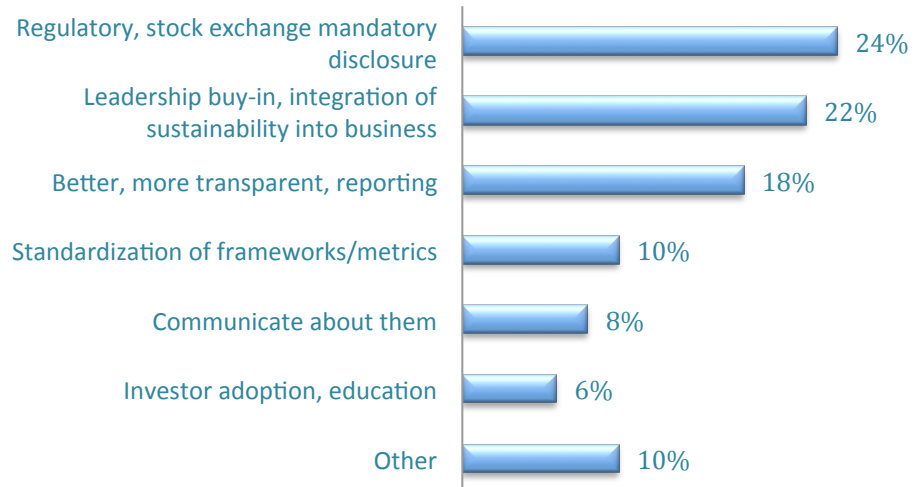
¹¹ Ibid.

¹² Ibid.

sustainability experts suggests that the notion of some form of mandatory disclosure at home is gaining ground.

SRA asked: *What is the Number 1 thing that needs to happen to advance the value of Canadian reporting?*

% of survey respondents who mentioned



Guidance Overload

At the same time, reporters globally are sorting through the multitude of guidance and frameworks that have proliferated over the last decade. These include direction from the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB), CDP and others, each wanting a stake in a reporting landscape dominated by the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines.

Meanwhile, the GRI Guidelines have undergone several revisions since their introduction in 2000, including the G4 version, released two years ago. Then, in October 2016, barely two years after the G4 came into effect, the GRI Standards, the first global standards for sustainability reporting, were launched.

Spotlight: Reporting Guidance

There are hundreds of reporting instruments driving disclosure globally. While most are regulatory, we highlight three guidance frameworks that have or are gaining traction internationally.

GRI Guidelines/Standards. According to SRA's 2016 research, 50% of Canadian TSX-listed sustainability reporters (70 companies) used or referenced the GRI. This is a 21% decrease compared to 2014, when SRA's biennial study indicated that 71% of Canadian TSX-listed reporters used or referenced the GRI. It's difficult to know what triggered the fall-off — perhaps the shift in the composition of the TSX Composite Index or maybe “GRI fatigue,” the result of the ongoing evolution of the organization's guidance. In our 2016 review of Canadian reporters, we observed that some companies are incorporating elements from multiple frameworks. Bombardier, for example, is transitioning from the GRI (last used in the company's 2012 report) to the IIRC framework, with the GRI G4 approach to materiality assessment continuing to inform the company's most recent Activity Report.

Integrated Reporting. The last decade has seen an increase in integrated reporting worldwide, with 10% of global companies now issuing integrated reports.¹ Adoption in Canada has been slower. In 2016, 2% of companies on the TSX Composite Index (seven reporters) released integrated reports, up from 1% (three reporters) in 2014. We observed that some companies, such as CIBC and Canfor, have experimented with integrated reporting only to revert back to a de-coupled model. We expect we'll see more companies experimenting or perhaps adopting the transitional hybrid approach taken by Bombardier as they do the difficult work of integrating sustainability into their business models.

Sustainable Development Goals. The SDGs hold considerable opportunity for companies to align their business strategies with significant global issues, such as gender equality, decent work and economic growth, sustainable consumption and production, and climate action. Ethical Corporation has identified the SDGs among the top three trends for 2017, and the World Business Council on Sustainable Development reports that one-third of its member companies communicated on the SDGs in their most recent reports. We've seen slower adoption in Canada, with only 10%, or six of the 60 companies we reviewed in depth referencing the SDGs.

82% of the world's largest companies use the GRI Guidelines as their reporting framework¹³

The GRI Standards: What You Need to Know

In effect for reports published after July 1, 2018

Organized as a set of modular, interrelated standards

Key concepts of G4 clarified to improve understanding and application

Clear distinctions between requirements, recommendations and guidance

Greater flexibility and transparency in use

3 universal standards applicable to all organizations

33 topic-specific standards organized into economic, environmental and social series

Option to choose only relevant topic-specific standards based on their material topics

Simplified terminology: “indicator” replaced by “disclosure”; “aspect” by “topic”; “Disclosures on Management Approach” by “Management Approach Disclosures”

Basics remain the same: companies report on general disclosures, define material topics and report on topic-specific disclosures and on their management approach to each topic

G4 to Standards mapping tool available [here](#)

How Canadian Companies Reported in 2016

50% *GRI*¹⁴

2% *Integrated*

¹³ GRI www.globalreporting.org

¹⁴ TSX Composite Index-listed companies that used or referenced the GRI in 2016

Dilution, Fragmentation, Frustration

This proliferation of reporting instruments and guidance has muddied the waters, according to a report issued in 2016 by the ACCA (Association of Chartered Certified Accountants). In *Mapping the Corporate Sustainability Landscape: Lost in the Right Direction*, the international accountancy organization asserts that we are left with “a patchwork, labyrinth and jigsaw of reports, frameworks, protocols, codes and standards that impose sometimes conflicting and sometimes duplicative requirements on organizations but do not result in information that is any more useful for users.”¹⁵

Global initiatives such as the [Corporate Reporting Dialogue](#), the [Reporting Exchange](#) and the [Natural Capital Protocol](#) are new collaborative endeavours focused on making some sense of this clutter. The Corporate Reporting Dialogue is designed to respond to market calls for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements. The Corporate Reporting Dialogue’s guidance document compares the definitions of, and approaches to, materiality, and its mapping tool helps reporters navigate among them.

