Country briefing: Canada

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Canada

Digging deep for ethics

By Lorraine Smith

Canada's extractive sector includes some sustainable business leaders, while consumer brands need to sharpen up

The corporate responsibility scene in Canada mirrors the country as a whole: regionally diverse, thinly populated, a few clusters of activity, and a lot of looking outside the nation for leadership and inspiration.

Canada has historically been strong in the extractive industries: mining, oil and gas, and forestry. While most Canadian consumers assume these firms are the Big Baddies, they have actually been out in front in terms of corporate responsibility.

According to GlobeScan's Radar 2009 Report, the Canadian public perceives petroleum and mining companies near the bottom in terms of "fulfilling their commitment to society". Only the tobacco and chemical industries ranked worse.

And yet a quick survey of the larger companies active in this sector – from Nexen, a Calgary-based energy company, to Cascades, a Quebec-based forest products group – reveals that they had been engaging stakeholders and increasing transparency for at least a decade before their consumer-facing peers even knew how to spell greenwash.

The more visible companies in Canada – retailers and consumer brands – have typically lagged behind in terms of corporate responsibility, in spite of receiving top ranks in the same GlobeScan survey of public perception.

In 2007, when UK-based Marks & Spencer released its highly touted Plan A and US-based brands such as Nike and Levi's were publishing social compliance data, only two Canadian retail brands, Hbc and Mountain Equipment Co-op, made any meaningful data publicly available.

This has started to change in recent years thanks to a combination of factors.

One is the realisation that when a company publishes a sustainability report, the sky does not fall. This is probably because the few who read them are not likely to criticise a company for finally being more transparent. Hence we see companies such as grocery retailer Loblaw and clothing manufacturer Gildan producing rather thorough, GRI-based reports for a second year in a row.

There has also been a realisation by a handful of progressive firms in Canada that managing waste, product sustainability and societal impacts can be good for business.

Xerox's Toronto-based global research and development facility, for example, is a hub of innovation striving to create environmentally sound document management systems. It recognises that the workplace norm can no longer be mountains of single-use paper, heaps of obsolete electronics and tubs of toxic ink.

Regional differences

An often overlooked element of Canada's corporate responsibility landscape is the degree to which Quebec – specifically French-speaking Quebec – is host to some very promising initiatives.

The inter-university life-cycle analysis group, Ciraig, based in Montreal but closely tied to several European universities, has been working with leaders such as home

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More than just grain in Saskatchewan

renovation retailer Rona, forest products group Cascades and energy firm Hydro Quebec.

Meanwhile the Quebequois people are particularly engaged in social dialogue. Retailers such as Mountain Equipment Co-op report that they are more likely to field direct corporate responsibility-related questions from customers in Quebec than elsewhere.

The French-English gap is just one example of diversity of Canada. The vast north holds great economic promise and yet

> *Progressive firms have realised that managing waste, product sustainability and societal impacts can be good for business*

the needs of the people, particularly Canada's First Nations, must also be met.

And in the prairies, resource extraction takes place within the country's largest farming region. Saskatchewan alone comprises 41% of Canada's arable land, yet its oil, gas and uranium is responsible for 28% of the national output. Recent industrial growth has led to the nickname "Saskaboom", and yet not all segments of society are benefiting from the upward economic trend.

A report by the Canada Council on Social Development – Poverty Reduction Policies and Programs – states that in 2006 nearly 15% of the province's population was of aboriginal descent, and that half of Saskatchewan's aboriginal children live in poverty.

Large companies such as Saskatoon-based Potash Corp are supporting inner city programmes. And while these are steps in the right direction, major long-term efforts that go beyond philanthropic donations will be required to reverse the trend.

There are a few other stations to visit on Canada's corporate responsibility tour: strong governance in the financial sector, leadership in green energy and a burgeoning corporate water responsibility movement. But many companies are only just beginning to learn from the nation's resource-based trailblazers. ■

Canada corporate responsibility factsheet

Socio-economic statistics

Population: 33.7 million
GDP (nominal): €1.64tn
GDP per capita: €29,000
Population below the poverty line (2008): 26%
Human Development Index: 0.966, 4th out of 182 countries

Current leadership:

Prime minister: Stephen Harper
Type: a parliamentary democracy, a federation and a constitutional monarchy

Key trading partners:

Top exports	Top imports
75% to US	51% from US
3.4% to UK	11% from China
3% to China	5% from Mexico

References:

- Socio-economic statistics obtained from recent publications by the Government of Canada, the CIA Factbook and the Human Development Index.
- Corporate responsibility statistics obtained from a July/August 2010 Ethical Corporation survey.
- Guideline and standards statistics obtained during August 2010 from official website of each initiative.

