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Sent via electronic mail

The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1

Subject: 2017 Pre-Budget Consultations

Dear Minister:

Addenda Capital thanks you for the opportunity to provide our comments on your Pre-Budget Consultations.

Addenda Capital Inc. is a privately owned investment management firm responsible for investing more than \$27 billion in assets for pension funds, insurance companies, foundations, endowment funds and third party mutual funds of major financial institutions. We are proud to be part of The Co-operators group - a leading Canadian multi-product insurance and financial services co-operative.

Our approach to investment is a sustainable one. We pay attention to environmental, social and governance issues because that helps us provide better investment outcomes for our clients and allows us to promote sustainable development. Our mission is to add value through independent research, active management, innovation, discipline and integrity and to nurture genuine partnerships with our clients.

As the Government of Ontario takes steps to meet its goal of a balanced budget in 2017-18, we believe it is critical the government continue to take steps to create a resilient society. A resilient society includes the transition to a low carbon economy as well as the expansion of opportunities in the workplace, particularly through meaningful employment and leadership opportunities.

The focus of our submission is therefore two-fold: to explore ways to make climate-related financial disclosures mandatory and ensure progress on gender diversity targets to promote women's corporate leadership and broader economic empowerment. This submission reaffirms and expands on the recommendations of our parent company, The Co-operators.

Climate-related Financial Disclosures

As an investor, we require effective disclosure from the organizations in which we invest. Much of the information we need is included in mainstream financial filings but some information is missing or its disclosure does not adhere to principles of effective disclosure. Disclosure relating to environmental and social issues is often lacking, especially when it comes to climate change.

Task Force on Climate-related Financial Disclosures

In 2015, the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, established an industry-led task force: The Task Force on Climate-related Financial Disclosures (TCFD). The TCFD was asked to develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders, and insurance underwriters in understanding material risks.

In December 2016, the TCFD released its recommendations and recommended disclosures. We support the TCFD's recommendations for disclosure around governance, strategy, risk management and metrics and targets because they should enable the further embedding of climate information into financial decision making. Crucially, their recommendations apply to all sectors but they have also been complemented with additional guidance for the financial sector and sectors that are likely to be most affected by climate change.

As noted in Ontario's Climate Change Action Plan, (tax and) regulatory policies can play an important role in supporting low-carbon investment decisions.

In 2010, 95 Canadian companies provided responses to the Carbon Disclosure Project on time and in 2015 that number had risen to just 100.¹ We rely on this information to make good investment decisions. Most importantly however, making disclosure mandatory would help address the immensely important issue of climate change itself.

¹ Carbon Disclosure Project. (2015, November 6). Canada Climate Change Report 2015. Retrieved from <https://www.cdp.net/en/reports/downloads/796>

Recommendation 1:

We encourage the government to review the TCFD's final recommendations (due to be released later in 2017) and commit to using legislative or regulatory means to work with other jurisdictions in Canada to require companies and investors with meaningful operations in Ontario to disclose how they manage and assess climate-related risks and opportunities.

Gender Diversity Targets in Corporate Leadership

There is a strong business case for higher levels of gender diversity on boards of directors and among executive officers than currently exists. Gender diversity, along with diversity in professional experience, education and ethnicity can all enhance board effectiveness and corporate decision-making. As such, we are in favour of increasing many types of diversity on boards of directors and in executive officer positions.

We applaud the government for setting a target that, by 2019, women make up at least 40 per cent of all appointments to every provincial board and agency.

Recommendation 2:

While we are supportive of the government encouraging business to, by the end of 2017, set a target of appointing 30 per cent women to their boards of directors, we encourage the government to identify some legislative, regulatory or otherwise enforceable means for increasing the representation of women on boards to at least the largest of 3 board positions or 30% by the end of 2022. We are hopeful that such means will not be required but we are not encouraged by the recent lack of progress in this area.

Final Remarks

Thank you for the opportunity to provide input through the pre-budget consultation process. If you would like to discuss our comments, please do not hesitate to contact me at +1 647-253-1029 or b.minns@addenda-capital.com.

Yours sincerely,



Brian Minns
Manager, Sustainable Investing

c.c. Maya Milardovic, Director, Government Relations, The Co-operators Group Ltd.