

31 March 2022

Edward J. Waitzer
Chair, Independent Review Committee on Standard Setting in Canada
c/o 277 Wellington Street West
Toronto ON M5V 3H2

Dear Mr Waitzer,

The Principles for Responsible Investment welcome this opportunity to provide comment to the Independent Review Committee on Standard Setting in Canada.

The PRI, a not-for-profit company, is the world's leading initiative on responsible investment with over 4,300 signatories (pension funds, insurers, investment managers and service providers) to the PRI's six principles representing approximately US \$120 trillion in assets under management. The PRI supports its international network of signatories in implementing the six [Principles](#). As long-term investors acting in the best interests of their beneficiaries and clients, PRI signatories work to understand the contribution that environmental, social and governance (ESG) factors make to investment performance, the role that investment plays in broader financial markets and the impact that those investments have on the environment and society as a whole. The PRI works to achieve a sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

The PRI's [Driving Meaningful Data programme](#) is a key [PRI Blueprint](#) target and works on the types of data, sources and reporting frameworks needed to support responsible investors. Ensuring consistent data across all the various units and entities, as well as addressing gaps identified in the [Driving Meaningful Data Framework](#) require collaboration with others across the financial and corporate sectors as well as standard setters, policy makers and regulators. The PRI plays an important role in working with its signatories to provide a clear signal to standard setters and policy makers on their data needs, how they aid decision-making and understanding their contribution towards sustainability objectives.

To deliver decision-useful information, it is crucial that the standard setting process includes meaningful input from users and preparers of sustainability information, as well as from those impacted by economic activities. The CSSB should engage with these stakeholders to understand their issues and relationship with sustainability reporting, embedding the participation of stakeholders

within the standard setting process to ensure representation within the governance structures and through systematic outreach and engagement.

The PRI recognises Canada's leadership role in developing standards for corporate sustainability reporting and supports the creation of an independent, transparent and publicly accountable Canadian Sustainability Standards Board (CSSB) to work alongside existing domestic accounting and assurance boards and liaise with the new International Sustainability Standards Board under the IFRS Foundation.

The CSSB should ensure that reporting and assurance standards address the long-term interests of a diversity of stakeholders, with a focus on respecting Indigenous rights, reflecting equity, diversity and inclusion, and careful consideration of the concerns of Canadian society more broadly. When interpreting the 'collective public interest', the CSSB should strive to understand financial risks and opportunities and sustainability performance on a continuum and plan for the swift evolution of domestic sustainability standards to reflect any legislated national sustainability measures, human rights considerations and international commitments. Reporting standards should evolve to meet the needs of investors to include sustainability outcomes, as companies and investors will increasingly need to report in line with sustainability standards that reflect on planetary boundaries and social goals set out in international commitments.

The PRI and its partners the UN Environment Programme Finance Initiative and the Generation Foundation have commissioned a legal analysis to determine the extent to which current law enables investors to incorporate sustainability impact in their investment decision-making. The recently launched project report, [A Legal Framework for Impact](#), includes a jurisdictional analysis for Canada. The study concludes that institutional investors should feel empowered to set and pursue sustainability outcomes and measure progress against them where these objectives are instrumental to achieving financial returns. Wider societal objectives could be considered where they are relevant to the fund administrators stated financial goals. As part of the investment decision-making and monitoring process, investors should want to ensure the adequate evaluation of liability risk due to negative sustainability issues. Increased public disclosure requirements will help drive the reductions of negative sustainability outcomes as they tend to create reputational liability. The CSSB can play a vital role in ensuring the increased availability of data on companies' ESG risks and opportunities, environmental and social performance, and contribution to wider sustainability outcomes. This will enable investors to better fulfil their fiduciary duties as responsible stewards of capital, allowing them to incorporate sustainability issues in their investment decisions, active ownership and policy engagement.

The PRI encourages the CSSB to seize this opportunity to improve the consistency, comparability and quality of sustainability reporting in order to support investment decision-making that prioritises and incentivises long term value creation and positive real-world outcomes.

Members of PRI's Policy and Driving Meaningful Data teams would appreciate the opportunity to meet with the Independent Review Committee to present and discuss these recommendations. Please do reach out at your earliest convenience to signal your interest.

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Kind regards,



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