Ethical Corp survey results

Number of employees spending more than 50% time on CR/sustainability team (n=73):

Have over 10 employees	**18%**
Have 5-10 employees	**14%**
Have 2-4 employees	**34%**
Have 1 employee	**23%**
Have none	**11%**

Size of CR/sustainability budget (n=66):

Have a budget over C$40,000	**47%**
Have a budget C$27,200 – C$39,999	**6%**
Have a budget C$13,600 – C$27,199	**6%**
Have a budget C$6,800 – C$13,599	**17%**
Have a budget C$1,250 – C$6,799	**7%**
Have a budget under C$1,249	**17%**

Focus of CR/sustainability team (n=73):

Performance measurement	**37%**
Reporting	**37%**
Partnerships and collaboration	**29%**
Community engagement	**25%**
Building corporate reputation	**25%**

Local sustainability leaders (most mentioned n=55):

Mountain Equipment Co-op	**40%**
Cascades	**22%**
Loblaw	**15%**

Foreign sustainability leader (most mentioned, n=53):

Interface	**19%**
Wal-Mart	**10%**
GE	**7%**
Shell	**7%**
Toyota	**7%**

Guidelines and initiatives most used (n=45):

GRI	**58%**
Carbon Disclosure Project	**16%**
ISO standards	**16%**
Global Compact	**9%**

Top three challenges and risks (n=45):

Climate change	**27%**
Embedding CSR into strategy and operations	**24%**
Working with First Nations communities	**11%**

Top three opportunities (n=45):

Renewable energy and energy efficiency	**22%**
Climate change	**16%**
Public awareness	**13%**

Guidelines and standards statistics:

GRI reports in 2009	**39**
DJSI components	**12**
Global Compact participants	**78**
UN PRI signatories	**33**


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Sustainability challenges

Resource–rich corporate dilemmas

By Lorraine Smith

In a country with major energy and water reserves, Canada's companies have clear opportunities to become leaders in sustainable growth

Canada's big corporate responsibility issues boil down to two fundamental challenges: energy and water. Within Canada's borders are the world's second largest single oil reserve after Saudi Arabia and nearly 10% of the world's fresh water, while the nation's coastline is the longest in the world. So, whether or not Canadian corporations address the resource issues holistically is of global importance.

Even before the widespread acknowledgement of the human causes of climate change and the onset of a carbon constrained economy, and long before the BP spill in the Gulf of Mexico made oil an even dirtier word, Canada's oil-sands-based petroleum companies faced a corporate responsibility puzzle. How to ensure a social licence to operate and demonstrate genuine commitment to improvement while removing nearly 1.5m barrels of oil per day from former farmland and caribou habitat.

In 2009 net energy exports accounted for nearly 3% of GDP, and the oil sands are about half of this, and growing, according to the US Energy Information Administration.

Marlo Raynolds, executive director of the Pembina Institute, a Calgary-based thinktank focused on developing sustainable energy solutions, says: "[Although] sustainable fossil fuel development is somewhat of a paradox, oil sands must be developed in a manner that is in keeping with science-based environmental thresholds."

This should mean only approving projects with effective environmental management systems in place that would address reclaiming wetlands, managing liquid tailings, making sure that aquatic needs are met in river basins, and establishing areas off-limits to industrial development.

Raynolds concludes: "Ultimately best practices in environmental management and execution of projects should be mandatory."

There are bright spots on the sustainable energy horizon, both within and outside the oil sector. The Oil Sands Leadership Initiative (OSLI) is an industry collaboration with a vision of achieving world-class environmental, social and economic performance in developing the oil sands resource. OSLI facilitates four industry working groups that focus on water management, sustainable communities, land stewardship and technology breakthrough.

