About the Finance and Sustainability Initiative

- Competition for Best Corporate Sustainability Report
- FSI-PRI Scholarship for Best Research on Responsible Investment
- Sustainable Investment Professional Certification (SIPC)
- FSI Workshops
- Conferences
About this competition

**Competition**
Best corporate sustainability report by sector
Sector allocation based on SASB’s SICS

**Participants**
Canadian companies that are part of the S&P/TSX Composite Index

**Jury**
Students from various Quebec universities
Common assessment grid, plus customized criteria

HEC Montréal  
UQÀM  
Concordia  
Sherbrooke  
Polytechnique Montréal
Common assessment grid

Total number of points possible = 100

Custom criteria 20%

Defined criteria 80%

- GRI concepts of balance, comparability, accuracy, timeliness, clarity, reliability
- Materiality
- Key ESG issues for the sector as identified by SASB
- Link between ESG and corporate strategy and operations
- Connection between ESG, financial performance and value creation
- External assurance
Let's get started...
Students: Camille Crueghe, Renaud Deschâtelets-Lussier, Jean Stora, Kim Bérard, Joseph Hagler, Marcouf Collin

Coach: Samuel Sponem
Jury highlights

Custom criteria

5 PTS  Are provincial and federal laws and standards mentioned and anticipated?

5 PTS  Does the report mention any founding documents (codes, charters, processes) adopted internally that pertain to sustainability?

5 PTS  Are any philanthropic and impact investment activities mentioned?

5 PTS  Does the report mention the company’s environmental footprint? Does it explain the number?
Finalists for the Resource Transformation sector

- Potash Corp
- Agrium
- Bombardier
2017 winner for the Resource Transformation sector

BOMBARDIER
Finalists for the Transportation sector

- Air Canada
- WestJet
- CN
2017 winner for the Transportation sector

AIR CANADA
Finalists for the Renewable Resources & Alternative Energy sector
2017 winner for the
Renewable Resources & Alternative Energy sector
Students: Gabriella Yeo, Johanne Chamoun, Kira Berge

Coach: Verena Gruber
Jury highlights

Custom criteria for both sectors

Balance of positive and negative information, for example by specifying and discussing room for improvement.

5 PTS Important because reports are sometimes inflated with positive information and it can be difficult for the investor to see what future development will look like.

Additional emphasis on presentation, to capture both ease of access and readability, as well as structure, layout, and presentation of the information.

5 PTS

Authenticity and credibility, to give the reader the impression that the concern over ESG factors is genuine (avoiding buzzwords and puffery).
Jury highlights

Custom criteria for the Services sector

5 PTS

Leadership – Given the intangibility of the core business, companies should demonstrate leadership and good citizenship in sustainability and strive for a positive impact on society via the execution of their services.

Custom criteria for the Consumption sector

5 PTS

Supplier relations - Captures the involvement of companies in their supply chain networks. For example, whether companies have mechanisms in place to face challenges in their supply chains and to continuously improve supplier sustainability.
Finalists for the Services sector
2017 winner for the Services sector
Finalists for the Consumption sector
2017 winner for the Consumption sector
Non-Renewable Resources – Oil & Gas

Students: Alina Fischer, Niklas Hahn, Aleksandra Mernaia, Emilie Thierry, Louise Grelet, Salma Ktat, Anais Sorriaux, Julia Veith

Coach: Bouchra M’Zali
The team from all over the world

Aleksandra Mernaia
Emilie Thierry
Louise Grelet
Niklas Hahn
Anais Sorriaux
Julia Veitl
Alina Fischer
Salma Ktat
Jury highlights

Custom criteria

5 PTS Report identifies a benchmark firm (i.e. the best in class company for CSR performance in the sector) and compares their CSR performance to it.

5 PTS Quality of the data based on identification of sources, consistency, timeliness, accuracy, comprehensiveness and evidence that the report contains data for difficult to report social and environmental indicators.

5 PTS Report identifies social and environmental impacts by disclosing information on ESG weaknesses and mitigation strategies.

5 PTS An interface (a telephone number, e-mail or website) is provided for stakeholders to communicate with the company and report any complaints of unethical behavior.
Three aspects of CSR reporting remain challenging

• Assessment of the impact of CSR engagement is **often qualitative and not quantitative**, with CSR reports often failing to connect the impact of ESG performance on financial performance and value creation.

• CSR issues prioritized by the company **may not be material** to the company and its stakeholders: CSR reports rarely provided clear description of how priorities are assessed and the extent to which stakeholders, the Board of Directors and external experts are involved in the materiality evaluation.

• CSR issues are **rarely connected with corporate governance responsibilities**: CSR reports rarely identified management structures that were responsible for addressing CSR issues or for altering corporate governance to improve CSR performance.
Suggestions for continued improvements

• Provide **more financial information related to ESG performance**, including the tangible financial impacts of CSR activities on stakeholders and creation of shared value.

• **More clearly define the process** and stakeholder involvement used **to identify material issues** and the role of external verification in assessing their CSR response, allowing companies to empower their stakeholders and benefit from their collaboration.

