

## Beyond Climate Change... Corporate Responsibility: The irreversible change

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September 22, 2009



# Key drivers for the industry - directors and corporate responsibility

## Beyond shareholder value maximization

### Directors' duties

- Directors of a corporation must “act honestly and in good faith with a view to the best interests of the corporation” CBCA Section 122(1a)
  - Traditionally interpreted to mean acting in the best interests of the shareholders
  - Supreme Court of Canada: It can be legitimate to act in the interests of outside stakeholders such as employees, creditors, suppliers, customers and the community (Peoples v. Wise, 2004)

### Directors' liabilities

- There are some exclusions to insurances for directors, including penalties that relate to:
  - Pollution
  - Climate change

# Key drivers for the industry

## New policy developments

### Response of the government to specific CR issues:

- Environmental protection
- Ecosystems and biodiversity
- Climate change
- Community involvement and Aboriginal peoples
- Worker safety

### Examples

- **Sustainable development strategies and programs** (Canada, Quebec)
- Environment Canada - **Turning the Corner** plan
- Mandatory Social and Environmental Impact Assessment (SEIA)
- Ombudsman: CSR Extractive Sector Counsellor
- Extended Producer Responsibility (rehabilitation at end-of-life)
- **Business and Biodiversity** program from the UN Convention on Biological Diversity

# Key drivers for the industry

Disclosure on CR issues is required by investors

- **Carbon Disclosure Project**

- Annual survey request on behalf of **475 international institutional investors** with \$55 trillion in assets under management to more than **3,700 companies** worldwide

- **Principles for Responsible Investment (PRI)**

- 75% of asset owners that are signatories to PRI disclose how **Corporate Responsibility (CR) issues are integrated into their investment practices** (2009). 31% increase over 2008.

- Creation of a number of indices focused on **environmental, social and economic** performance

- **DJSI** (Dow Jones Sustainability Index) (World)

- **FTSE4Good** (World)

- **Domini** Social Equity

- **Ethibel** Sustainability Index

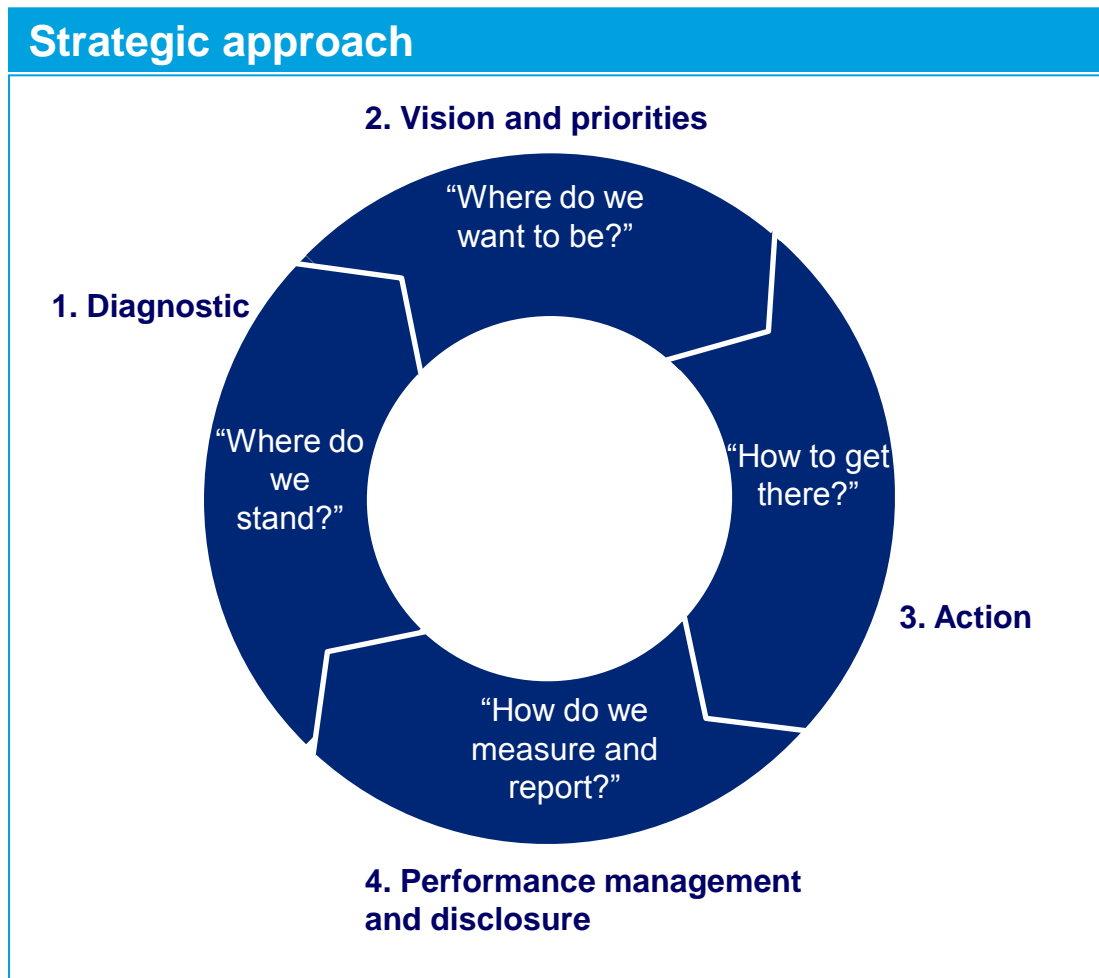
- **Jantzi** Social Index (Canada)