Ontario is a leader in renewable energy development and has taken a bold and internationally noticed stride with its Green Energy Act and the introduction of the feed-in tariff programme.

This is North America's first comprehensive guaranteed pricing structure for renewable electricity production. It is early days yet but several provinces are poised to follow suit, clearing the way for energy companies to invest in renewables, and non-energy companies to shift their power supply to more sustainable sources.

Water water everywhere

Nearly 9% of Canada is covered with fresh water, and conservation, restoration and effective management of water resources is an area in which corporate Canada is increasing its activity and, in a few cases, leadership. This includes efforts from pulp and paper companies, such as Quebec-based Cascades' closed loop production (see box), to marine stewardship programmes, such as national

"Sustainable fossil fuel development is somewhat of a paradox"
Marlo Raynolds, Pembina Institute

Gildan Activewear – addressing energy, water and life-cycle thinking

Ten years ago, Montreal-based **Gildan Activewear** was still manufacturing most of its blank T-shirts in the Montreal area. But the company experienced the same market pressures that pushed other local clothing companies – such as Jacob, Le Chateau and La Senza – to move at least some production to developing countries.

The key difference is that Gildan is **vertically integrated** – it owns and manages its own spinning, knitting, and cut-and-sew factories. Where its peers' factory labour issues were met with the feeble "we don't own any factories" defence, for Gildan it was a different situation.

Gildan now a leading eco-clothing brand

Since first being investigated by **Maquila Solidarity Network** (MSN) in response to alleged labour violations, such as firing workers for forming a union, and making a very unfavourable appearance in a Canadian Broadcasting Corporation programme – Sewing Discontent – in 2001, Gildan has transformed into a leading player in corporate responsibility.

Gildan's strategy now reaches far beyond best-in-class labour compliance policies to include a life-cycle approach to their products. This includes **energy and water management systems**, enhanced **governance practice**, with board-level oversight of corporate responsibility, and ongoing measurement and reporting using the **Global Reporting Initiative** framework.

Downward pressure on T-shirt prices over the past decade have not relented and Gildan is in no way exempt from the challenges this entails. It has nonetheless managed to engage with relevant NGOs (including MSN) to implement these improved labour practices, and to communicate more transparently.

The company has gleaned kudos from a few quarters, including ranking in the top ten of the Globe & Mail newspaper's Board Games award for good governance for three consecutive years. Gildan was also listed in the **Top 50 Corporate Citizens** by Jantzi Research in 2009. And, at the same time, the company was posting consistently strong financial results in the stock market.

With over **US$1bn** in sales of T-shirts and socks in 2009, Gildan is a significant player in the international clothing industry. Their comprehensive and strategic approach to corporate responsibility appears to be worth the effort.

grocer Loblaw's commitment to stocking only sustainable seafood by 2013.

At an inaugural Canadian Water Summit hosted in Toronto early this year, water policy experts and corporate players discussed the need for better management of Canada's water resources. The overwhelming sentiment at the event was that the water agenda in 2010 is roughly where the climate agenda was 10 years ago, and that it will only be of growing importance.

Hadley Archer, WWF Canada's vice-president, strategic partnerships, points out that water is not priced in many Canadian regions. "With climate change we are predicting that where it's dry it's going to get drier, where it's wet it's going to get wetter," he says. "Business needs to understand how to manage this reality."

As with the energy and climate conversation, government policy can have a significant impact on business.

"Where it's dry, it's going to get drier, where it's wet it's going to get wetter"
Hadley Archer, WWF

Anthony Watanabe is chief executive of the Innovolve Group, a sustainability consultancy and host of the Water Summit. He is enthusiastic about Ontario's proposed water opportunities and water conservation legislation. "If the province has its way, five years from now delegates at sustainable investment conferences around the world will be talking about Ontario not only for green energy but also for water technology," Watanabe says.

Meanwhile, Watanabe points out, Manitoba is already ahead on the water agenda as the only province with a ministry of water stewardship. The absence of a federal strategy has led to the current fragmented approach. "Some of this fragmentation is necessary," he says, "given the regional nature of water issues, but imagine what these leading provinces could accomplish with the support and vision of our federal administration."

