

Sustainability Reporting:

Guidance on key implementation steps and success factors

November 20, 2019



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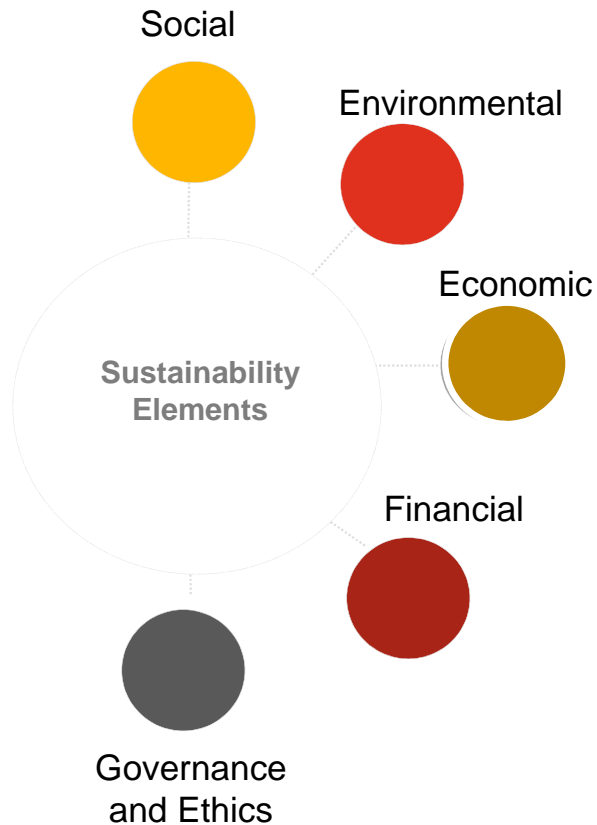
About Sustainability

“Our vision for a sustainable Canada is guided by the Federal Sustainable Development Act.

The Act defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Government of Canada

About Sustainability



- Integration into values, culture, strategy, products and services.
- Establishing better practices, creating wealth, improving society and enabling shared value for all stakeholders.
- **Also referred to as ESG** [Environment, Social, Governance]

Why is it important for the public sector?



Aligns with government objectives

Canada's sustainability strategy is aligned with the UN SDGs and has expectations for public sector sustainability performance



Improves cost efficiency

Help to improve cost efficiency and productivity in government through better use of resources, reduced incidents and more engagement



Attracts talent and engages people

A new generation of talented demographics now want to work with government agencies whose values align with theirs



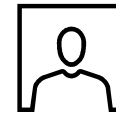
Enables innovative processes

Can be integrated into new an enhanced digital platforms, including analytics, IoT and artificial intelligence to drive insights and decision-making



Creates societal value

Enables greater transparency on how taxpayer money creates value in society while enabling better outcomes



Protects reputation

Help to proactively identify and mitigate potential risks and maximize the opportunities from embedding sustainability into processes

Key Trends in Canada

Paris Agreement

Canada commits to a 30% GHG emissions reduction by 2030 baseline 2005

Pan-Canadian Framework on Clean Growth and Climate Change

Sets out a framework for carbon pricing, climate resilience, clean fuels, among other

Stakeholder consultations

Engaging 25,000 Canadians on suggestions to strengthen Canada's sustainable development strategy

2019-2022 Federal Sustainable Development Strategy

Tabled providing 13 aspirational goals, medium-term targets, short-term milestones and clear action plans.



UN SDG

Canada supports the 2030 Agenda for Sustainable Development

2016-2019 Federal Sustainable Development Strategy

Linking the strategy to the UN SDGs, comprising 13 aspirational goals focusing on the environmental dimensions

2019 Budget supports TCFD

encouraging companies and Crowns corporations to implement the recommendations

2019 Federal Liberal Government Re-election

Strong focus on climate change

Alignment with the UN Agenda 2030

Launched in 2015, the SDGs are a blueprint to achieve a better and more sustainable future

193 countries have endorsed the goals and are now integrated into Canada's Sustainable Development Strategy