- **Business in the Community** (UK)

# The industry response:

## Changing expectations require a strategic response

- Understanding key CR issues relevant to their business / industry
- Engaging stakeholders
- Willing to develop new business models
- Strategically determining key CR priorities, executing implementation plan and reporting



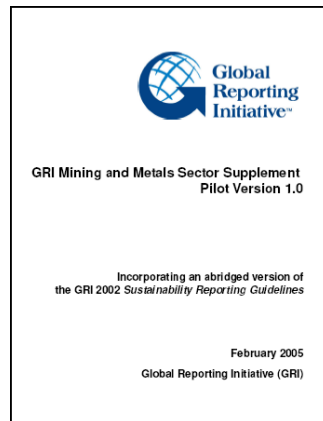
# The industry response:

## Corporate disclosure on sustainability issues

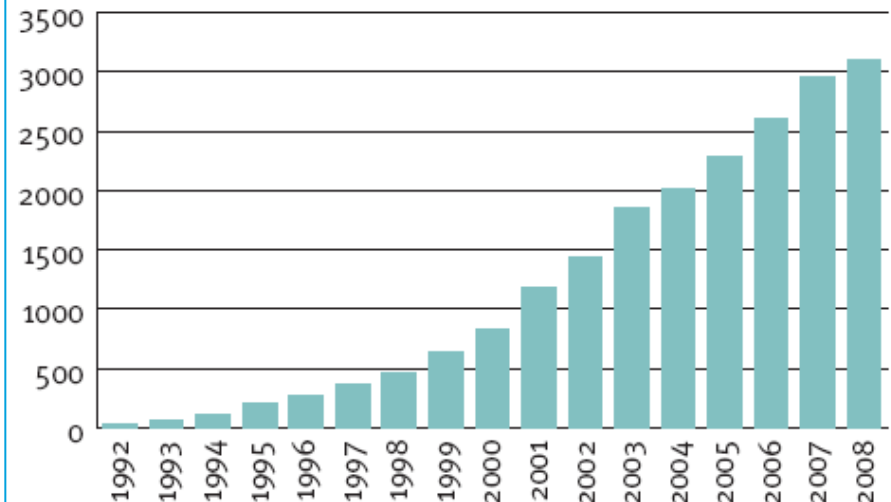
- Over **3,100 Corporate Responsibility reports** have been published worldwide in 2008
- **243 mining companies and 264 oil & gas companies** publishing at least one CR Report

### Global Reporting Initiative

- Mining and Metals Sector Supplement
- Oil & Gas Sector Supplement to be released in 2010



### Global CR Report output per year



The CR Reporting Awards 2008, Global Winners & Reporting Trends, March 2009, CorporateRegister.com (voluntary and free database registering the sustainability reports of companies all over the world); [globalreporting.org](http://globalreporting.org)