Participants of the Corporate Reporting Dialogue include the GRI, CDP, SASB, Financial Accounting Standards Board, the IIRC, the Climate Disclosure Standards Board (CDSB), the International Accounting Standards Board, the International Public Sector Accounting Standards Board and the International Organization for Standardization (ISO). The Corporate Reporting Dialogue’s guidance document compares the definitions of, and approaches to, materiality, and its mapping tool helps reporters navigate among them.

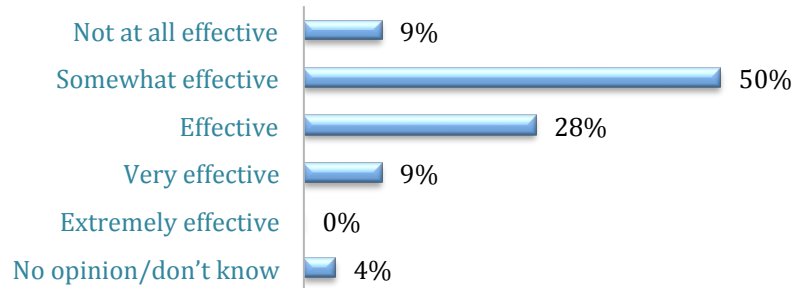
¹⁵ ACCA. (2016) Mapping the Corporate Sustainability Landscape: Lost in the Right Direction <http://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2016/may/mapping-sustainability-reporting-landscape.html>

The Reporting Exchange, an online knowledge platform hosted by the World Business Council for Sustainable Development (WBCSD) was released in December 2016. Developed in collaboration with the CDSB and Ecodesk, it is designed to bring coherence to the multitude of reporting requirements by using a crowd-sourcing model that will build a repository of open-source resources and reporting trends.

Advancing Sustainability Reporting

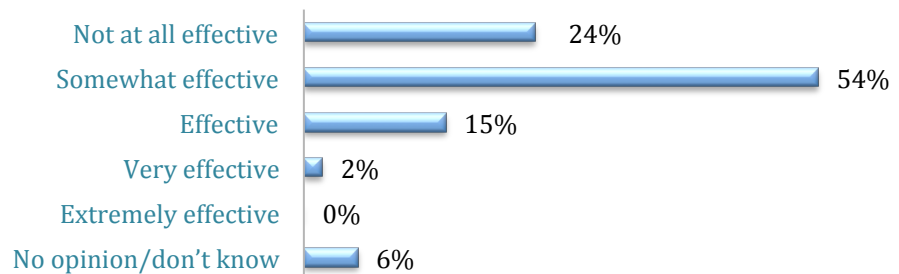
Certainly in Canada we have our share of strong, effective and vibrant reporters that tell their sustainability stories in a forthright, engaging and transparent manner. But, according to our survey respondents, Canadian reporters could do better.

SRA asked: *To what degree do you think Canadian companies are effective at applying the principle of materiality to the issues they report on?*

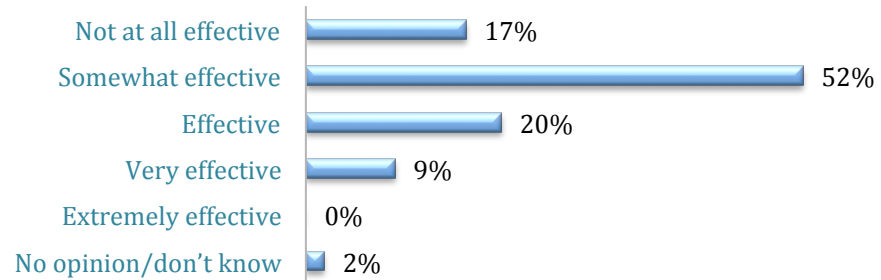


SRA asked: *To what degree do you think Canadian publicly traded companies are effective in disclosing sustainability information in ways that allow investors to make informed decisions?*

Does not add up to 100% due to rounding



SRA asked: *To what degree do you think Canadian reporters are effective in reaching multiple stakeholder audiences through their disclosure activities?*



To improve Canadian reporting, they must:

Determine the issues that are important to their organization and stakeholders and report against them

Understand how sustainability aligns with their corporate mission and profitability and report on its impact in ways that speak to investors

Acknowledge their multiple audiences and communicate with them through a rich array of communication vehicles

These are the three issues that, according to SRA's research, reporters must cut through in order to increase the effectiveness of their disclosure initiatives. They are the focus of Section 2 of this report.

SECTION 2

Materiality: Reporting on What Matters

At its core, the concept of materiality is straightforward. It asks companies to identify and report on the aspects of their businesses that impact value or influence decision-making.¹⁶

Materiality first gained prominence in the sustainability space in the early-to-mid 2000s, primarily in reaction to a kitchen-sink approach to disclosure that gave rise to unfocused reports that often ran hundreds of pages in length. It took hold with the release of the GRI's G4 Guidelines in 2013. The G4 requires reporters to undertake a stakeholder-inclusive materiality analysis and focus their subsequent disclosures on the issues identified through it.

Using this approach, the best reporters are able to clearly communicate their progress against the sustainability issues that are of strategic significance to their businesses and to their stakeholders. However, SRA's research suggests that the implementation of the materiality principle by Canadian reporters falls short more often than it succeeds.

Defining Materiality

There are a number of challenges that hamper the successful application of materiality reporting, not the least of which is the absence of a common definition of materiality among the leading guidance providers. Disagreement at this fundamental level frustrates both report creators and users.