TCFD Disclosure

More organizations will be asked to report their climate disclosures in alignment with the Taskforce on Climate-related Financial Disclosure.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Canada's Federal Sustainable Development Strategy



Effective action on climate change



Greening government



Clean growth



Modern and resilient infrastructure



Clean energy



Healthy coasts and oceans



Pristine lakes and rivers



Sustainably managed lands and forests



Healthy wildlife populations



Clean drinking water



Sustainable food



Connecting Canadians with nature



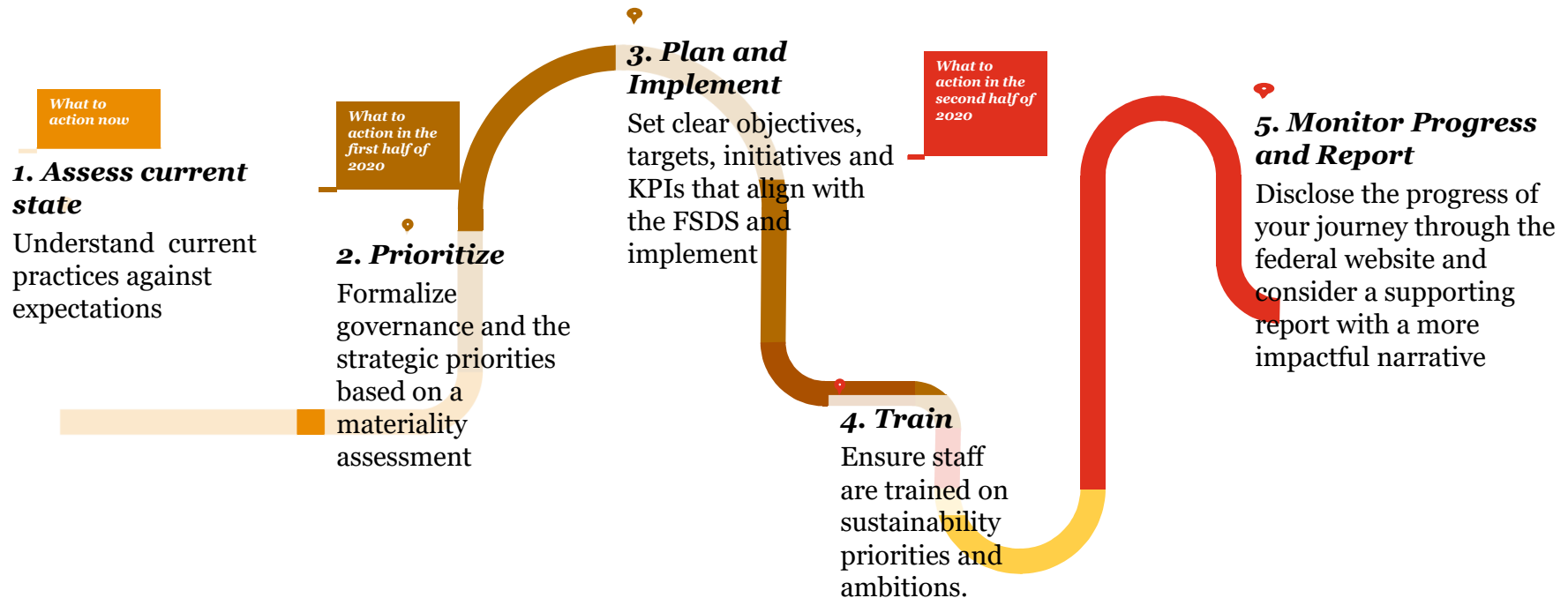
Safe and healthy communities

Key Changes



- Strengthened targets on GHG emissions and waste from federal operations, adaptation to climate change in federal operations, health of national parks, sustainable agriculture and air quality
- Added a target on zero emission vehicles to 10% light duty vehicles by 2050, 30% by 2030 and 100% by 2040 as well as grown Canada's clean technology exports
- Broadened the strategy to address economic and social prosperity including sustainable food goal and the clean technology exports
- Expanded annex on performance measurement with indicators to track progress on the strategy
- Clarified linkages between targets, indicators and action plans

