

Acting on Climate Change: **Extending the Dialogue Among Canadians**

A collection of texts in response to
Acting on Climate Change:
Solutions from Canadian Scholars,
a consensus document released in March 2015





Network Canada

ABOUT THE ORGANIZATION

GLOBAL COMPACT NETWORK CANADA

The United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that create sustainable economies and societies everywhere.

Launched in June 2013, the Global Compact Network Canada (GCNC) is the local network chapter of the United Nations Global Compact (UNGC). As the formal local network of the UNGC, the GCNC supports Canadian signatories (both Canadian firms and subsidiaries of global signatories) in the implementation of the Ten Principles, while facilitating and creating opportunities for multi-sectoral and multi-stakeholder collaboration¹. See Table 1 for the list of organizations in the GCNC.

The Global Compact Network Canada Environment Working Group (the Working Group) provides a forum where a sub-group of cross-sector and cross-industry representatives and other stakeholders can discuss, collaborate, and innovate on the most pressing environmental and economic challenges in Canada and globally. The Working Group believes there is alignment between the 10 key policy orientations, which recommend the pathway to a low-carbon economy in Canada outlined in *Acting on Climate Change: Solutions from Canadian Scholars*, and the UNGC Principles. Additionally, the Working Group agrees that clear and comprehensive climate change policies will drive the development of a sustainable future.

Working Group members come from the oil and gas, telecommunications, banking, consulting, law and education sectors.

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OFFICIAL WEBSITE

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BUSINESSES SHOULD
SUPPORT
A PRECAUTIONARY
APPROACH TO
ENVIRONMENTAL
CHALLENGES



ENCOURAGE THE
DEVELOPMENT
AND DIFFUSION OF
ENVIRONMENTALLY
FRIENDLY
TECHNOLOGIES

UNDERTAKE
INITIATIVES
TO PROMOTE
GREATER
ENVIRONMENTAL
RESPONSIBILITY





Linking the Roadmap

to the UNGC Environmental Principles

Table 1. List of organizations in the Global Compact Network Canada (GCNC)¹

Agrium Inc.	National Vacumm
B. Accountability	Native American Resource Partners
Baker & McKenzie	Nexen Energy ULC
Bank of Montreal (BMO)	O Trade Market Access
Barrick Gold Corporation	Optimum Talent Inc.
Blake, Cassels & Graydon LLP	Power Corporation of Canada
BCE - Bell Canada Enterprises	Power Financial Corporation
BDO	Quick Mobile
Corporate Knights	Rideau Recognition Solutions Inc.
Davies Ward Phillips & Vineberg LLP	Save the Children
Enbridge Inc.	Scotiabank
Export Development Canada	SNC-Lavalin
Goldcorp	Stantec
Hudson's Bay Company	Suncor Energy Inc.
JFL International Inc.	Teck Resources Limited
Jones Lang LaSalle Canada	TELUS Corporation
Kinross Gold	Unilever Canada
KPMG MSLP	WSP Group

¹ For a complete list of participants in the UNGC see here: <http://www.globalcompact.ca/our-participants>.

Objective

The purpose of this paper is to demonstrate how the UNGC Environment Principles align to the 10 policy orientations in *Acting on Climate Change: Solutions from Canadian Scholars*. In adopting the policy recommendations, the UNGC Canada Environment Working Group acknowledges that this would provide clear direction for Canadian Business. However, the Working Group does not necessarily endorse any specific policy recommendation. As the *Acting on Climate Change: Solutions from Canadian Scholars* paper repeatedly recommends, there is a need for multi-stakeholder dialogue and for the Canadian Government to create an integrated climate action plan, and in so doing, embrace its leadership role.

It is agreed by the Working Group, however, that in transitioning to a low-carbon society, the following factors (outlined in the paper) will need to be taken into consideration in setting national policy:

- **Environmentally effective:** Policies meeting greenhouse gas (GHG) reduction targets without causing other excessive environmental impacts
- **Cost-effective:** Policies achieving the necessary GHG reductions at the least possible cost
- **Economically productive:** Framework of policy driving business opportunities towards investment in the transition to a low-carbon economy
- **Administratively feasible:** Complexity of policies being within the governance capacity of the implementing jurisdictions
- **Equitable:** Policies that are not placing unjustified burdens on any region, sector, or income group

- **Politically feasible:** Policies acceptable to Canadian publics and their elected representatives

The Working Group reviewed the 10 policy orientations outlined in the *Acting on Climate Change: Solutions from Canadian Scholars* paper and evaluated how they are supported by the three UNGC Environment Principles² and how they could be further enhanced.