• **Link assessment of CSR issues to corporate governance responsibilities**, encouraging companies to alter their corporate culture to promote proactive CSR strategies that will enhance their social performance.
Finalists for the Non-Renewable Resources – Oil & Gas sector

- Cenovus Energy
- TransCanada
- Enbridge
2017 winner for the Non-Renewable Resources – Oil & Gas sector

TransCanada
Non-Renewable Resources – Gold Companies

Students: Chloé Evans, Manuel Fabius, Isabelle Jolin, David Moniz, Paul Nguyen, Ngoc Truong, Katie Pereira

Coach: Amr Addas
Jury highlights

Custom criteria

5 PTS  Frequency of reporting.

10 PTS  Quality of report relative to market cap.

5 PTS  Added emphasis to criterion #8: Does the report contain specific indicators that are quantitative and measurable, and does it provide an explanation of the company's performance in respect of these indicators?
The Criteria Companies Struggled with the Most

**Criterion #7:** Does the report provide a clear link between the company's ESG performance and its financial performance? Does the report contain information about the company's financial performance?

**Criterion #13:** Reporting outside the report: is ESG information included in the company's other reporting tools (MD&A, Annual Report, Annual Information Form, Investor Presentation)?
Suggestions for continued improvements

- Reports should be published on an annual basis
- ESG should be addressed across multiple report-types & platforms
- Reliability and comparability should be ensured when tracking data
- Companies should expand their coverage universe of ESG aspects
- A clear link should be established between financial & ESG performance
2017 finalists for the Non-Renewable Resources – Gold Companies sector

KINROSS

GOLDCORP

AGNICO EAGLE

BARRICK
2017 winner for the Non-Renewable Resources – Gold Companies sector
Non-Renewable Resources – Metals & Mining Other Than Gold

Students: Hussam Alsiyud, Tim Laurin, Kevin Shelton, Katherine Liu, Wenyi Tang, Stas Khanutin, Salta Sadykova

Coach: Amr Addas
Jury highlights

Custom criteria – emphasis of defined criteria

4 PTS Does the report clearly identify the ESG issues that are material to the company's strategy and operations? (#4)

4 PTS Does the report contain relevant forward-looking information about the company's ESG plans, objectives, or future actions? (#9)

4 PTS Does the report provide a clear link between the company's ESG performance and its financial performance? (#7)

4 PTS Is the data in the report subject to an external assurance process? (#12)

4 PTS Is ESG information included in the company's other reporting tools (MD&A, Annual Report)? (#13)
Finalists for Non-Renewable Resources – Metals & Mining Other Than Gold sector

Teck

lundin mining
2017 winner for Non-Renewable Resources – Metals & Mining Other Than Gold sector

Teck
**Technology & Communications**

**Infrastructure**

**Students:** Lycia Aziz, Hassana Elzein, Noémie Hotte, Nolwenn Kazoum, Julien Paquette, Julien Pedneault, Emmanuel Vachon Lachance, Julien Walzberg

**Coaches:** Anne-France Bolay, Caroline Gaudreault
Jury highlights for the Technology & Communications sector

**Custom criteria**
- Balance and transparency
- Value-chain integration
- Use of relevant sustainability tools

**Most challenging for companies**
Quantitative indicators, tracking and targets

**Suggestions for improvement**
Better communicate long-term vision

**Takeaways**
All-or-none: finalists all had excellent reports, it was difficult to choose between them
Finalists for the Technology & Communications sector

- Bell
- Rogers
- Telus
2017 winner for the Technology & Communications sector
## Jury highlights for the Infrastructure sector

<table>
<thead>
<tr>
<th>Custom criteria</th>
<th>Most challenging for companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Balance and transparency</td>
<td>• External assurance</td>
</tr>
<tr>
<td>• Value-chain integration</td>
<td>• Materiality analysis</td>
</tr>
<tr>
<td>• Use of relevant sustainability tools</td>
<td>• Quantitative indicators, tracking and targets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suggestions for improvement</th>
<th>Better address investor expectations, incorporate links to value creation, i.e. between ESG performance and financial performance</th>
</tr>
</thead>
</table>
Finalists for the Infrastructure sector
2017 winner for the Infrastructure sector

Stantec
Finance-Insurance Companies

Students: Guillaume Bauret, Samantha Ciurlej, Vincent Carrier, Elyssa McKenna

Coach: Frank Coggins
Jury highlights

Assessment criteria

- Content 26%
- Action plan 27%
- Presentation 9%
- Committee 6%
- Accessibility 6%
- ESG issues 26%
Suggestions for continued improvements

• Use a relevant name (e.g. “sustainability report”)
• Add a navigation tool (e.g. hyperlinked table of contents)
• Use clear and measurable objectives in the action plan and discuss them throughout the report
• Provide more information on Governance issues (often overlooked)
• Implement a strong and effective sustainability committee
Finalists for the Finance-Insurance Companies sector

Manulife
Sun Life Financial
intact
2017 winner of the Finance-Insurance Companies sector

Sun Life Financial
**Finance-Banks**

**Students**: Joanie Babin, Kévin Beaulieu, Laurent Émond, Miguel Fex

**Coach**: Frank Coggins
Jury highlights

Assessment criteria

- Content 26%
- Action plan 21%
- Stakeholders 6%
- Presentation 8%
- Accessibility 6%
- ESG issues 33%
Strengths and weaknesses

Key strengths
- Accessibility
- Presentation
- Identification of key issues
- Description of environmental impacts

Key weaknesses
- Addressing risks to sustainability
- Lack of comparables / comparability
- Little or no description of economic impacts
- Lack of objectivity
- Few specified targets
Finalists for the Finance-Banks sector

- TD
- BMO Financial Group
- Scotiabank
2017 winner of the Finance-Banks sector
The FSI-PRI Competition
for best research on responsible investment

• Third Edition
• Scholarship in prior years of $5,000
• Applications accepted until June 30, 2017
• Sponsored by:

Details @ recherche-research@ifd-fsi.org
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ADDENDA
Gestion de placements

CAPITAL

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