Sustainability reporting journey considerations



1. Assess current state



EFFECTIVE ACTION ON CLIMATE CHANGE
A low-carbon economy contributes to limiting global average temperature rise to well below 2 degrees Celsius and supports efforts to limit the increase to 1.5 degrees Celsius



GREENING GOVERNMENT
The Government of Canada will transition to low-carbon, climate-resilient, and green operations



CLEAN GROWTH
A growing clean technology industry in Canada contributes to clean growth and the transition to a low-carbon economy



MODERN AND RESILIENT INFRASTRUCTURE
Modern, sustainable, and resilient infrastructure supports clean economic growth and social inclusion



CLEAN ENERGY
All Canadians have access to affordable, reliable and sustainable energy



HEALTHY COASTS AND OCEANS
Coasts and oceans support healthy, resilient and productive ecosystems



PRISTINE LAKES AND RIVERS
Clean and healthy lakes and rivers support economic prosperity and the well-being of Canadians



SUSTAINABLY MANAGED LANDS AND FORESTS
Lands and forests support biodiversity and provide a variety of ecosystem services for generations to come



HEALTHY WILDLIFE POPULATIONS
All species have healthy and viable populations



CLEAN DRINKING WATER
All Canadians have access to safe drinking water and, in particular, the significant challenges Indigenous communities face are addressed



SUSTAINABLE FOOD
Innovation and ingenuity contribute to a world-leading agricultural sector and food economy for the benefit of all Canadians







CONNECTING CANADIANS WITH NATURE
Canadians are informed about the value of nature, experience nature first hand, and actively engage in its stewardship



SAFE AND HEALTHY COMMUNITIES
All Canadians live in clean, sustainable communities that contribute to their health and well-being

1. Assess current state (cont.)

Examples of Sustainability Standard Setters		
	Type	Objective
	Sustainability Reporting standard	Standards for reporting across economic, environmental, social, and governance factors
	Sustainability Reporting standard	Sector-specific reporting standards for sustainability factors that are financially material providing guidance on indicators
	Climate-related Disclosures	Guidance on disclosing on climate-related risks covering governance, strategy, risk management, metrics and targets.
	Environmental Reporting Disclosure	Guides disclosure and measures progress on climate change, forests and water security, looking at the following levels: disclosure; awareness; management; and leadership

1. Assess current state (cont.)

Example Transport Canada Strategy

Transport Canada 2017-2020 Departmental Sustainable Development Strategy - 2019-2020 Update

From: [Transport Canada](#)

Transport Canada's 2017-2020 Departmental Sustainable Development Strategy reflects our efforts towards a more sustainable transportation system in Canada. It outlines the actions that the department will undertake to support the Government of Canada's broader [Federal Sustainable Development Strategy](#).

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 - [Healthy Coasts and Oceans](#)
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Example of VIA Rail Sustainability Approach



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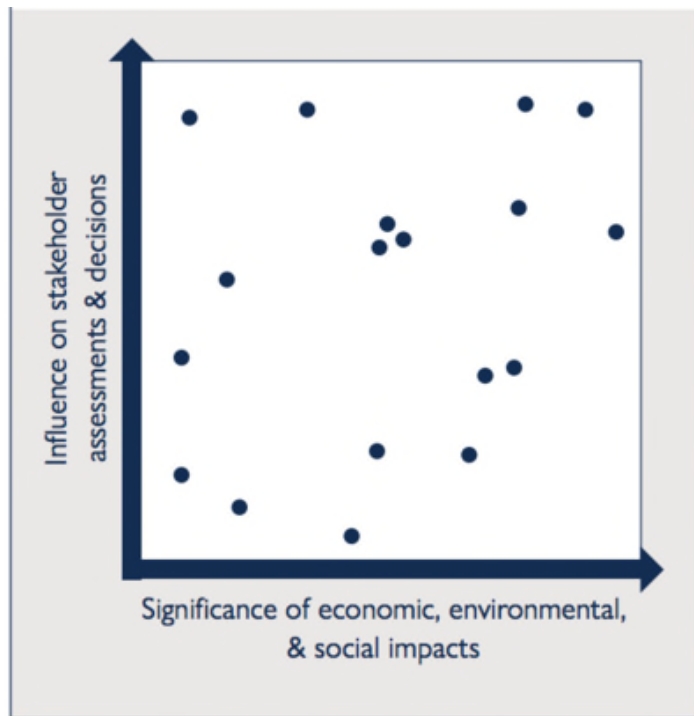
2. Clarify governance and strategic priorities