For the purpose of this paper, the three UNGC principles related to the environment will be the focus:

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Principle 7: Business should support a precautionary approach to environmental challenges³

There are a number of key enabling policies that align with the UNGC's precautionary approach. The key element of a precautionary approach, from a business perspective, is the idea of prevention rather than cure. In other words, it is more cost-effective to take early action to ensure that irreversible environmental damage does not occur.

From the UNGC's perspective, precaution involves the systematic application of risk assessment tools (hazard identification,

2 <https://www.unglobalcompact.org/what-is-gc/mission/principles>

3 <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-7>

hazard characterization, appraisal of exposure and risk characterization), risk management, and risk communication. When there is reasonable suspicion of harm and decision-makers need to apply a precautionary approach, “lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation”⁴.

Global temperatures are increasing and science has confirmed that GHG emissions and other human activities have been the dominant cause of observed warming since the mid-20th century. There is international consensus⁵ that an increase in average global temperatures must be limited to no more than 2°C above pre-industrial temperatures. If this is not achieved, the consequences of climate change will be disastrous for people, the environment, and economies. The transition to a low-carbon economy, by embedding climate change into regulatory policies and how the market functions, is the only way to secure sustainable economic growth.

Bearing this in mind, **key policy orientation #1: put a price on carbon** is considered by climate policy analysts as a key component of any comprehensive climate change policy. From a business perspective, any market mechanism for carbon management needs to be palatable for business and map well economically. The Working Group does not endorse any specific market mechanism, be it carbon tax or cap-and-trade, however, a mechanism is needed to meet ambitious GHG reduction targets in a framework that meets the needs of the jurisdiction in which it is established.

There is no question that **key policy orientation #8: safeguard biodiversity and water**

quality during Canada’s transition to a low-carbon society, while aiming for net positive approaches when possible and key policy orientation #9: support fisheries, forestry and agriculture practices offering opportunities to limit GHG emissions, enhance carbon sequestration, and protect biological diversity and water quality align to the UNGC’s precautionary approach principle. Adopting more rigorous forest management policies that reduce deforestation from all activities, accelerate reforestation, increase forest diversity and resilience, promote local and adaptive management of forests, and conserve large areas of continuous forests is key to enabling climate change mitigation. The resulting forests will sequester carbon and continue to provide the wide range of ecosystem services on which humans and biodiversity rely. Water quality may also be adversely impacted by the effects of climate change. Reduced availability of clean and accessible water supplies will impact both food and energy production (i.e. hydroelectric facilities) along with ecosystem biodiversity, which rely on proper watershed management. Recognizing these potential impacts, robust policies around watershed protection and enhancement must be adopted to avoid losing these valuable resources for the multiple functions they support.

Principle 8: Undertake initiatives to promote greater environmental responsibility⁶

Economic opportunities afforded by a transition to a low-carbon economy are a key driver for businesses looking at long-term strategy development. Initiatives such as federal or provincial funding for public transportation or regulatory policies to incite development of clean technologies or energy storage

4 http://www.unesco.org/education/nfsunesco/pdf/RIO_E.PDF

5 https://www.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full.pdf, p. 8

6 <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-8>

will contribute to greater environmental responsibility among the members of the business community. The *Acting on Climate Change: Solutions from Canadian Scholars* paper suggests that the public is also more likely to restrain wasteful behaviour voluntarily if they recognize the logic in setting limits around carbon emissions and embracing a low-carbon economy. It is imperative to include awareness and education around the interconnectedness of environmental and social risks and how to manage them, as well as how responsible energy management can be a positive aspect of government initiatives.

