

Canadian Coalition for Good Governance Issues Guidelines for Boards of Directors to Ensure Effective Oversight and Disclosure of Environmental and Social Matters

TORONTO – May 29, 2018: The Canadian Coalition for Good Governance (CCGG) today published a practical and timely guide for directors to assess and oversee environmental and social (E&S) matters. *The Directors' E&S Guidebook* provides practical insights and recommendations for effective board oversight and company disclosure of E&S matters.

“Companies and investors around the world are realizing that there must be a greater focus on E&S management as a critical driver of long-term shareholder value. CCGG hopes that the guidebook’s 29 principles-based E&S recommendations covering eight key governance areas will provide boards of directors with practical information that they can utilize to effectively oversee their company’s management of E&S factors,” said Stephen Erlichman, Executive Director, CCGG.

In recent years, CCGG observed a growing emphasis on E&S factors by both corporations and investors, mirroring the rise in prominence of issues like climate change, extreme weather and employee health and safety. Corporations have come under greater pressure to demonstrate that they have the right frameworks, practices, and capabilities in place to identify and manage E&S factors, while investors are facing increased responsibility to include these factors in their investment decision-making.

In 2016, CCGG initiated a process to strengthen its guidance in this area. A dedicated E&S Committee was formed with a mandate to develop high-level guidelines for boards on their oversight of E&S factors, provide guidance to companies on E&S disclosures, and further integrate E&S matters into CCGG’s board engagement program.

“The oversight of all significant risk factors is a core function of a corporate board. Every company should have a robust risk management system that includes E&S factors as a fully integrated part of the identification and assessment process. We encourage all company boards to use this guidebook for practical insights on how they can enhance their frameworks,” added Barbara Zvan, Chief Risk & Strategy Officer, Ontario Teachers’ Pension Plan, and Chair of CCGG’s E&S Committee.

The Directors' E&S Guidebook was developed following extensive interviews with directors from some of the leading companies in Canada and abroad, combined with an extensive literature review on the topic of board E&S governance and input from CCGG members. The result is 29 principles-based E&S recommendations covering eight key governance areas.

“Understanding environmental and social risks and how they are being mitigated is of growing importance to shareholders of corporations around the world. At Cenovus, we integrate environmental and social considerations into every aspect of our business, including at the board level, and we believe transparent disclosure of these risks is a critical component of effective oversight and management. While there’s no one-size-fits-all approach to E&S, this guidebook offers boards a well-rounded

overview of how to provide meaningful disclosure to shareholders,” said Patrick Daniel, Chair of the Board, Cenovus Energy.

The guidebook complements CCGG’s best practice guidance for governance matters in [Building High Performance Boards](#), most recently published in 2013. *The Directors’ E&S Guidebook* is available [here](#) and testimonials about the guidebook from directors can be found [here](#).

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About the Canadian Coalition for Good Governance

CCGG's members are Canadian institutional investors that together manage approximately \$4 trillion in assets on behalf of pension fund contributors, mutual fund unitholders and other institutional and individual investors. CCGG promotes good governance practices in Canadian public companies as well as the improvement of the regulatory environment to best align the interests of boards and management with those of their shareholders. In doing so, CCGG aims to promote the efficiency and effectiveness of the Canadian capital markets.

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