Example Jacques Cartier and Champlain Bridges Incorporated



- Formalize sustainability roles and responsibilities at all levels of the organization
- Establish a forum for multi-functional collaboration on the sustainability priorities to monitor progress

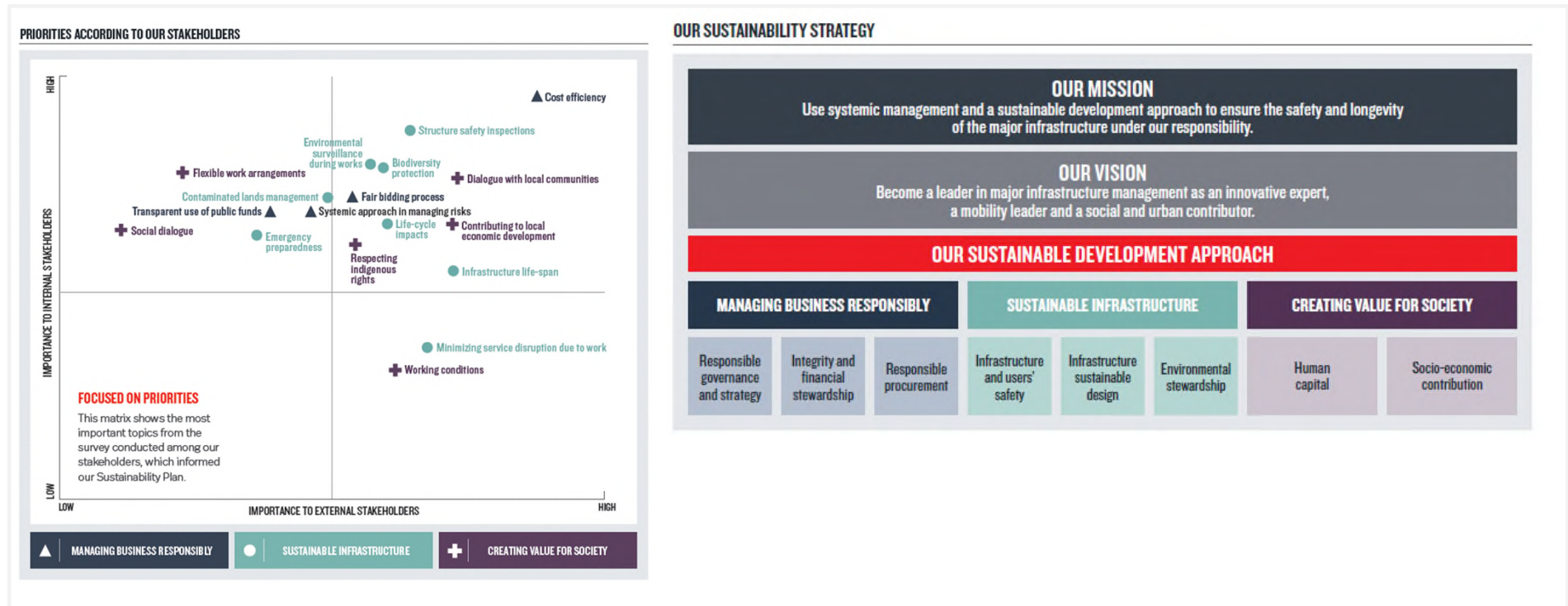
2. Clarify governance and strategic priorities



- Consider stakeholder input, including consultations conducted through the FSDS
- Review broader ESG topics covering relevant FSDS aspirations as well as others that might influence stakeholder assessments and decisions
- Determine where your organization can have the greatest impact

2. Clarify governance and strategic priorities

Example Jacques Cartier and Champlain Bridges Incorporated conducted its own stakeholder engagement exercise to prioritize the right sustainability topics, which it then used to inform its strategy.