Where government is failing to imagine the opportunities, foreign business is stepping in. Oakville-based Zenon Environmental is a global leader in water purification and wastewater treatment, a corporate responsibility and business opportunity that is developing quickly with rapid industrial expansion stressing already fragile water systems around the world. The company was recently acquired by General Electric. Ecomagination, indeed.

Water issues

And, like the climate conversation, water has its complexities that need to be understood by industry. For example, agriculture is often cited as a high consumer of water – during the water summit agribusiness was referred to as "the elephant in the room". Yet Denis Tremorin, manager of sustainable production at agricultural industry group Pulse Canada, which represents growers and processors of pulses (beans, chickpeas, peas and lentils), points out that "of the 7.4m acres of pulses grown in Canada in 2010, 99.3 % of this land will not be irrigated. Approximately 2m of Canada's 167m acres of farmland is irrigated."

Similarly, the forest products industry – the largest net exporting industry in the country – exemplifies the need to distinguish between water "use" and "consumption". "Used" water, the main concern of forestry, flows through production systems and returns to the water table. Here, issues of water quality and habitat disruption are paramount. "Consumed" water, on the other hand, is removed by way of absorption into growing crops or otherwise, so volume reduction is a concern.

It is early days yet, but companies are finally putting "assess water impacts" on to-do lists. Forestry companies such as Cascades and Weyerhauser have been measuring direct water impacts for several years. Now, a diverse range of large companies, including Royal Bank of Canada and Wal-Mart Canada, are starting to assess their water-footprints.

Cascades demonstrates leadership in water responsibility

Cascades is a Quebec-based forest products company that makes household paper products, fine papers, packaging, furniture and construction materials. The company was founded 45 years ago essentially as a recycler of waste material, and this approach has continued to drive its sustainability programme.

As the water agenda grows in Canada, leading companies, including Cascades, are benefiting from a **transparent and proactive approach**. The company uses only a sixth of the water used by its industry peers, through a series of highly innovative production practices, including **"closed loop manufacturing"** at some of its facilities.

Cascades measures and reports against three water-related key performance indicators relevant to its sector – water consumption, suspended solids returned to effluent, and biochemical oxygen demand after five days in effluent. It has recorded year-on-year improvements in all categories since 2007.

JOHANNAGOODYEAR/DREAMSTIME.COM

Canada's paper mills now addressing water use

Canada's companies are, inevitably, affected by changing strategies at the major US corporates. One encouraging impact of the likes of Wal-Mart focusing more on sustainability is the dramatic increase in life-cycle thinking that a range of Canadian companies – from consumer products companies to energy producers – are choosing to adopt.

There is a cluster of life-cycle activity centred in Quebec. Ciraig – the Interuniversity Research Centre for the Life Cycle of Products, Processes and Services – pools the strengths of Canadian universities in the fields of life-cycle assessment and life-cycle management.

It works with academics in Canada and Europe, offering leading edge research that is being funded and eagerly applied by some of the country's largest sustainability players, including Hydro Quebec, Rona and Cascades.

Much ink has been spilled in Canada, as elsewhere, over how to "embed" corporate responsibility so that it is not limited to one department or, worse, one-third of one person's job description. A strategy Canadian companies have been employing to achieve this is a greater focus on board-level governance.

Directors onboard

Robyn Hall is manager of communications at Canadian Business for Social Responsibility, a networking not-for-profit group aiming to improve social and environmental performance in Canadian business. She says: "Boards of directors are increasingly recognising that effective management of social and environmental risks can improve business performance."

CBSR's recently released CSR governance guidelines highlight best practice and case studies from companies such as Cameco, Gildan Activewear, Loblaw and Potash. They demonstrating that companies that embrace corporate responsibility at a board level are better able to carry out strategic vision, have enhanced accountability, improved risk management and more effective communications.

In contrast to the sector globally, banking is a sector that has performed strongly. The five large Canadian banks typically rank among the top performers in overall governance among publicly listed companies in Canada. This has been cited as the reason the Canadian banks, and by extension, the Canadian financial system, have weathered the recent economic hardships so well.

The differences in approach for the financial services sector in Canada are complex but they essentially boil down to enhanced disclosure practices as opposed to the strictly rules-based approach of the US system. This has supported the evolution of another key strength: the way in which money is leant. Particularly for mortgages, banks are de-incentivised to lend to high-risk borrowers, which in turn leads to greater stability with potentially reduced short-term profits but generally increased gain over the long term.