¹⁶ GRI G4 Reporting Guidance: Reporting Principles and Standard Disclosures, www.globalreporting.org

59% of SRA survey participants said that Canadian reporters are not at all effective or only somewhat effective in applying the principle of materiality to their reports

Materiality Defined

GRI. A company should report on topics that reflect an organization's significant economic, environmental and social impacts or that substantively influence the assessments and decisions of its stakeholders.¹⁷

IIRC. A matter is material if it could substantively affect the organization's ability to create value in the short, medium and long term.¹⁸

SASB. Information is material "if there is a substantial likelihood that the omitted fact would have significantly altered the total mix of information available to the reasonable investor."¹⁹

Identifying Material Issues

The GRI and IIRC provide guidance on identifying and prioritizing material issues, but both are non-prescriptive. As a result, approaches to materiality vary widely. In SRA's review of reporters, we identified a variety of methods used to gather stakeholder opinion, prioritize issues and validate those issues.

It may be that we'll see greater consistency in approaches to determining material issues as the experience of reporters grows and they are able to assess and apply best practices that they've observed in peer reports, framework guidance and resources such as MaterialityTracker.net, which highlights leading practices in material issues determination and presentation of results.

Reporting on Material Issues

SRA's review of Canadian reporters revealed that the best reports reflect the outcomes of the materiality process, with material

¹⁷ Ibid.

¹⁸ <http://integratedreporting.org/>

¹⁹ www.sasb.org/risks-differing-definitions-materiality/

topics and performance against them forming the report's strategic focus. See, for example, "Spotlight: TD Bank Group" on page 21.

But for many reporters, the identification of material topics by stakeholders can raise expectations of transparency on issues that a company has yet to grapple with, that don't paint a favourable picture or that may call for disclosure of competitive information. For example, companies may be reluctant to disclose the full extent of their supply-chain activities in response to demands for factory-specific disclosure from human rights advocacy stakeholders in the manufacturing and retail sectors. A materiality analysis may also diminish the importance of "feel-good" topics that traditionally have been the focus of a company's annual disclosure.

60% of the 60 companies SRA reviewed in-depth either mention or discuss materiality in their reports but only 45% provide details on their materiality process

Connecting Materiality to Report Content

A comprehensive process to identify and prioritize material issues is just the first step. Once that work is done disclosure needs to be designed so that readers can find related information. Here you can link to three companies that do this right:

Scotiabank describes each of its material issues, related boundaries and GRI aspects, as well as its management approach, in a three-page table.

Hudbay hyperlinks the issues in its materiality matrix to corresponding sections in its report.

Goldcorp describes its materiality process and maps its priority issues. In addition, it responds to questions and concerns about the company's sustainability performance that were raised during the company's materiality analysis engagement.

Spotlight: TD Bank Group

TD is Canada's second-largest bank with more than 84,000 employees and 24 million customers worldwide. It has a complex network of stakeholders and has been conducting comprehensive materiality analyses for six years. TD recently transitioned its materiality review from an annual exercise to a two-year cycle.

The company's most recent assessment, undertaken in 2014 and applied to the bank's 2014 and 2015 reports, was conducted over a five-month period. It consisted of the following three main steps:

Identification of issues through a review of internal strategy documents, industry analysis, peer reports and media reports

Prioritization of issues that took into account the company's operational impacts as well as its stakeholders' concerns. An internal panel of 18 broadly based experts prioritized 19 topics (from 35) for inclusion in the report

Validation of the 19 issues through web-based engagement of 17 external stakeholders and subsequently by TD's Corporate Responsibility Steering Committee

The 19 material issues are presented on a matrix in TD's corporate responsibility report, with each topic ranked against its importance to business success and to stakeholders. The material issues also provide a clear and consistent structure to the report. TD introduces them in the report's table of contents and hyperlinks them to the relevant sections of the report. The structure of the sections is also consistent. Each one outlines why a topic is material, how it is managed and progress toward its goals, followed by illustrative stories, videos and additional information.

TD offers an excellent example of a materiality analysis consistently executed, explained and applied to report format and content. The result is a concise, accessible report that allows for no ambiguity on the corporate responsibility issues that are most important to the company. Visit [TD Bank Group](#).

Rachel Guthrie, Senior Manager Corporate Responsibility at TD Bank Group, and Alyson Genovese, Head of Corporate and Stakeholder Relations, USA and Canada for the Global Reporting Initiative, presented a lively and informative session on materiality at the Toronto Sustainability Reporting Symposium in September 2016

Advancing Reporting on Issues that Matter

Getting materiality analysis right and elevating its outcomes to a strategic level are vitally important to increasing the value and quality of corporate sustainability disclosure. Multi-stakeholder initiatives such as the Corporate Reporting Dialogue offer the promise of greater clarity and consistency in materiality disclosure, as does the growing body of best practices peer reports. In addition, the modular format of the new GRI Standards signals fewer distractions for reporters, which may just result in more focused reports.

Ultimately, that is what's needed, for only with a strategic focus on the issues that matter and performance against them will sustainability disclosure become an effective tool for conveying information to the broader investor marketplace.

Advice from the Experts

Materiality analysis takes time. Allow 4 to 6 months.

Listen in different ways. Use a mix of engagement formats such as stakeholder panels or one-on-one sessions done in-person and/or online.

Set expectations. Avoid frustrating your stakeholders by outlining in advance how and when you'll act on their recommendations and how you'll disclose that information.

SECTION 3

Maximizing Value: Reaching the Investor Audience

Sustainability reporting is a resource-intensive exercise that doesn't always create sufficient value for companies and their investors. This is primarily because of the disconnect between the ESG information that investors need to make investment decisions and the information that companies provide.