2. Clarify governance and strategic priorities

VIA Rail reinforces its commitment to international standards, anchored by Canada's Sustainable Development Strategy.



Jean-François Legault
Chief Legal & Risk Officer

Engaging in Dialogue

Anchored by our vision to be the smarter way to move people – our sustainable mobility strategy is focused on ensuring we manage our operations efficiently, effectively and economically, while providing a safe, secure, reliable and environmentally sustainable rail passenger service.

On an annual basis, we meet with employees from across our corporation to identify our sustainability efforts and objectives. This year, we also engaged our peers through the United Nations Global Compact Network Canada and gained valuable knowledge on how to communicate our progress. We have used this valuable insight to elevate our sustainability agenda and inform the content of this report.

Reinforcing our Commitments

We take a principle-based approach to sustainability in alignment with the Government of Canada's Federal Sustainable Development Strategy 2016–2019 as well as with international policies and commitments, including the:

- United Nation's (UN) Sustainable Development Goals (SDGs);
- World Bank Mobility Goals on Equitable Access, Safety and Security, Efficient and Reliable Services, and being Clean, Green and Resilient;
- International Union of Railways (UIC) Commitment to Climate Change Reduction; and,
- United Nations Global Compact Principles on Human Rights, Labour, Environment and Anti-Corruption.

Looking to the future, we are fully committed to ensuring that our growth is aligned with our commitment to strive towards becoming a more sustainable business.



3. Set clear objectives, targets and actions

- Review the 2019-2022 FSDS to assess and align with the refreshed targets and actions.
- Review more ambitious goals in alignment with any other strategic objectives of the organization
- Set targets and mobilize teams on practical action plans and milestones to realistically achieve the targets
- Define clear KPIs, including possible financial implications and other impact measures

3. Set clear objectives, targets and actions

Atlantic Canada Opportunities Agency reports its targets actions against the FSDS goals. These types of plans will need to be refreshed to align with the 2019-2022 FSDS.



Low-Carbon Government: The Government of Canada leads by example by making its operations low-carbon

Responsible Minister: All ministers

Low-Carbon Government FSDS target	FSDS contributing action	Corresponding departmental action	Contribution by each departmental action to the FSDS goal and target	Starting point, where available, and performance indicator for departmental action	Program in which the departmental action will occur
Reduce GHG emissions from federal government buildings and fleets by 40% below 2005 levels by 2030, with an aspiration to achieve this reduction by 2025	Support the transition to a low-carbon economy through green procurement	Ensure the integration of environmental performance considerations into the procurement process, including planning, acquisition, use and disposal. Monitor and analyze green purchase trends. Ensure and track the completion of Green Procurement training for all departmental acquisition cardholders.	Environmentally responsible acquisition, use and disposal of goods and services.	Reach a 100% rate for departmental acquisition cardholders having completed the Green Procurement training by the end of fiscal year 2017-18. Maintain at 95% the proportion of toner cartridges recycled relative to the total value of all toner cartridges purchased in the given fiscal year. For paper usage, maintain at 95% the proportion of copy paper containing a minimum of 30% recycled content. Prioritize the use of paper from responsible sources (i.e. certified to the standards of the Forest Stewardship Council) for outsourced printing.	Internal Services
	Promote sustainable travel practices	Continue with the implementation of more robust video and teleconferencing capabilities, thereby reducing the need to commute and travel for in-person meetings. Ensure green fleet procurement by following the Step by Step: How to buy Green Passenger Cars and Light Trucks guidelines.	Increase usage of sustainable practices for employee travel.	Continue the upgrades to the video conferencing system in major boardrooms across the regions and at Head Office. 100% of vehicle purchases for the Agency are supported by a strong rationale demonstrating that hybrid or fuel-efficient vehicles have been considered.	Internal Services

3. Set clear objectives, targets and actions

VIA Rail Inc. provides an overview of its priorities, 2020 objectives as well as current achievements against its aspirations.

