

Premier Dalton McGuinty  
Room 281, Main Legislative Building  
Queen's Park  
Toronto, Ontario  
M7A 1A4

**RE: Land use planning in the boreal forest**

Dear Premier McGuinty,

The Ethical Funds Company is a socially responsible mutual fund company based in Vancouver, British Columbia with approximately \$2.4 billion in assets under management. Our mandate is to provide solid rates of return to investors by applying leading-edge investment disciplines, investing in companies that manage environmental and social risks effectively, and ensuring that the companies in our portfolios are working to improve environmental and social performance.

We believe that social and environmental performance is a fundamental indicator of investment risk and opportunity. Companies that acknowledge and manage social and environmental risks – and also look for opportunities – are ensuring that long-term value is created for their shareholders.

Ontario's boreal forest is currently a region with significant Indigenous and environmental conflict and as such represents serious risks for companies whose operations affect the boreal forest. This situation creates an uncertain climate for investment in Ontario. Investors seeking to insulate their assets from the real financial risks associated with social and environmental conflicts are wary of investing in companies that face these risks. Of particular concern to investors are reputational and employee morale issues that can arise if companies adversely impact Indigenous rights or the environment. Market campaigns that target businesses operating in the boreal forest can also impact reputation and – with an effective boycott campaign – corporate revenue (such as Limited Brands' recent decision to drop suppliers who source wood from endangered caribou habitat). Likewise, without government direction, companies facing these risks alone have to deal with externalities that are at times beyond their control.

We congratulate you on passing a strengthened Endangered Species Act and support your commitment to create regulations within one year concerning the preservation of caribou habitat. We believe that the Government of Ontario has a clear role to play in alleviating the uncertainty of the current investment environment through decisive action that both recognizes the inherent value of the boreal forest to all Ontarians and provides clear



guidelines for companies operating in the boreal.

Specifically, we believe the Government of Ontario should:

1. Respond to the Grassy Narrows First Nation's call for a moratorium on industrial logging in their traditional territory until a community land use plan is developed and implemented.
2. Protect habitat of the threatened woodland caribou within the managed forest. The Ontario government needs to act quickly on its commitment to provide assurance that logging will not further jeopardize the caribou. Failure to do so will continue to make Ontario forestry operations vulnerable to non-governmental organization market campaigns.
3. Provide certainty for investment in Ontario's Far North and avoid future controversy and risk to investment by implementing conservation-first land use planning. Land use planning prior to industrial allocation will best ensure that First Nations issues are addressed and ecological and cultural values are protected.

You may have reviewed the findings of a report authored by Mark Anielski, titled *The Real Wealth of the Mackenzie Region: Assessing the Natural Capital Values of a Northern Boreal Ecosystem*. The report finds that ecological services provided by the Mackenzie watershed (such as carbon storage, water filtration and water supply) contributed over 10 times more societal value than the GDP generated by extraction industries – over \$448 billion per year.

Likewise, the ecological services provided by the boreal forest support the robustness of the Ontario economy, which in turn helps to create an attractive business climate for companies and investors. In particular, protection of large areas of intact forest will be an important component of an effective strategy to combat climate change.

Wise governments manage resources for long term financial and non-financial value. Focusing policies and regulations on short-term financial values will damage Ontario's cultural and environmental capital and will ultimately undermine the long-term sustainability of the Ontario economy. The time is ripe for a clear and progressive stance from the Government of Ontario that ensures the sustainability of the boreal forest and provides certainty for the companies operating within it.

We are happy to further explore these ideas with you and would welcome a continued dialogue.

Best Regards

Bob Walker



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Vice President, Sustainability  
The Ethical Funds Company