There are many aspects to the differences in the Canadian banking system, but the bottom line is it's working, to the degree that the World Economic Forum's 2009-10 Global Competitiveness Report ranked the Canadian banking system as the world's soundest for the second year in a row.

And so there are bright spots and signs of leadership and innovation. But the global energy and water issues, and Canada's role therein, present a need for much more than just highlights. Current circumstances necessitate strengthening and reinforcement of efforts in order for business to thrive in a healthy society and environment in the coming decades. ■

"Directors are recognising that management of social and environmental risks can improve business performance"
Robyn Hall, CBSR

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NGOs and business associations

Cautious companies missing the mark

By Lorraine Smith

While international and local NGOs and business initiatives are active in Canada, companies are not yet taking full advantage

A widely accepted truth in corporate responsibility circles is that goals can only be achieved through collaboration with non-governmental organisations and business associations. Yet while one of the best-known environmental NGOs, Greenpeace, was founded in Canada in the early 1970s, and the country has a long history of civic engagement, Canadian companies have been hesitant to engage.

Anti-sweatshop activist group Maquila Solidarity Network's Lynda Yanz reflects on the decades of corporate engagement she and her labour rights colleagues have been involved in. She says: "With very few exceptions, Canadian companies are reluctant to engage actively in multistakeholder initiatives that involve US and European competitors, NGOs and unions."

Yanz says they are still too cautious, and not taking leading roles either on their own or collaborating with other companies. Yanz and her peers are focused on manufacturing hubs, but her comments resonate across all sectors. While there are a few encouraging signs of collaboration, the Canadian corporate community is not exactly punching above its weight, socially and environmentally speaking.

Coordinating hub or PR shield?

When Maquila Solidarity Network (MSN) began targeting Canadian companies for labour rights violations in their supply chains, many companies stood behind the Retail Council of Canada, the industry association looking out for their interests, rather than responding individually. The RCC's response was to form a committee to address the issue, and to publish several press releases with a position.

The cynical onlooker may suggest that this is another example of how industry associations cater to the lowest common denominator rather than raise the bar of corporate responsibility. Yet even bringing companies together to discuss the issues created a new foundation for learning and dialogue.

To its credit, the RCC went on to host a conference for its members in 2006. MSN's Bob Jeffcott was welcomed to the stage with the head of global merchandising for Wal-Mart. Inviting an activist to present alongside his biggest target, with more than 100 companies in the room, goes beyond the lowest common denominator approach.

And there are other encouraging instances of Canadian industry associations taking a proactive, impact-oriented stance to try to improve their members' corporate responsibility impacts.

The grocery industry, guided by two national associations – the Canadian Council of Grocery Distributors and the Canadian Federation of Independent Grocers – has conducted an industry-wide carbon-footprinting exercise. The purpose was twofold: set a baseline from which the industry can measure its performance over time, and generate awareness and cohesion among a wide group of players over the need for action on climate change.

While the results of the baseline study conducted in 2008 have not been released, the complexity of the process and the commitment of the industry to collaborate have been impressive.

Companies have also been able to leverage a range of voluntary initiatives gaining traction in

Industry associations are taking proactive, impact-oriented stances

Canada. These initiatives can be attractive because they harmonise diverse frameworks, organise complex ideas, and combine the collective wisdom of a range of stakeholders.

This last aspect is particularly relevant to Canadian companies that often have a small number of staff dedicated to corporate responsibility compared with their international peers, but for whom the issues are no less complex or costly to address. The idea of some pre-packaged, internationally recognised thinking can be quite appealing.

The most prevalent of these is the Global Reporting Initiative. For a while the very idea of reporting and transparency was lacking in Canada, and – with the exception of the extractive companies – there were few voluntary non-financial disclosure efforts. However, in recent years many new reporters have come on board including prominent brands such as retailers Canadian Tire and Loblaws, and fast food chain Tim Hortons.

As the amount of reporting has increased, so too has the reliance on the GRI. Companies such as Gildan Activewear, which had been communicating a range of non-financial information since 2004, have voluntarily developed more robust, internationally comparable reports in their most recent communications.

