Online Submission to Canada’s Approach on Climate Change:
Let’s Talk Climate Action

Chartered Professional Accountants of Canada

August 2016
Development of a Pan Canadian Framework on Climate Change and Clean Growth – Preparing for the Impact of Climate Change:

The Chartered Professional Accountants of Canada (CPA Canada) is pleased to write to you with our recommendations for the Working Group on Adaptation and Climate Resilience as part of the development of a Pan Canadian Framework on Climate Change and Clean Growth. We commend and support the efforts of the federal government to consult with Canadians in developing innovative solutions and identifying new economic opportunities for Canadians in the transition to a low carbon economy.

CPA Canada’s comments are primarily focused on the intersection of business and climate change, specifically regarding the need for business resiliency plans and for consistency in financial disclosure of climate-related risks of business. As we note in this letter, our profession can play a key role in helping organizations integrate climate change into their strategies, operations and reporting. We close the letter with recommendations to government and overall suggestions for the Working Group’s consideration.

This letter is organized into four sections: Background on CPA Canada and the Canadian Accounting Profession; CPA Canada’s History in Climate Change and Sustainability Issues; Overview of CPA Canada’s Climate Change Adaptation Initiative; and, Recommendations for the Working Group on Adaptation and Climate Resilience.

Background on CPA Canada and the Canadian Accounting Profession:

CPA Canada is one of the largest national accounting bodies in the world with more than 200,000 members, both at home and abroad. The Canadian CPA was created with the unification of three legacy accounting designations (CA, CGA and CMA). CPAs are valued for their financial and tax expertise, strategic thinking, business insight, management skills and leadership.

CPA Canada’s mission is to enhance the influence, relevance and value of the Canadian CPA profession by acting in the public interest, supporting our members, and contributing to economic and social development. CPA Canada conducts research into current and emerging business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. CPA Canada also issues guidance and thought leadership on a variety of technical matters, publishes professional literature and develops education and professional certification programs.
CPA Canada’s History in Climate Change and Sustainability Issues:

CPA Canada and its legacy bodies recognized early on the business, financial and economic implications of climate change. We are a founding member of the Global Reporting Initiative, and we have been advocating for enhanced reporting and other initiatives to address climate change matters for 20 years. Last year, in advance of the COP21 summit in Paris, CPA Canada joined other like-minded international accounting bodies to call on world leaders to take decisive action to address climate change. We are a member of the International Integrated Reporting Council (IIRC), the global Accounting Bodies Network (ABN) and the Prince of Wales’ Accounting for Sustainability initiative.

We recently hosted an information session for Canada’s business and financial community with Bank of England Governor and Chair of the Financial Stability Board (FSB), Mark Carney, as the special guest. The meeting was intended to allow Canada’s prominent business leaders to hear about the FSB’s Task Force on Climate-Related Financial Disclosures and provide input. It was attended by 60 CEOs, CFOs and directors representing Canada’s leading businesses, institutional investors, regulators, and standard setters.

The Task Force is developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. The establishment of the Task Force by Governor Carney has been a significant development that has captured the attention of Canadian securities regulators, legislators, institutional investors and business leaders. To enable investors to make informed investment decisions, companies need to provide better disclosures on climate-related risks and opportunities – investor interest in climate related issues is here to stay.

CPA Canada initiates opportunities, such as the ones mentioned above, because we see climate change as a business issue, as much as a social, environmental and scientific matter. From a business perspective, climate change presents both risk and opportunity and can have important implications for strategy, competitiveness, risk management, financial performance, stakeholder relations and business resilience. The likelihood and effect of key environmental issues will differ by industry and company. Our profession can assist in identifying the most relevant issues and their potential impact on regulatory compliance, performance and prospects.
Overview of CPA Canada’s Climate Change Adaptation Initiative:

Since 2013, CPA Canada has been an active member of Canada’s National Adaptation Platform Plenary, which is led by the Climate Change Impacts and Adaptation Division at Natural Resources Canada.

CPA Canada is currently participating in a multi-year initiative, being run in conjunction with Natural Resources Canada, to help businesses and other organizations better understand and adapt to the implications of climate change. The objective is to assist Canada’s professional accountants by providing them with the resources required to support organizations in addressing emerging climate-related issues.

This initiative has resulted in a series of resources and thought leadership pieces:

- Case studies (written and video) from Canadian businesses across a variety of sectors (including tourism, transportation, retail, insurance, electric utilities, and municipalities) to highlight organizational adaptation efforts and the roles of professional accountants.
- Briefs emphasizing the roles of CPAs across the five stages of organizational adaptation.
- Professional development course focused on risks and opportunities posed by climate change and the roles of professional accountants in helping organizations respond to these issues.
- Project overview video showcasing finance professionals at the forefront of adaptation, narrated by CPA Canada’s President & CEO, Joy Thomas, FCPA, FCMA.