According to a 2016 study by the *MIT Sloan Management Review* and the Boston Consulting Group (BCG), corporate managers have failed to recognize the recent increase in investor interest in ESG metrics. For example, 75% of senior executives in global investment firms surveyed by MIT Sloan/BCG consider a company's sustainability performance to be materially important to their investment decisions. Of the managers in publicly traded companies who were surveyed, only 60% concurred.²⁰

This helps to explain the results of another 2016 study, by RBC Global Asset Management, which found that 43% of U.S. institutional asset owners, wealth managers and pension plan consultants were somewhat or completely dissatisfied with the ESG-related information that companies make available.²¹ It also provides context for the poor ratings investors give corporate sustainability reports. Just 59% of the global institutional investors asked by global consultancy EY in 2015 considered corporate sustainability reports as "essential or important" when making investment decisions.²² In Canada, sustainability reports score even less well. According to research by RR Donnelley and SimpleLogic this past spring, just one-third of Canadian institutional investors believe that corporate sustainability reports

²⁰ MIT Sloan. (2016) Investing for a Sustainable Future: Investors Care More About Sustainability than Many Companies Believe

²¹ RBC Global Asset Management. (2016) Near-term Uncertainty Long-term Opportunity 2016 RBC Global Asset Management Responsible Investing Survey Report

²² EY. (2015) Tomorrow's Investment Rules 2.0

are useful for assessing ESG issues. This compares to the 75% who said they prefer information from third-party providers.²³

It's no wonder, then, that sustainability and communications professionals who responded to Ethical Corporation's questionnaire on the state of CSR reporting ranked "engaging investors around sustainability initiatives" and "quantifying CSR impacts in financial terms" among the top three issues that need to be addressed in 2017.²⁴

78% of SRA survey participants indicated that Canadian reporters are not at all effective or only somewhat effective in disclosing sustainability information in ways that allow investors to make informed decisions

Why the Disconnect?

ESG managers have long lamented that no one reads sustainability reports. But if it is true, as MIT Sloan/BCG's research suggests, that corporate managers' perceptions of investor interest are out of date, it could be that companies are also not recognizing the barriers to clear communication with investors. These include:

Misalignment. A recent study by SustainAbility suggests that, in many companies, the sustainability and investor relations teams are misaligned. Gaps were identified in the terminology and metrics used, timelines measured, expertise in respective disciplines and the resources to speed integration of the teams.²⁵

Misdirection. According to investors cited by MIT Sloan/BCG, sustainability issues are discussed on only about half of the earnings calls and at only about half of the shareholder meetings they attend. Corporate managers, they suggest, could use these opportunities more effectively to reach their investors. The MIT Sloan/BCG study also examined the value of inclusion on indices.

²³ RR Donnelley, SimpleLogic. (2016) 2016 Canadian investor Survey: New insights into what investors want from disclosure

²⁴ Ethical Corporation. (2016) The State of CSR Reporting and Communication

²⁵ SustainAbility. (2016) Closing the Sustainability-Investor Gap

Just 36% of investors said that a company's inclusion on a major sustainability index is an important factor in their investment decisions. This compares to the 44% of corporate managers who lauded the importance of inclusion and the 90% who indicated that their companies actively promote inclusion on these indices.²⁶

Unreliability. Investors find it difficult to assess the value of the information companies provide since there is no standardized approach to identifying material issues nor to comparable and verified performance metrics.

Connecting the Dots

Despite these barriers, or perhaps because of them, companies are expanding their disclosure by using multi-channel platforms and complementary frameworks such as CDP, the International Petroleum Industry Environmental Conservation Association's Climate Change Reporting Framework, and, most recently, the Sustainable Development Goals. Globally, 10% of G250 companies²⁷ and in Canada about 2% of TSX-listed companies²⁸ have released integrated reports. In addition, a growing number of companies, including 40% of TSX Composite-listed companies,²⁹ are providing sustainability information (ranging from a few sentences to several pages) in their annual reports.

56% of the world's 100 largest companies include sustainability information in their annual reports.³⁰ Of the Canadian companies listed on the TSX Composite Index, 40% do³¹

²⁶ Investing for a Sustainable Future

²⁷ Currents of Change

²⁸ SRA Research 2016

²⁹ SRA Research 2016

³⁰ Currents of Change

³¹ SRA Research 2016

A Sample of Canada's Integrated Reporters

In SRA's 2016 review of Canadian reporters, we identified six TSX-listed companies and two cooperatives that produced integrated reports. These reports, which you can link to here, are instructive for reporters who want to elevate sustainability into their company's strategic priorities.

[Eldorado Gold](#)

[Hudbay](#)

[PotashCorp](#)

[Resolute Forest Products](#)

[TransAlta](#)

[Westport Innovations](#)

[MEC](#)

[VanCity](#)

Mandatory disclosure is also gaining traction. We describe a handful of major global developments in the "Global Disclosure Mandates on the Rise" on page 27. In Canada, disclosure requirements and guidance include publication of annual Public Accountability Statements by banks, insurance companies, and trust and loan companies that have exceeded \$1 billion in equity. This mandatory requirement, which became effective in 2002, prompted an uptick in reporting numbers in the financial services sector. In addition, the Canadian Securities Administrators (CSA) Staff Notice 51-333 Environmental Reporting Guidance (2010) calls for publicly traded companies to disclose material information, including that related to environmental and social issues. The federal government's corporate responsibility strategy, as outlined in *Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad* (2014), is designed to promote ethical behaviour and increase transparency.³²

³² Measuring the impact of these initiatives on sustainability reporting in Canada was outside of the mandate and scope of this report

Global Disclosure Mandates on the Rise

The following are five recent advances in global disclosure mandates and guidance. You can link to each for more information.

EU Directive on the Disclosure on Non-Financial and Diversity Information. This legislative Directive will affect approximately 6,000 companies in the EU — those with more than 500 employees, on average, and with a balance sheet total of 20 million euros. The first company reports under the Directive are expected to be published in 2018, covering the financial year 2017–2018. The legislation reflects an increase in mandatory disclosure in a growing number of jurisdictions, including South Africa, China, Malaysia and Denmark.