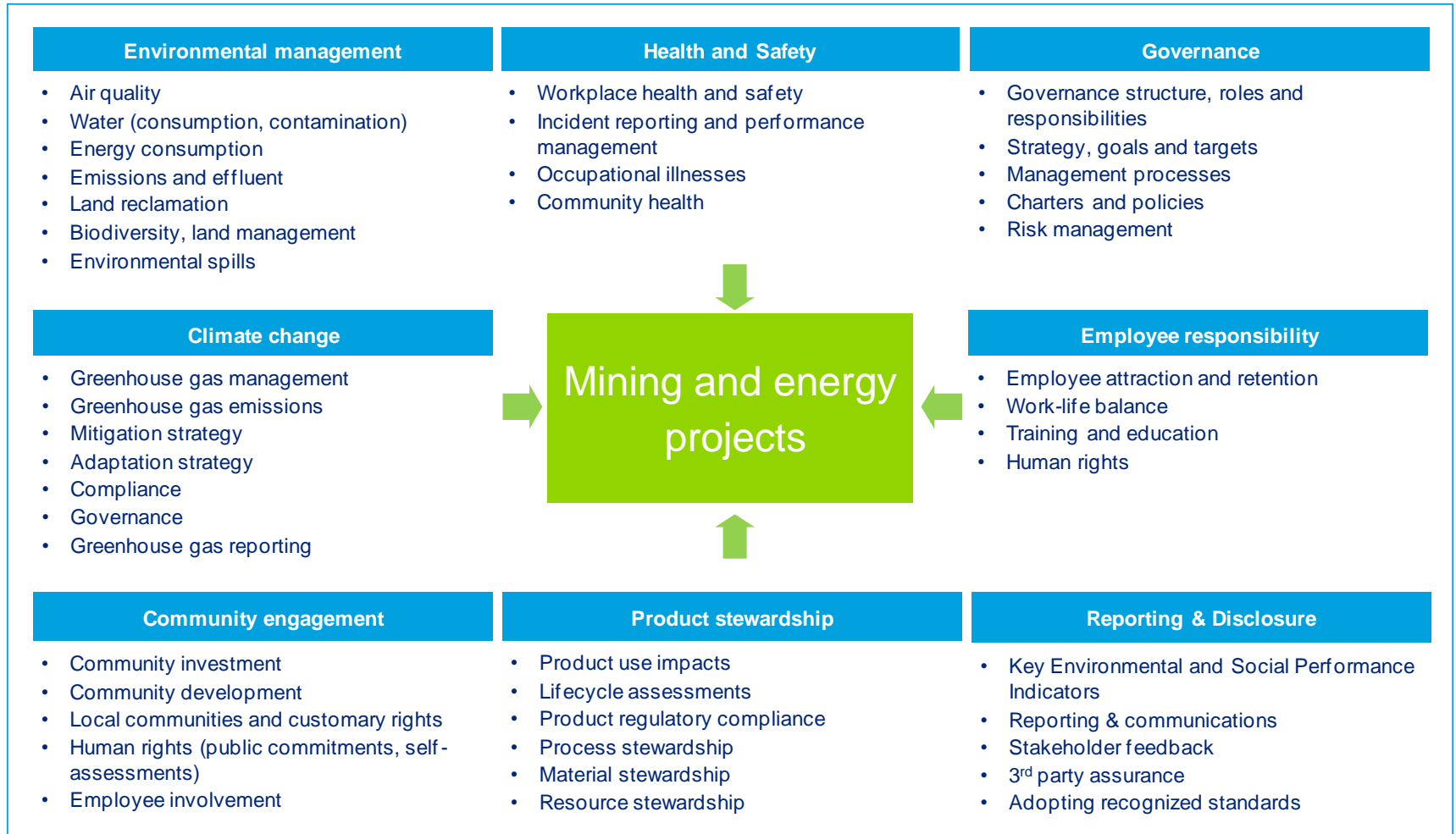
# The industry response: Examples of CR reports