Furthermore, responsible energy management is very important for business in the context of rising energy costs, security of supply issues, and increased awareness of corporate environmental sustainability. The world is facing unique environmental challenges including climate change, an emerging global crisis in water availability and water pollution, record loss of biodiversity, and long-term damage to the earth's ecosystems. In recent years, some Canadian businesses have acknowledged their contributions to these challenges and developed broad based strategies to manage these risks and, in some cases, opportunities. For example, Suncor states in its most recent sustainability report, "Suncor is tackling both global environmental issues such as greenhouse gas emissions and regional issues such as land use, reclamation, water use and air quality. Our approach is to invest in innovative technologies to improve environmental performance and reduce our impact on air, land and water"⁷. Suncor's strategy is to both manage risk and take advantage of opportunity through technological innovations such as reducing tailings, and was the first oil sands company to complete surface reclamation of a tailings pond⁸.

In Chapter 30 of Agenda 21⁹, the 1992 Rio Earth Summit spelled out the role of business and industry in the sustainable development agenda as: "Business and industry should increase self-regulation, guided by appropriate codes, charters and initiatives integrated into all elements of business planning and decision-making, and fostering openness and dialogue with employees and the public"¹⁰. By this it is meant that businesses have the responsibility to ensure that activities within their own operations do not cause harm to the environment, and since the operating rules of businesses are found in codes of conduct, policies, procedures and the like, incorporating measures to foster openness and dialogue about environmental issues into these instruments of self-regulation will promote greater environmental responsibility.

Businesses in Canada that are signatories to the UNGC have the opportunity to share their knowledge through their commitment to issue an annual Communication on Progress (COP), a public disclosure to stakeholders (e.g., investors, consumers, civil society, governments, etc.) on progress made in implementing the UNGC environment principles.

The following policy orientations, which recommend that businesses integrate planning and various levels of self-regulation, including developing regulatory frameworks, setting emission reduction targets, and updating standards, are all aligned with what the UNGC proposes in Principle No. 8:

the list of growing risk and opportunity projects on its website at: <http://www.suncor.com/en/responsible/1429.aspx>

9 <https://sustainabledevelopment.un.org/index.php?page=view&nr=23&type=400>

10 <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-8>

7 <http://www.suncor.com/en/responsible/302.aspx>

8 <http://www.suncor.com/en/responsible/3708.aspx>. See

- **Key policy orientation #2: include aggressive goals for low-carbon electricity production in federal and provincial climate action plans**, which proposes ambitious sectoral targets for low-carbon electricity production
- **Key policy orientation #3: integrate the oil and gas production sector in climate policies**, which calls for the development of a clear framework for the transition to a low-carbon economy
- **Key policy orientation #4: adopt a multi-level energy policy with energy efficiency and electrification at its core**
- **Key policy orientation #5: throughout Canada rapidly adopt low-carbon transportation strategies**, which calls for emission standards to be updated for vehicles
- **Key policy orientation #6: integrate landscape, land use, transportation, and energy infrastructure planning policies at multiple scales to ensure climate change mitigation**, which proposes integrating climate change into urban planning
- **Key policy orientation #7: support evolution of the building sector toward a carbon neutral or carbon-positive sector**, which proposes the adoption of ambitious targets for energy demand and efficiency of buildings as well as including climate change mitigation in national building codes.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies¹¹

As business is the primary driver of globalization, it can help ensure that markets, commerce, technology, and finance can

benefit society by demonstrating that environmentally sound processes can be profitable. UNGC Principle No. 9 demonstrates the need for business to respond by embedding climate change action into their strategies, which will drive investment and innovation in clean energy, scale-up low-carbon services and technologies, create jobs, and support economic growth.

According to the UNGC, environmentally sound technologies should protect the environment, be less polluting, use resources in a more sustainable manner, recycle more of their wastes and by-products, and handle residual wastes in a more acceptable manner than the technologies for which they were substitutes. Technological innovations thereby create new business opportunities, help increase the overall competitiveness of companies, and will have long-term economic and environmental benefits.

