

# Declaration of Institutional Investors on Climate-Related Financial Risks

A call from the financial services industry for more disclosure to better manage the impact of climate change  
Document signed by 30 institutions representing approximately CAD \$1.2 trillion in assets under management with support in principle from 13 organizations

We, the signatory financial institutions of this declaration, hereby call on publicly traded companies in Canada to commit to disclose more information on their exposure to climate change risks and the measures they adopt to manage these risks. This information is essential to allow investors to better assess the non-financial risks to which investment portfolios are exposed; design investment strategies adapted to new climate realities; and make financial decisions supported by these analyses.

Currently, active investors in the Canadian market have insufficient data regarding the potential exposure of investees to climate change. Without adequate disclosure of climate change risks, any assessment of the resilience of a company's business model or the impact on its assets cannot be properly integrated into investment theses. This is not an ideal situation, and a change is needed. In a growing number of regions around the world, we have noted an evolution in public companies' disclosure practices, characterized by greater transparency regarding the risks posed by climate change, greenhouse gas (GHG) emissions and environmental performance.

Disclosure frameworks for climate change risks have been adopted by various regulatory authorities and are being proposed by various international organizations. As institutional investors, we call on publicly traded companies in Canada to adopt a rigorous disclosure framework that ensures transparency of climate change risks. The Task Force on Climate-Related Financial Disclosure (TCFD) is one example of the effort put forth by the international community to develop a consistent and meaningful framework for disclosing financial data related to climate change, with a view of helping financial institutions measure and manage these risks.

The financial services industry has an important role to play in efforts to tackle climate change. With this declaration, we wish to show our support for the global efforts to build an economy that is more

respectful of the environment, and to facilitate a sustainable and low-emission economic development model. In order to better mitigate the potential effects of this threat on long-term financial returns for our members, beneficiaries, clients and other stakeholders, we believe that concerted action to reduce GHG emissions and ensure a smooth energy transition is needed.

## What Financial Institutions Can Do to Tackle Climate Change

While respecting our fiduciary responsibilities, we, the undersigned financial institutions, commit to:

- Encourage Canadian public companies to adopt a financial disclosure framework on their exposure to climate change risks
- Increase our capacity to measure climate change risks and opportunities for our investment and financing portfolios, and integrate them into our decision-making processes, as appropriate
- Identify and assess investment opportunities that are low in emissions or that promote the energy transition, and which meet our criteria, comply with our investment policies and help achieve our risk-adjusted performance objectives
- Collaborate with investee companies to support them in managing their climate risks

We must all do our part to grow the global economy in a sustainable manner while reducing climate impacts. Better transparency in disclosing relevant, quality information related to climate change is an important element to achieving this goal.

## Signatories



## Supporters





PRESS RELEASE

**UNDER EMBARGO UNTIL THURSDAY, OCTOBER 26 AT 7:00AM EST**

## **Institutional Investors Release Declaration on Financial Risks Related to Climate Change**

*Financial institutions call on Canadian companies to enhance disclosure on climate change risks*

**Montreal, Canada, October 26, 2017** – Thirty Canadian and international financial institutions and pension funds representing approximately CAD \$1.2 trillion of assets under management today issued a joint *Declaration of Institutional Investors on Climate-Related Financial Risks*, calling on publicly traded companies in Canada to commit to enhanced disclosure on their exposure to climate change risks, and the measures they are taking to manage them. The Declaration is supported in principle by 13 organizations.

The signatories of the declaration intend to work with publicly traded companies in Canada to help them mitigate their climate change risks. By signing the declaration, they are advocating for other economic and financial institutions to join forces in order to stimulate sustainable world economic growth, while reducing their environmental impact.

"This declaration, which was led by Finance Montréal's Responsible Investment work group, reflects the initiative shown by financial institutions. With more information at their disposal, investors will be able to better assess all the risks faced by their investment portfolios and design investment strategies that are adapted to the realities of climate change," said Louis Lévesque, Chief Executive Officer, Finance Montréal. "This is a positive development for the financial industry in Quebec and Canada, and keeps us aligned with global trends."

"I am proud to see the financial community rallying around this key issue. As institutional investors, we all have a role to play to promote increased transparency and better climate change disclosure practices from the companies we invest in," said André Bourbonnais, President and CEO, PSP Investments, and Responsible Investment Lead, Finance Montréal.

The declaration remains open to new signatories who wish to endorse it. The full text of the declaration, as well as a complete list of signatories, is available [here](#).

### **About Finance Montréal**

Finance Montréal, Quebec's financial cluster, was created in 2010 by institutions in the financial services industry at the invitation of the Quebec Government. Finance Montréal brings together 24 Governor Members, 6 Partner Members, 12 Associate Members and close to 300 volunteer professionals. Its mission is to develop and promote Quebec's financial services industry. The organization works to enhance Montreal's reputation as a world-class financial hub and engages in international business development activities to attract foreign firms to Montreal by promoting various fiscal incentives, including the IFC tax credit. Finance Montréal fosters cooperation among a vast range of institutions to stimulate the industry's growth while raising awareness of the financial

specializations found in Montreal. To learn more about Finance Montréal, visit [www.finance-montreal.com](http://www.finance-montreal.com).

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