As part of this initiative, CPA Canada presented on the topic of climate change adaptation at a number of conferences, including GLOBE 2016 (Vancouver, BC), Adaptation Canada 2016 (Ottawa, ON), and Adaptation Futures 2016 (Rotterdam, The Netherlands). Attending these conferences provided CPA Canada with an opportunity to disseminate the results of our initiative and to engage and learn from others’ experiences in adaptation – both in Canada and internationally. A recurring theme has been the role of the private sector in economy-wide adaptation initiatives, including the importance of “making the business case” for these organizations in order to invest in resilience-building activities and projects.

CPA Canada is committed to ensuring this initiative has a long-lasting impact on its members and all sectors of the Canadian economy. Accounting is central to successful decision-making and professional accountants can provide relevant analysis, reporting and assurance to help organizations generate and preserve value. Our profession can play a key role in helping organizations integrate climate change into their strategies, operations and reporting.
Recommendations for the Working Group on Adaptation and Climate Resilience:

CPA Canada is encouraged by the federal government’s commitment to take action on climate change and accelerate the transition to a low carbon economy. We sincerely appreciate the opportunity to provide our proposed solutions and recommendations to the Working Group on Adaptation and Climate Resilience.

We recommend the federal government develop a National Adaptation Plan (NAP) for our country. Canada has an opportunity to learn from the successes and challenges of other countries around the world that have already developed NAPs and are now in the process of implementing adaptation actions. If the government proceeds to develop an adaptation plan unique to Canada’s landscape, values and economy, we offer the following suggestions:

- In order to gain buy-in and support for adaptation investments, it is critical to engage the private sector from the beginning of the process and enable businesses to play a key role.
- Combining a top-down and bottom-up approach will enable an understanding of both nationwide and local predictions of climate impacts – both are essential to building a comprehensive adaptation plan given the sheer size of our country’s footprint.
- Consultation with stakeholders (e.g. communities, Indigenous peoples, provincial and territorial governments, municipalities, private sector, non-profit organizations and civil society) will enable local action. This is vital because adapting to climate change requires support from all Canadians.
- Consider providing federal funding support for adaptation actions at local/regional levels that achieve NAP objectives to attract additional private sector investment.
- Establish appropriate accountability mechanisms to ensure that adaptation objectives are achieved.
- Consider funding formulas that attract private sector financing (e.g. public-private-partnerships or P3s), or that enable the participation of large public pension funds.
- Investments in clean technology and innovation should be focused on projects with an ability to mitigate emissions and enhance resilience.

We believe one of the biggest potential barriers to Canada adapting to the predicted future impacts of climate change will be engaging the private sector and making the business case for adaptation investments. This is due to varying levels of private sector engagement and awareness of direct and indirect risks and opportunities created by a changing climate. Further, each industry will be impacted differently and their adaptation responses will need to be unique to their circumstances. There is an opportunity to meaningfully engage with the private sector as part of the development of the Pan Canadian Framework on Climate Change and Clean Growth.
To this end, we offer the following proposed solutions for consideration:

- Develop, leverage and disseminate knowledge, information, and tools to support adaptation decision-making for business leaders and the finance community.
- Identify and capitalize on opportunities to educate, increase awareness and build capacity for adaptation by engaging with the private sector early and often.
- Support the mainstreaming of adaptation by using language and approaches familiar to the business, finance and investment communities, making the connection between resilience investments, economic prosperity for Canadians and long-term value creation.
- Seek collaboration mechanisms, such as professional associations, to convene leaders from all sectors of Canada’s economy to join the conversation and leverage expertise.
- Encourage investments in resilient infrastructure through innovative financing mechanisms that engage the public and private sectors on large scale projects.

At CPA Canada, we are encouraging the Canadian accounting profession to innovate and apply existing CPA skills and competencies under different circumstances to support organizational adaptation efforts. We are seeking to raise awareness and educate organizations (in the private, public and not-for-profit sectors) through our more than 200,000 members across the country by providing professional development to underscore the importance of resilience building. The case studies and resources developed as part of our initiative with Natural Resources Canada provide real-life examples of climate change risks and opportunities, supporting our members to help build the business case for investments in adaptation actions. CPA Canada stands ready to help with efforts of the Working Group, and the government, to engage the private sector in this important work.