Improved energy efficiency measures across all industrial and commercial sectors, along with greater adoption of clean technologies contribute to meeting climate change commitments. The *Acting on Climate Change: Solutions from Canadian Scholars* paper clearly sets out to demonstrate that producing electricity from low-carbon emission sources is a key component to emission reduction to help Canada meet its collective carbon emissions reduction targets. The following key policy orientations (2, 4, 5, and 7) all point to the need for increased funding for research, development and deployment of low-carbon technologies, stronger regulatory standards, and measures to encourage public initiatives and education:

- **Key policy orientation #2: include aggressive goals for low-carbon electricity production** in federal and provincial climate action plans, which proposes ambitious sectoral targets for low-carbon electricity production

¹¹ <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-9>

- **Key policy orientation #4: adopt a multi-level energy policy with energy efficiency and electrification at its core**
- **Key Policy orientation #5: throughout Canada rapidly adopt low-carbon transportation strategies**, which proposes new models of transport, and electrifying road transport
- **Key policy orientation #7: support evolution of the building sector toward a carbon neutral or carbon-positive sector**, which proposes investing in renewable and ambient energy for new and existing buildings.

By strengthening green and low-carbon innovations, it is possible to address the challenge of climate change and increase opportunities for prosperity and sustainable development. This would put Canada at the forefront of green electricity internationally, provide significant cost-savings, and give leverage to a number of Canadian industrial sectors. According to Bloomberg New Energy Finance, 79% of Canada's electricity is already produced from low-carbon emission sources¹². Combining current hydroelectric production capacity with plentiful untapped renewable energy resources and east-west intelligent grid connections between provinces could allow Canada to adopt a target of 100% low-carbon electricity production by 2035.

Summary

In summary, the 10 key policy orientations presented in the *Acting on Climate Change: Solutions from Canadian Scholars* paper are supported by the three environmental principles of the UNGC in the following manner:

1. Recognition that climate change poses a credible threat to the planet's ecosystems and must be addressed by all levels of society certainly requires a "precautionary approach" (UNGC Principle 7). The approach includes the development of policies and strategies that both incite a reduction in carbon emissions while incenting the transition to a low-carbon economy, particularly in the areas of transportation, electricity generation, and building energy management.
2. Both government and business must develop robust initiatives that facilitate the transition to a low-carbon economy (UNGC Principle 8). This can be achieved through government subsidies, removal of regulatory barriers, and a market-based mechanism for managing carbon emissions. This regulatory environment creates the opportunities for a shift in public behaviour and business decision-making and strategy.
3. Development and adoption of environmentally friendly technologies (UNGC Principle 9), such as generation of electricity from renewable sources or increasingly energy efficient vehicles, promotes the responsible use of energy and recognizes the inherent impacts of current energy policy. In order for Canada to meet its carbon reduction goals it will need to assess the benefits of the transition to a low-carbon economy, not only from an anthropogenic perspective but also from the perspective of ecosystem protection and watershed management. It will become increasingly evident that in a rapidly energy-constrained world it is essential to manage it effectively and responsibly.

¹² <https://www.bnef.com/core/country-profiles/can>



ABOUT THE INITIATIVE

SUSTAINABLE CANADA DIALOGUES

This contribution is part of a collection of texts, *Acting on Climate Change: Extending the Dialogue Among Canadians*, stemming from interactions between Sustainable Canada Dialogues, an initiative of the UNESCO-McGill Chair for Dialogues on Sustainability, and business associations, First Nations, non-governmental organizations, labour groups, institutions, organizations and private citizens.

Sustainable Canada Dialogues is a voluntary initiative that mobilizes over 60 researchers from every province in Canada, representing disciplines across engineering, sciences and social sciences. We are motivated by a shared view that putting options on the table will stimulate action and is long overdue in Canada.

Together, the contributions enrich the scope of possible solutions and show that Canada is brimming with ideas, possibilities and the will to act. The views expressed in *Acting on Climate Change: Extending the Dialogue Among Canadians* are those of the contributors, and are not necessarily endorsed by Sustainable Canada Dialogues.

We thank all contributors for engaging in this dialogue with us to help reach a collective vision of desired pathways to our futures.

FOR MORE INFORMATION, VISIT OUR WEBSITE

sustainablecanadadialogues.ca/en/scd/acting-on-climate-change