

## **Companies and investors must put sustainability and inclusive growth at the centre of economic recovery**

COVID-19 continues to impose a huge toll on our daily lives, impacting families, businesses, public institutions and civil society worldwide. The pandemic and other tragic events of 2020 have revealed pre-existing business strengths and shortcomings with respect to social inequity, including systemic racism and environmental threats.

It is imperative we rebuild our economies in ways that create greater systemic resiliency and inclusive growth. The time to act is now, and each of us has a role to play. We call on companies and investment partners to help drive lasting change by placing sustainability at the centre of their planning, operations and reporting.

As CEOs of Canada's eight largest pension plan investment managers, representing \$1.6 trillion in assets under management, we are committed to creating more sustainable and inclusive growth by integrating environmental, social and governance (ESG) factors into our strategies and investment decisions. It is not only the right thing to do, it is an integral part of our duty to contributors and beneficiaries. Doing this will unlock opportunities and mitigate risks, supporting our mandates to deliver long-term risk-adjusted returns.

To deliver on our mandates, we require increased transparency from companies. How companies identify and address issues such as diversity and inclusion, human capital, board effectiveness and climate change can significantly contribute to value creation or erosion. Companies have an obligation to disclose their material business risks and opportunities to financial markets and should provide financially relevant, comparable and decision-useful information. While we recognize companies face a myriad of disclosure frameworks and requests, it is vital that they report relevant ESG data in a standardized way.

We ask that companies measure and disclose their performance on material, industry-relevant ESG factors by leveraging the Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework to further standardize ESG-related reporting. While the SASB standards focus broadly on industry-relevant sustainability reporting, the TCFD framework calls for climate-specific disclosures across several reporting pillars (governance, strategy, risk, and metrics and targets). Both are useful to investors and informative to companies working to frame their ESG reporting.

We are confident that the ability to successfully address and adapt to these 21<sup>st</sup>-century business risks and opportunities is a distinguishing feature of great companies. While for many this will require greater ambition than in the past, we believe companies demonstrating ESG-astute practices and disclosure will outperform over the long-term.

For our part, we will continue to strengthen our own ESG disclosure and integration practices, and allocate capital to investments best placed to deliver long-term sustainable value creation.

Inspired by this historic opportunity to help confront the most urgent challenges facing our global community, we ask others committed to our vision to join us on this journey towards a more sustainable future.



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