# Increasing stakeholders expectations on Corporate Responsibility issues

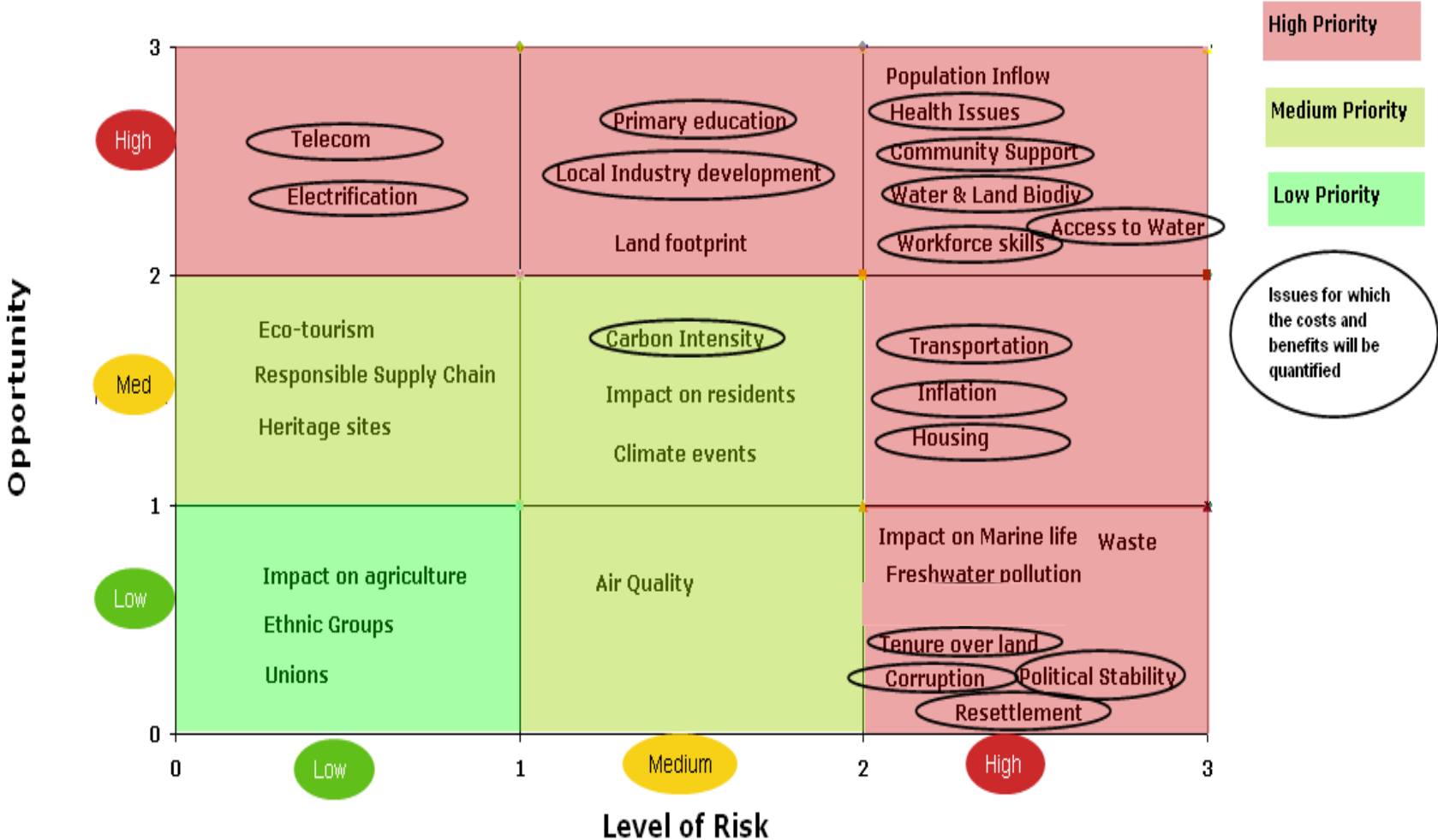


# Corporate Responsibility issues



# Identification of priority issues

## Sustainability Issues Map



# Sustainable value creation will be derived from continuous improvement and innovative partnerships

## Benefits Blueprint

- Broad-based community initiative to optimize the economic and social benefits resulting from investments in major capital projects
- Several opportunities may exist to further demonstrate environmental and social leadership:
  - Eco-design and life-cycle thinking
  - Climate change strategy; ecosystem services assessment
  - Adoption of clean technologies

## Plan for smart growth

Sustainable value creation requires close collaboration between the private sector, governments and communities

- Embracing sustainability requires that a common vision be shared for the future of our communities
- In-depth transformation of the way we do business is required
- Cumulative environmental and social impacts have to be considered
- Rigorous performance monitoring and reporting is key to success

# Contact information

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