



Pension Investment  
Association of Canada

Association canadienne des  
gestionnaires de caisses de retraite

May 13, 2008

ICGN Secretariat  
16 Park Crescent  
London  
W1B 1AH, UK

Attention: Frank Curtiss  
Chairman, ICGN Non-financial Business Reporting Committee

Dear Mr. Curtiss:

Re: ICGN Board Statement and Position Paper: Non-Financial Business Reporting

This submission is made by the Pension Investment Association of Canada (“PIAC”) in reply to the request for comments published March 31, 2008 by the ICGN Non-financial Business Reporting Committee on the ICGN Board Statement and Position Paper: Non-financial Business Reporting (the “Position Paper”).

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$910 billion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. PIAC members are international investors with significant holdings in companies listed and/or domiciled around the world.

We are very supportive of the aim of the Position Paper and agree with the ICGN's position on disclosure and transparency. We agree that it is very important for institutional investors to call for better disclosure and for the ICGN to promote a better understanding of the required reporting. We encourage the ICGN to continue to monitor developments and work with other organizations such as the International Accounting Standards Board in this area and agree that the ICGN's focus should not be on setting metrics or prescribing particular solutions.

One comment we would like to make is on the terminology used in the Position Paper. Referring to the requested disclosure as “non-financial business reporting” (NFBR) does not send the right message regarding the desired disclosure. As noted in the Position Paper, pension fund trustees and institutional investors who are agents for beneficiaries have a fiduciary duty to take into account all information which assists in identifying and

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mitigating risk on the one hand, and assists in identifying sources of wealth creation on the other. The requested disclosure is in order to comply with this duty and is very much focused on financial performance. The goal is to provide investors with information to better understand, evaluate and assess potential risk and return, including the potential impact of environmental, social and governance factors on a company's financial performance.

We disagree with the use of "non-financial" to refer to information relevant to the assessment of economic value, but which does not fit easily into the traditional accounting framework. As noted in the Position Paper, the information requested, although not financial statements, is relevant and material to investment decision making. Further, as indicated in the Position Paper, the United Nations' Principles for Responsible Investment (UNPRI) has adopted the descriptor Environmental, Social and Governance (ESG) and does not refer to NFBR. Given the Committee's view that "ESG is fast becoming the most widely accepted terminology", it is not clear to us why it has chosen to use NFBR instead of ESG and we recommend changing the terminology used in the Position Paper to adopt the use of ESG instead of NFBR.

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We appreciate the opportunity to respond to your request for comments and hope that you find our feedback relevant. Feel free to contact us if we can be of further assistance.

Respectfully submitted on behalf of the members of the Pension Investment Association of Canada.

Yours truly,

A handwritten signature in blue ink, appearing to read "R. Robineau". The signature is fluid and cursive, written over a light blue horizontal line.

Roger Robineau  
Chair