U.S. Securities and Exchange Commission (SEC) Concept Release. The concept release in April 2016 is part of SEC's Disclosure Effectiveness Initiative. Designed to modernize SEC disclosure requirements, it includes expanded requirements to disclose environmental, social or governance matters.

World Federation of Exchanges (WFE). In 2015 the WFE, which includes exchanges representing a total market capitalization of \$64 trillion, recommended that 33 material ESG metrics be incorporated in listing requirements. The **Sustainable Stock Exchanges** initiative expects 23 international stock exchanges to introduce sustainability reporting guidelines either this year or within the first quarter of 2017. Twelve exchanges currently incorporate ESG reporting in their listing rules and 15 provide formal guidance to issuers.

Task Force on Climate-Related Financial Disclosures (TCFD). This industry-led group was launched in 2015 by the Financial Stability Board and is chaired by Michael Bloomberg. Its mandate is to develop recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures. A TCFD progress report is expected at the end of 2016.

The U.K. Modern Slavery Act. Beginning in 2016, large U.K. businesses are required to take measures and publish a statement ensuring that slavery and human trafficking are not taking place in their corporate operations or supply chains. The U.K. initiative follows the 2012 **California Transparency in Supply Chains Act**, which requires large retail sellers and manufacturers doing business in the state to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains.

Spotlight: Teck

One Canadian company that is actively communicating with investors on its sustainability initiatives is Teck, a diversified resource company, headquartered in Vancouver. Teck is committed to responsible mining and mineral development with business units focused on steelmaking coal, copper, zinc and energy. The company owns or has an interest in 12 mines, one large metallurgical complex and several major development projects in Canada, the U.S., Chile and Peru.

The pursuit of sustainability guides Teck's approach to business. Teck recognizes that the success of its business is dependent on its ability to create value in a way that meets the needs of the company, its shareholders and its communities of interest, while accounting for the broader environmental, social, and economic context in which the company operates. It does this by integrating social, economic and environmental performance into every decision it makes. Supporting that is Teck's Sustainability Strategy, which sets out short-term and long-term goals in six focus areas: water, communities, air, biodiversity, energy and climate change, and people. Teck also participates in organizations that help guide sustainability practices in its industry, including ICMM, the Mining Association of Canada and the United Nations Global Compact.

Communicating Performance

Teck communicates its progress and performance in sustainability to investors in several ways:

Development of a comprehensive annual sustainability report reporting on the company's economic, social and environmental performance. Content for the report is based on the most material topics facing Teck each year.

Following the release of the sustainability report, Teck hosts an annual investor conference call focused on sustainability. This provides an opportunity for investors and analysts to ask the senior management team questions directly. View the 2016 presentation [here](#). The company also periodically conducts SRI-focused engagement.

On an ongoing basis, Teck integrates sustainability performance highlights into regular investor communications, such as quarterly results and the annual general meeting. For example, it may report on significant progress on water quality improvements and on health and safety performance.

In addition, Teck responds to regular requests for information and sustainability questionnaires from investment indices, such as the DJSI.

Teck also conducts ongoing research and participates in feedback processes on new and evolving frameworks for communicating sustainability performance to investors, such as the SASB non-renewable resources standards.

Teck's sustainability performance has been recognized by a number of prominent ranking institutes. In 2016, they were named to the Dow Jones Sustainability World Index for the seventh consecutive year. In 2016, Teck was also ranked as one of the Global 100 Most Sustainable Corporations by media and investment research firm Corporate Knights for the fourth consecutive year, and named one of the Best 50 Corporate Citizens in Canada by Corporate Knights. Teck has also been named to the FTSE 4 Good Global Index, MSCI World ESG Index and the STOXX® Global ESG Leaders indices. Learn more at [Teck](http://www.teck.com) (www.teck.com).

Creating a Narrative

There is no doubt that removing barriers to communication and mandating reporting would increase the quantity and, possibly, the quality of sustainability reporting in Canada. However, this would not be a panacea for the absence of good storytelling that characterizes many reports.

A strong narrative places the activities and progress of a company in a context that is at once global, regional, sector- and company-specific. It frames the opportunities and addresses the challenges of the material issues identified in the short-, medium- and long-term, measuring and assessing value created and value at risk. It is, in a word, strategic. And reporting in the absence of strategy will never catch the ear of investors.

Advice from the Experts

Provide context. Ask, what are our company's material issues? How do they align with corporate strategy and risk? Where do they fit within an industry? Our geography? What global issues do they respond to?

Get good data. Report against metrics that support the context of your disclosure. Illustrate progress toward performance goals using multi-year data sets. Have systems in place to verify accuracy.

Identify opportunities and risks. Include strategic information related to ESG regulations and costs.

Explain oversight. Let readers know where responsibility for sustainability issues rests and the degree to which it is tied to compensation.

Spotlight: Climate Change Reporting

For its research, SRA identified five critical issues for Canadian companies. All of the five — climate change, Aboriginal issues, water, health and safety, and supply chain — are also among the 20 most-emphasized topics in non-financial reports globally.¹

Of the 60 reporters we reviewed in depth, 73% reported on climate change; just over half on supply chain and health and safety; and about 40% on Aboriginal issues and water impacts.

The prioritization of climate change by Canadian and global reporters reflects the worldwide attention to this critical issue leading up to the signing of the Paris Agreement in December 2015. With the recent approval of the [Pan-Canadian Framework on Clean Growth and Climate Change](#), Canada has joined the global commitment to reduce greenhouse gases, and Canadian businesses will need to respond.