On an international level, Canadian companies have played a role in the development of voluntary standards. Bell Canada, the phone company present in every household until the deregulation of the telecommunications market in recent years, was a founding member of the Global e-Sustainability Initiative (GeSI) dedicated to making electronics more environmentally sustainable.

While GeSI's membership is dominated by European and US companies, the Canadian sustainability team at Bell played an active role in both developing GeSI and in promoting its work among their peers in what is an otherwise fiercely competitive industry.

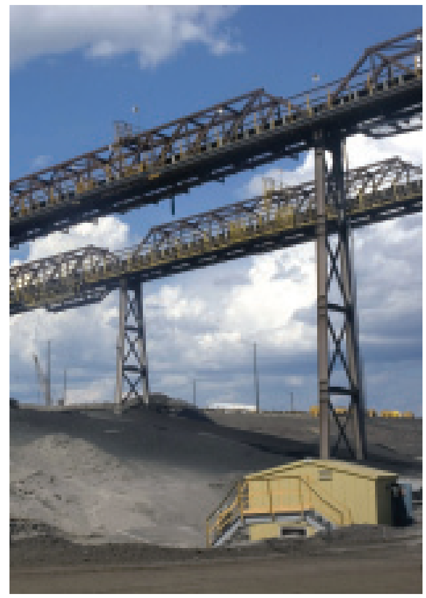
Yet NGOs continue to have more than a few axes to grind with corporations. Rainforest Action Network and Mining Watch are two Canadian activist watchdogs that regularly critique resource extraction activity. They picketed outside the headquarters of Royal Bank of Canada in June last year demanding that the bank cease investing in Alberta oil sands projects.

RBC is a signatory of the Equator Principles – as are the other four major Canadian banks – but, according to the NGO community, it is debatable to what effect. In 2004, in response to a question as to whether or not the principles have caused RBC to turn down applications for funding, Sandra Odendahl, RBC's senior manager in environmental risk management, said: "There are usually a lot of reasons why a deal doesn't go through – to put it down to just the Equator Principles would be naïve in the extreme."

At that point, according to Odendahl, the bank had applied the principles in three cases: a Canadian oil sands project and two developing country oil and gas projects. And yet, fast forward to 2009 and RBC is, according to Rainforest Action Network, the largest financial backer of the oil sands.

While it would be tempting to view the melée at RBC's doorstep as an isolated Canadian circumstance – Canadian activists targeting Canadian banks investing in Canadian projects – the potential for impact is international in scope. Canadian financial institutions are key investors in the extractive sector. In 2006, Canadian extractive interests were active in 108 countries, according to a report from the Canadian Centre for the Study of Resource Conflict.

When the relatively educated, democratic, networked, and internet savvy population is taken into account, the voices of Canadian activists have the potential to shape the way resources are extracted globally perhaps more than any other NGO community in the world.


DAVEWEBBPHOTO/DREAMSTIME.COM

Oil sands tar investors

Frustrated by business

Even the more business-friendly NGOs such as WWF have their frustrations. Hadley Archer, WWF Canada's vice-president for strategic partnerships, says that the scale of the action is nowhere near the scale of the problem. "It's the biggest companies that need to change, but they are the ones that are the most conservative and most likely to take an incremental approach. We need a new paradigm and it will be exciting and good for the economy, but it's hard to get there."

Examples of wider NGO-corporate collaboration, such as the Forest Stewardship Council and Marine Stewardship Council certification processes, are often cited as success stories. However, as Archer points out, "it's a 10 to 15 year cycle for one commodity certification, and not everyone's going to be happy with it". He argues that as FSC doesn't tackle climate change, for example, it is now attracting criticism from environmental NGOs, despite the fact it's a "wonderful system [with] great market uptake".

Canadian NGOs and industry associations do collectively recognise the scope of the challenge, and they continually try to rally their constituents, some more delicately than others.

Lynda Yanz of MSN sums it up neatly: "These problems are pervasive, persistent and systemic and cannot be eliminated without collaboration with competitors, NGOs and unions. There really can be benefits to honesty, transparency and collaboration." ■

Lorraine Smith is an independent Canadian sustainability consultant with private sector and NGO experience. She is on the advisory board of the Social Hotspot Database and is a strategic advisor to Fashion Takes Action. Smith worked for four years at Canadian Business for Social Responsibility and continues to act as a CBSR associate.