Pillar	Priority	2018 Achievement	2020 Objective
 Reducing our impact on the environment	Climate Change Mitigation and Adaptation	Reduced our GHG emissions by 32% when compared to 2005, surpassing our 2020 objective. Initiated the development of our climate resilience plan to be completed in 2019.	Reduce our GHG emissions by 28% by 2020 and 30% by 2030, when compared to 2005. Develop and implement a climate resilience plan.
	Criteria Air Contaminants (CAC)	Improved our fuel conservation and train idling practices, achieving a 21% reduction since 2009.	Reduce our CACs by 28% based on 2009
	Waste Management	Conducted a comprehensive waste audit of our train operations and are now using the results to identify waste diversion strategies.	Contribute to the circular economy and divert a minimum of 10% of our waste from landfill
	Sustainable Procurement	We established a green strategy for the replacement of our fleet of vehicles. We formalized our commitment to sustainable station development through our Green Building Policy. We also embedded sustainability principles as part of our new fleet acquisition strategy.	Develop and implement sustainable procurement guidelines
	Environmental Benefits of Rail	We proudly supported youth representing the G7 countries to attend the Y7 Summit in Ottawa by providing free rail transport. Discussions focused on climate change, the environment, the economy and gender equality.	Promote VIA Rail as the smarter, greener travel choice at schools, businesses and government organizations
 Being an attractive employer	Attract People	Hired and successfully on-boarded 543 new employees.	Increase the internal and external talent pool
	Diversity and Inclusion	Maintained a gender-balanced Board of Directors. We were awarded the Silver Parity Certification at the Women in Governance gala in recognition for supporting women at all levels of our organization.	Increase gender diversity to 30% in management positions and develop an Indigenous Peoples strategy
	Talent Development	Average hours of training per employee was 33.5. We graduated 114 managers from our VIA Rail Leadership School Program and our first cohort of graduates from the Locomotive Engineer Apprenticeship Program.	Develop skills and competencies relating to our sustainable mobility objectives
	Employee Engagement	Achieved a 58% engagement score on our engagement survey – 70% would recommend us as a great place to work.	Strive for an employee engagement score of 65% or greater
	Innovation and Creativity	Engaged our people on creating an agile and innovative work environment.	Embed an innovation culture across the organization

4. Train and mobilize teams on the actions

- Conduct awareness sessions on what sustainability means, the key priorities and action plans
- Embed sustainability into training sessions, including onboard, leadership development programs, skills training and engagement initiatives
- Monitor progress and identify innovative ways to recognize performance
- Assess employee engagement and feedback on sustainability programs to inform continuous improvement efforts

5. Monitor and report progress

- Review existing reporting approach, including corporate website, standalone sustainability reports and integrated approaches for reporting
- Consider developing a more impactful sustainability narrative in alignment with international standards, such as the GRI standard, to develop a sustainability report covering both qualitative and quantitative information

5. Monitor and report progress

VIA Rail has a standalone reports, as well as information on its website and in some corporate disclosures.



-34%

reduction in GHG emissions since 2005

Per passenger-kilometre as a result of various energy efficiency and reduction initiatives.



-24%

reducing criteria air contaminants (CAC) since 2009

Per passenger-kilometre.