In their most recent reports, a number of Canadian reporters demonstrate their long-standing commitment to climate change action. [Scotiabank](#) explains how climate change risks and opportunities are integrated into the bank's environmental policy, its credit risk and lending practices, as well as its operational and consumer programs. [CN](#) provides a carbon-emissions calculator that allows customers to compare the emissions impacts of their shipments by rail, vessel and truck. Insurer [Intact](#) describes the 2015 expansion of its partnership with the University of Waterloo, including the launch of the Intact Centre on Climate Adaptation. The centre is focused on mitigating the impact of climate change by providing cost-effective guidance to Canadian businesses and homeowners on how to adapt to extreme weather. [Suncor](#), which first set out its climate strategy in 1997, announced the company's new goal of reducing the carbon intensity of its operations by 30% by 2030.

But for many Canadian reporters, disclosure falls short. While most provide annual data on emissions and emissions-reduction programs, many do not have emissions-reduction targets² and few provide context for the impact of their greenhouse gas emissions or the related climate change risks and opportunities.

¹ DJSI Industry Group Leaders: Key Material Topics, data from Datamaran. 20 Most Emphasized Topics in Non-Financial Reports Globally in 2016 include Climate/Emissions (1), Human Rights (6), Worker Health & Safety (9), Water Use (12), and Supply Chain (20). Cited on www.materialitytracker.net

² CDP. (2015) CDP Climate Change Report 2015 - Canada 200 Edition

Only 39% of Canadian companies report on setting emissions targets vs. 44% of global companies³

By all accounts, the current approach to climate change disclosure is fragmented and inconsistent and, therefore, of little value to investors. Climate disclosure advocates are calling for more clarity, consistency and comprehensiveness in reporting in Canada and worldwide.⁴

There are a number of initiatives that are driving increased carbon disclosure. These include 1) the implementation of national action plans around the world in response to the Paris Agreement, 2) the global adoption of the SDGs as a mechanism for framing the actions of organizations, and 3) the recommendations of the Task Force on Climate-Related Financial Disclosure, which were released in mid-December 2016.

With global action on climate emissions and related initiatives driving transparency, climate change may be the sustainability issue that has the greatest opportunity to create consistent and comparable disclosure. 2017 will be a telling year.

61% of Canada's largest companies report on climate strategy to the CDP⁵

Success Factors in Climate Change Reporting

At the Toronto Sustainability Reporting Symposium presenters and participants discussed how organizations can increase the value of climate change reporting. We summarize four key takeaways here:

Competency. Describe management's approach to climate change risk and opportunity and illustrate with programs and progress against targets.

Context. Outline how your company is managing the impact of carbon emissions and present them within the context of their business and industry.

Consistency. Provide consistent data over time and describe the trends and the reasons for them.

Competition. Analyze peer and competitor approaches to climate strategy and disclosure to advance your company's competitive advantage.

³ Ibid.

⁴ With contributions at Toronto Sustainability Reporting Symposium from Delphi Group

⁵ CDP Climate Change

SECTION 4

Amplifying the Message: Multi-Stakeholder Communications

The democratization of media channels over the past quarter century has taken place in parallel with an increase in the number and complexity of global ESG issues and the influence of the stakeholders who champion them. A little over a decade ago, Facebook, Twitter, YouTube and today's ubiquitous hand-held devices did not exist. Today they dominate communications.

The majority of the Canadian sustainability reporters include CSR information on their web sites as well as in online and downloadable PDF reports.³³ The best are responding to the digital immediacy of and demand for information using multi-channel platforms.

In its review of Canadian reporters, SRA identified the following three trends:

Use of suites of publications and websites to meet specific audience needs

Application of online technology to parse out complex information in multiple layers of increasing specificity

Introduction of multiple points of entry to sustainability

We describe these trends below and provide a snapshot of three others in our spotlight on multi-channel champions on page 37.

Reporting to multiple audiences. In addition to its primary corporate responsibility report, RBC issues a Public Accountability Statement, as well as issue-focused corporate responsibility backgrounders, diversity and environmental blueprints, and a consumer-facing corporate responsibility brochure. The bank also provides reports or websites on its Aboriginal partnerships, social finance initiatives, and green products and services. Export Development Canada publishes a 10-page summary report in

³³ Sustainly. (2016) The 6th Annual Social Media Sustainability Index

English and Spanish and a one-pager called CSR Accountabilities, which identifies the organizational positions where responsibility for material issues sits as well as the relevant GRI G4 indicators attached to each. [Goldcorp](#) offers its multiple audiences a clean, simple and functional “build your own report” option. [Agrium](#) is one of a number of reporters that has compiled its communications in an online “resource centre” or hub. [Agrium’s](#) sustainability microsite features sustainability stories, infographics, videos and archived quarterly newsletters.

Harnessing online platforms. [AIMIA](#) features drill-down hyperlinks throughout its report to facilitate in-depth exploration and illustrative case studies. [Maple Leaf Foods](#) uses animated pop-ups to direct readers to videos on key topics such as animal farming practices and the company’s farm-to-plate value chain. In addition, [Maple Leaf’s](#) well-designed microsite provides a breezy, easily navigable presentation of the firm’s sustainability issues.

Multiple points of entry. [Suncor’s](#) <http://whatyescando.com/> microsite complements the company’s online sustainability report by providing readers with an alternative entry point to the company’s sustainability priorities. It offers employee videos that highlight key issues, provides bite-sized FAQs, and mixes in tips to encourage individuals to reduce their environmental impacts. [Suncor](#) invites constructive dialogue through its social media channels, which include four blogs as well as YouTube, Flickr, Facebook, LinkedIn and Twitter. [Suncor](#) is one of the few companies we reviewed that posts a social media participation policy. [TransCanada](#) uses LinkedIn and YouTube as well as a third-party channel hosted by CSR-media conglomerate 3BL Media to convey its sustainability news, videos, blog and other information.

3 *top social media channels used to convey sustainability information (in order of popularity): Twitter, LinkedIn and Facebook³⁴*

³⁴ Ibid.