Harper's government can learn from the provinces

Government and legislation

Regulation jigsaw brings piecemeal results

By Lorraine Smith

A more joined-up approach from Canada's municipalities, provinces and national government would aid sustainable business

Within seconds of the earthquake that shook central Canada in early 2010, there were dozens of tweets about the tremors. One witty poster speculated that the cause of the earth's rumbling was Canadian prime minister Stephen Harper trying to pronounce the word "environment" in the lead-up to the G20 summit. This captures the current mood when it comes to the federal stance on the environment.

Earlier that same day Jim Prentice, federal environment minister, said all new coal-fired electricity power facilities, and those "dated and dirty" ones reaching the end of their "economic life", must meet stringent performance standards.

But many units will not reach the end of their economic lives until 2025, and 18 of 51 existing units are expected to operate well beyond this timeline. As Marlo Raynolds, executive director of the Calgary-based Pembina Institute, a sustainable energy thinktank, points out, Canada has "a track record of announcing targets and then not really doing much".

The federal government has announced new regulations for transport trucks, and here at least business is taking note. Probably in anticipation of tighter regulations, Canadian Tire announced in May that 30 trucks would be replaced by the end of the year with low-emissions diesel vehicles, with its entire fleet of 70 to follow by 2013. The net impact of this activity is perhaps relatively small, but this is a trend across major retailers as they seek to optimise their logistics and tell a good news story.

Rigorous regulation

More good news is that, despite the perception of many of its citizens, Canada has stringent safety protocols for chemicals. According to Health Canada, in 2006, Canada was the first country to systematically sort through 23,000 existing substances introduced before the creation of stronger environmental legislation. A management plan has been developed, including a "challenge to industry" in which 200 chemical substances are identified as the highest priorities for risk assessment and controls.

This approach may be progressive when compared with other governments, but it is not fast enough for some businesses. In the wake of consumer concerns about chemical compound bisphenol A (BPA), outdoor-gear retailer Mountain Equipment Co-op pulled products containing BPA in December 2007, and many other retailers followed suit. To date, Health Canada has only required industry to stop selling baby bottles made with BPA.

Other government efforts address the shortfall in reporting and transparency. Several provincial governments now require disclosures through securities regulations, helping companies and investors minimise exposure to social and environmental risks.

A resolution was unanimously approved by the Ontario legislature in April last year, calling on the Ontario Securities Commission to undertake a broad consultation to establish best practice corporate social responsibility and environmental, social and governance reporting standards. Several other provinces have indicated they will follow suit.

So it's not the Harper government winning kudos for fostering environmental responsibility. Provinces are filling the void.

Along with the increase in disclosure requirements, Ontario's Green Energy Act, passed in May last year, is intended to boost investment in renewable energy projects, increase conservation and, as an added bonus, create 50,000 new jobs.

British Columbia recently passed its own Clean Energy Act, which has a similar mandate and is tied to a climate action plan.

The theme of local versus regional or national control is reinforced by the approach to waste management, which serves as a microcosm of Canada's larger sustainability challenges.

Common sense suggests that products should be made in such a way that they can be responsibly consumed and disposed of. Extensive national efforts in extended producer responsibility for products, from paint to fizzy drinks bottles, support this idea but waste management is handled at the municipal level.

Wasted effort

In Ontario, Canada's most populous province at more than 13 million people, there are 444 municipalities each with its own waste management plan. In other words, where residents in one household may be able to recycle their yogurt containers, in another they go straight to landfill.

For retail and consumer products companies trying to do the right thing, it can be nigh on impossible to effectively manage the life-cycle impacts of their goods, much less inform consumers accurately.

According to GlobeScan Radar 2009, 52% of Canadians feel that the government's responsibility for various social areas is more important than that of the large companies. Yet the pace of improving regulation makes the retreat of glaciers look speedy, and the lack of leadership at the federal level suggests the fragmented approach will continue.

In this climate business can pick and choose where they will move ahead of regulation, and which of the few encouraging progressive programmes they will invest in. ■