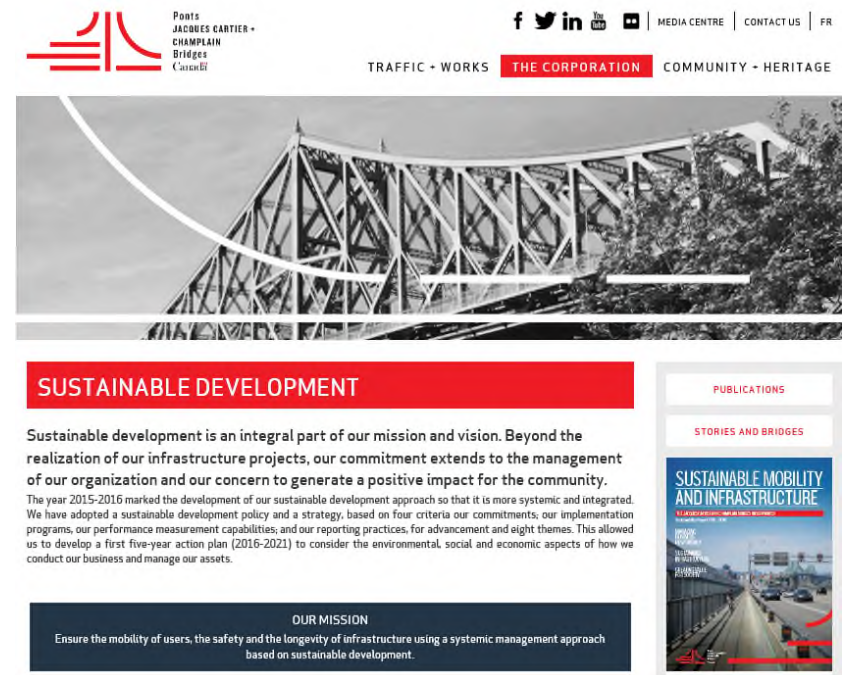
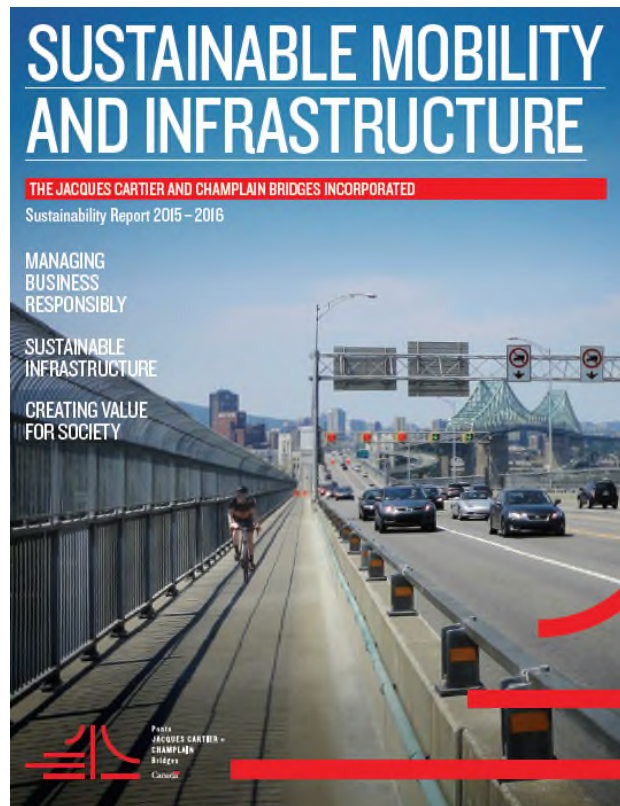
+97%

increased inter-modal ridership since 2012

With new partnership agreements continuously being formed.

5. Monitor and report progress

Jacques Cartier and Champlain Bridge Incorporated had a standalone report as well as information on its website and in some corporate disclosures.



Key Success Factors

1

A clear sustainability strategy with a focus on the most important topics to drive value for the organization and Canadian society.

2

Good understanding of what sustainability means for the organization, endorsed from the top and communicated across the organization.

3

Transparent disclosures of existing sustainability initiatives and proactive engagement with key stakeholders, to protect reputational capital and create value.

4

A clearly defined roadmap for action over the short, medium and longer term with clearly defined objectives and targets.

5

A multi-functional sustainability team with top leadership and clear lines of accountability and performance incentives to deliver the sustainability roadmap.

6

Regular performance monitoring with clearly defined indicators that demonstrate the positive impacts from the sustainability strategy and roadmap in line with Canada's FSDS.

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