Disrupters on the Rise

Globally, companies continue to experiment with ways to reach their stakeholders and, in parallel, crowd-sourced third-party approaches to disclosure are also evolving. [WikiRate](#), a Berlin-based non-profit, for example, provides an online collaborative platform and one-stop portal for corporate sustainability information. Through it, anyone can create and edit articles on a corporation's sustainability performance. The site requires that claims be substantiated and sources cited. In addition to contributing information, users are encouraged to act as judicious editors in order to surface material that provides value to stakeholders. Several thousand companies, most of them leading global brands, are listed. The intent is to enable information-seekers to compare companies based on posted performance metrics. As the site matures, WikiRate hopes to use graphics to compare how companies are performing against each other and within their sectors, as well as geographically and even globally.

Canadian corporations on WikiRate include Air Canada, BCE, BlackBerry, BMO, Brookfield, CN, CP, Canadian Natural Resources, Canadian Tire, CIBC, EDC, Enbridge, Husky, Hydro Quebec, Loblaw, Manulife, National Bank, Petro Canada, Potash, Powercorp, RBC, Rogers, Scotiabank, Suncor, Teck, Thomson Reuters, TD and TransCanada

It will be interesting to watch this space advance. WikiRate wants to spur corporations to be transparent and responsive by making data about their social and environmental impacts focused, targeted and available to all.

In today's digital age, WikiRate may well succeed. The ways organizations and others tell a corporation's story will continue to evolve alongside new digital technologies and applications. Not everything will stick. Puma and Samsung, for example, issued mobile versions of their sustainability reports through iTunes in 2012 and 2013, respectively. While a dozen or so less well-known international companies continue to use this channel, Puma and Samsung have not.

One thing is certain: The digital world will continue to challenge companies to step up with their disclosure. With social media and open-source models, it will be more important than ever for companies to hone the strategic presentation of their sustainability

information to ensure quality, timeliness and accessibility to the audiences they want to reach. If they don't, they run the risk that others will tell their story for them.

Reading List: Five Recommended Reports

SRA asked its survey participants to recommend their favourite international reports. Here are links to five of the top mentions:

BHP Billiton. Articulation of sustainability context material issues and linkages to Sustainable Development Goals.

Moyee Coffee. Clarity of commitment engagingly presented.

Nike. Elevated supply chain transparency and great storytelling (**Patagonia** equally compelling).

Novo Nordisk. Early adopter of integrated reporting, innovator in magazine format, alignment of values and value.

Unilever. Straightforward presentation of material issues and their alignment with the core business.

Advice from the Experts

Shine a light. Make it easy for readers to find your sustainability information from your consumer-facing or corporate home page. Don't entirely discount the value of printed sustainability brochures or full reports for certain stakeholder audiences.

Reflect your culture. Aim for a consistent look and feel, matching corporate branding and related communications.

Show and tell. Graphics and visual highlights can help tell your story often more effectively than dense text.

Check the fine print. Web-based reporting can be effective when it includes easy navigation, alignment across channels and attention to detail. Broken or outdated links frustrate readers.

Stay current. Media channels — and stakeholders — evolve quickly. Schedule periodic reviews to ensure you are reaching your audiences. Ask stakeholders what works for them.

Experiment. Digital media help engage audiences. GE's Snapchat channel, IBM's Wild Ducks podcast and Sainsbury's interactive Sustainability Plan Lookbook invite audiences to explore these companies' approaches to sustainability.

Spotlight: Multi-Channel Champions

Communicating complex issues to multiple audiences demands a sophisticated creative approach. You can link to the three we spotlight here.

Domtar provides disclosure from the sustainability platform on its website as well as in an interactive online report and a downloadable report. As befitting a paper producer, the report is also available in print format. Additional print formats include an executive summary brochure, a highlights poster and a wallet card, which ensures that Domtar executives have key sustainability information at their fingertips. Online, the company provides an interactive transparency tool called The Paper Trail, which shows the location and activities of each of Domtar's mills and lets visitors track the environmental impact of the company's products.

TELUS' online report is striking visually, with an open, inviting and modern look reflective of the report's theme: "Inspired by Nature: Creating a Healthier, More Sustainable Future." As is appropriate for a company whose strategic intent is to deliver communications solutions that "unleash the power of the internet," its microsite demonstrates best practices in connectivity. At every juncture the report positions the reader within the company's narrative, providing a pop-up menu to the report's main sections in the upper-right corner of each page, a section-specific index in the left margin, and both at the conclusion of each page.

PotashCorp's report presents comprehensive disclosure on governance, risk, the business context within which it operates, as well as a fulsome overview of its strategy, which incorporates ESG issues. Its online Integrated Reporting Center lets readers filter information to match their interests. Readers can also download specific packages of information or build their own report on the fly as they read. In addition, Potash offers readers an online data tool to scan or download from a database of financial and ESG metrics.

Domtar's award-winning reporting was featured at the Toronto Sustainability Reporting Symposium in September 2016

SECTION 5

Closing Note

In developing this report, we set out to better understand and shed light on the state of sustainability disclosure and transparency in Canada. Our aim was to identify key issues, practices and challenges in sustainability reporting and to offer practitioners concrete approaches they can apply to their future reports.

We know that we've captured but a snapshot of the Canadian reporting landscape. Our hope is that we have provided some useful perspectives, best practices and guidance to reporters in our country and beyond.

It is also our hope that this overview is the beginning of more fruitful engagement on the topic. As *SRA's Report on Progress* demonstrates, Canada can do better. We need to see greater adoption of reporting by Canadian companies, and we need to see better disclosure on the issues that matter most, supported by trustworthy, measurable and comparable data, and conveyed in ways that reach broad and diverse audiences.

Canada's reporting leaders are positioned to advance their practice to create competitive advantage and so we are optimistic. New reporters have the opportunity to learn from our leaders as they begin to engage in the global reporting community.

We welcome your feedback so that we can continue this conversation on how, collectively, we might collaborate to elevate Canadian sustainability reporting practices.

