

Brief to Standing Committee on Environment & Sustainable Development

**Review of Canadian Environmental Protection Act, 1999:
Enabling investor action by enhancing corporate ESG disclosure**

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Responsible investment, in which environmental, social and governance (ESG) factors are incorporated into investment practices, is growing significantly both globally and in Canada. Over 1500 investment institutions, representing more than US\$60 trillion in assets under management, are signatories to the United Nations-supported Principles for Responsible Investment (PRI), including 86 Canadian financial institutions.¹ This global collaboration aims to advance the practice of responsible investment and support signatories incorporating ESG factors to their investment processes. Further, as of December 31, 2013, Canada's responsible investment market had increased from \$600 billion to more than \$1 trillion of assets under management within two years, representing 68% growth.²

It is critical to responsible investment processes that investors should be able to access information on the corporate environmental, social and governance (ESG) policies and performance of the companies in which they seek to invest, as well as financial information.

Where publicly-traded companies are required to provide emissions and pollution release information on their facilities to a Federal inventory or database, such as the National Pollutant Release Inventory, providing the option to search and consolidate data by parent issuer could help investors and investment research providers to incorporate this information into their analysis more easily.

Investors need to be able to access ESG data at the level of the entity issuing the financial instruments in which they are invested (for example, a listed company in the case of equity holdings). Considerable effort may be required from the data user to assemble and aggregate all data associated with a specific parent issuer, as ownership by that issuer may not be obvious from the names of the various entities or installations reporting to the Federal inventory.

This might be addressed by adding a requirement to include a unique identifier for the parent issuer at the source of data input in the case of any entities or installations associated with that issuer that have an obligation to report to a Federal inventory, and making the unique identifier available as a search term.

Making it easier for investors and investment research providers to associate emissions and pollution data with specific investees could create added incentive for those companies to prioritize pollution management and reduction measures, potentially leading to improved environmental outcomes.

NEI Investments is a Canadian investment management company with approximately \$6 billion in assets under management (AUM). Its approach to investing incorporates the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategy and operations will build long-term sustainable value for all stakeholders and provide higher risk-adjusted returns to shareholders.

¹ <https://www.unpri.org/about>

² RIA (2015). 2015 Canadian Responsible Investment Trends Report https://riacanada.ca/wp-content/uploads/2015/01/RI_Trends_Report2015_EN.pdf