Resources

Web Resources

Accounting for Sustainability

www.accountingforsustainability.org

Established by HRH The Prince of Wales, A4S convenes senior leaders from across the finance world to inspire action to drive a fundamental shift towards resilient business models and a sustainable economy.

Corporate Reporting Dialogue

<http://corporatereportingdialogue.com>

An initiative of the IIRC, involving the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), CDP, Climate Disclosure Standards Board (CDSB), Financial Accounting Standards Board (FASB), ISO26000, International Financial Reporting Standards (IFRS), created to respond to market calls for greater coherence, consistency and comparability between corporate reporting frameworks, standards and other requirements. Its *Corporate Reporting Landscape Map* provides a snapshot of corporate reporting initiatives and a simple navigational tool.

Data Revolution Group www.undatarevolution.org

A portal of the UN Secretary General's independent expert advisory group on a data revolution for sustainable development

Future Fit Business Benchmark <http://futurefitbusiness.org/>

The Benchmark offers a comprehensive set of Future-Fit Goals, which collectively define the environmental and social break-even point for business: the *do no harm* thresholds that any company must eventually reach, no matter what its size or sector, to gain its entry ticket to a sustainable future.

Global Reporting Initiative www.globalreporting.org

An international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption and many others. GRI provides the world's most widely used standards on sustainability reporting and disclosure.

GRI Digital Reporting Alliance

<https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-launches-Digital-Reporting-Alliance.aspx>

A technology initiative that will address two key challenges in sustainability reporting: the lack of structured data and the lack of demand for digital reporting. The initiative will create the technical infrastructure for digital reporting by promoting an XBRL taxonomy and a platform for filing digital reports

Industry Canada CSR Toolkit www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00597.html

A guidance toolkit on how to integrate sustainability practices into business operations, including key steps for producing a sustainability report.

International Integrated Reporting Council (IIRC)

<https://integratedreporting.org>

A global coalition of regulators, investors, companies, standard setters, the accounting profession and nongovernmental organizations that promotes communication about value creation as the next step in the evolution of corporate reporting.

Materiality Tracker www.materialitytracker.net

A hub for materiality trends and standards that tracks the material issues companies are reporting.

Natural Capital Coalition

<http://naturalcapitalcoalition.org/protocol>

A global multi-stakeholder collaboration of leading global initiatives and organizations with the goal of harmonizing approaches to natural capital. The Natural Capital Protocol is a framework designed to help generate trusted, credible and actionable information for business managers to inform decisions and support better decisions by including how we interact with nature.

Sustainability Accounting Standards Board (SASB)

www.sasb.org

An independent non-profit with a mission to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. That mission builds on a rigorous process that includes evidence-based research and broad, balanced stakeholder participation.

SDG Compass <http://sdgcompass.org/>

A guidance document for companies on how they can align their

strategies as well as measure and manage their contributions to help realize the Sustainable Development Goals.

Sustainability-Reports.com www.sustainability-reports.com

A portal for international sustainability reporting, featuring a list of sustainability reports, including integrated reports, and news on sustainability reporting.

Sustainable Stock Exchange Initiative www.sseinitiative.org

A peer-to-peer platform that brings together 55 stock exchanges, regulators, investors and other key stakeholders to promote improved disclosure on ESG issues. Co-organized by the Principles for Responsible Investment (PRI), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme Finance Initiative (UNEP-FI) and the United Nations Global Compact (UNGC).

Taskforce on Climate-Related Financial Disclosures

www.fsb-tcfd.org/

A taskforce of users and preparers of disclosures from across the G20's constituency developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders to help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

World Business Council for Sustainable Development Reporting Exchange www.wbcsd.org/Projects/Reporting/The-Reporting-Exchange

A free global centralized knowledge platform to help businesses understand the complexities of reporting by providing reporting requirements and supporting resources related to the disclosure of non-financial information. Scheduled for beta release in December 2016.

World Federation of Exchanges <http://www.world-exchanges.org>

A member organization made of exchanges representing a total market capitalization of \$64 trillion that provides guidance on reporting ESG information.

WikiRate <http://wikirate.org>

Encourages corporations to be transparent and responsive by

making data about their social and environmental impacts available to everyone on the open sources platform.

Reports and Papers

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

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APPENDIX

Companies Reviewed

Agrium	HUDBAY
AIMIA	Imperial Oil Limited
Air Canada	Intact Financial Corporation
Bank of Montreal	Kinross Gold Corporation
Bank of Nova Scotia (The)	Laurentian Bank
Barrick Gold Corporation	Loblaw Companies Limited
BCE Inc.	Manulife Financial Corporation
BlackBerry Limited	Maple Leaf Foods
Bombardier Inc.	Methanex
CAE	Metro Inc.
Cameco Corporation	National Bank of Canada
Canadian Imperial Bank Of Commerce	Potash Corporation of Saskatchewan Inc.
Canadian National Railway Company	Royal Bank of Canada
Canadian Natural Resources Limited	SNC-Lavalin Group Inc.
Canadian Pacific Railway Limited	Suncor Energy Inc.
Canadian Tire Corporation Limited	Sun Life Financial Inc.
Canfor Corporation	Teck Resources Limited
Celestica	TELUS Corporation
Cenovus Energy Inc.	Thomson Reuters Corporation
CGI Group Inc.	Toronto-Dominion Bank
Corus Entertainment	TransAlta Corporation
Domtar	TransCanada Corporation
Dream Global REIT	West Jet Airlines Ltd.
Eldorado Gold Corporation	Yamana Gold Inc.
Enbridge Inc.	Vancity
Encana Corporation	Cooperators
First Quantum Minerals Ltd.	Mountain Equipment Coop
Gildan Activewear Inc.	EDC
Goldcorp	VIA Rail
Hudson's Bay	Business Development Bank



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