



CASI  
Canadian Agri-food  
Sustainability Initiative

IDAC  
Initiative de durabilité  
agroalimentaire canadienne

# **What We Heard: Environment, Social and Governance Investing and Canadian Agriculture Workshop**

**November 22, 2022**



## Workshop at a Glance

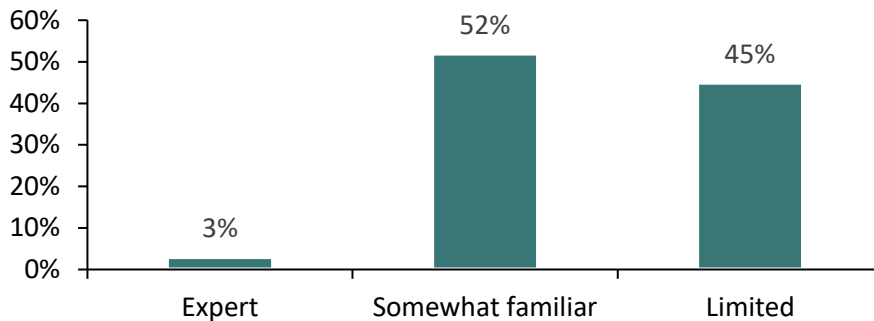
On November 22, 2022, the Canadian Federation of Agriculture (CFA) welcomed a variety of agri-food stakeholders from across Canada to participate in the second workshop hosted for the Canadian Agri-Food Sustainability Initiative (CASI). The Environment, Social and Governance Investing and Canadian Agriculture workshop was the second in a series of CASI workshops planned between February 2022 and March 2023. For more information about the workshop format and speakers, please download this [Information Package](#).

The workshop provided an overview of what environment, social, and governance (ESG) investment criteria is and what it might mean for farmers in the future. Workshop panelists explained how their organizations use ESG investing criteria, what trends they are seeing, and how to future-proof their programs/organizations for better resiliency in the future.

### Workshop attendees included:

- National and provincial commodity organizations
- Private sector agri-businesses
- Canadian agri-food sector accelerators and innovation hubs
- Federal and provincial governments

Most workshop attendees had limited knowledge or were just somewhat familiar with ESG investing criteria:



68 people from across Canada participated in the workshop.

**Figure 1.** Answers to the live polling question “Rate your knowledge of ESG investing criteria.”

## Key Takeaways

The term ESG is rising and spreading to different sectors across Canada, and it is more important now than ever to understand how this investment criteria will start to fit into the Canadian agri-food sector. Understanding what sort of financial and sustainability benefits can come from an ESG perspective will be essential in supporting a positive social and environmental outcome from our agricultural sector.

ESG is additional criteria to measure the long-term performance of a company or investment from a sustainable and ethical perspective. While the focus of ESG can have different interpretations, common lens associated with using ESG are:

- Risk mitigation
- Value generation
- Change generation



### What is CASI?

CASI will be developing an online platform to serve as a hub for sustainability programming in the Canadian agri-food sector. CASI will coordinate knowledge sharing on agriculture and agri-food sustainability and identify linkages between the current work happening in Canadian agriculture and agri-food to international sustainability standards. CASI will facilitate sharing Canadian successes globally by crediting farmers for existing management practices through benchmarking standard and program equivalencies on the online platform. CASI is hosted by the CFA and oversight for the project is provided by a broad representation of industry and sustainability leaders through a governance committee.

## Keynote Remarks

The keynote speaker, Andrea Gruza, is a Managing Partner at Bonnefield Financial where she is responsible for Bonnefield's sustainability, ESG activities, and new product development.

Bonnefield is a purpose driven organization that puts Canadian farmers and farming first, with an ultimate goal of “promoting sound farmland management practices, helping improve operators' efficiencies, and protecting the integrity of Canadian farmland”. Progressing towards sustainability and ESG activities will help protect and enhance the long-term returns for their investors and protect the farmers and farmland.

The conversation around using ESG in relation to agricultural land is growing within Bonnefield. Bonnefield approaches ESG investing in three main ways:

- Identifying material risks and value drivers
- Improving communication between the agriculture sector and investors through common ESG language
- Finding investors that align with Bonnefield's purpose and business model

Additionally, Andrea encouraged participants to remain open to the idea of a link between ESG and the language used to communicate information about the agricultural sector. The sector has an opportunity to better communicate the synergies between agricultural practices and their benefits to the economy, society and the environment.







## Discussion Summary From our Panelists

### Meet our Panel



**Alison Joutsi, LL.B, MBA**

*Vice President, ESG & Sustainability, BDO Canada*

Alison is a core team member within BDO's ESG practice group. Her diverse background allows her to approach ESG issues and put together sustainability programs from a legal, business and strategic communications perspective, resulting in her ability to provide full-service counsel to clients on sustainability strategy and reporting.



**Ben Gibbons**

*Managing Partner, Waterpoint Lane*

Ben has focused his career on investment banking and consulting support to growth stage and middle market companies with extensive experience across mergers and acquisitions, debt, equity and alternate capital financing transactions. He had a significant focus on supporting and raising capital for growth stage companies and working with management teams and founders on strategic plans.



**Todd Coakwell, CPA, CMA**

*Senior Director, Sustainability & ESG, Nutrien*

Todd Coakwell is currently an experienced Senior Director of Sustainability and ESG Disclosure at Nutrien Ltd., the world's largest provider of ag crop nutrients, inputs and services. With extensive knowledge in the agricultural sector and investor communication and support, he is leading the development of Environmental, Social and Governance disclosure for Nutrien while integrating ESG processes into the organization..



What trends are we seeing in ESG investing criteria?		
Environment	Society	Governance
<ul style="list-style-type: none"> <li>✓ GHG emissions (methane, nitrous oxide, carbon dioxide)</li> <li>✓ Climate change mitigation and adaptation</li> <li>✓ Commitments towards net-zero operations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Equity, diversity and inclusion</li> <li>✓ Employee well-being</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ethical business practices</li> <li>✓ Strengthened cybersecurity</li> </ul>
<p><b>New legislation for ESG reporting by publicly traded companies is imminent:</b></p> <p>As international investors are starting to demand more reliable, higher quality, and transparent reporting from companies, we are seeing new legislated requirements for publicly traded companies to have to report on ESG criteria.</p> <p>The International Financial Reporting Standard (<a href="#">IFRS</a>) Foundation is creating new standard-setting boards such as the International Sustainability Standards Board (<a href="#">ISSB</a>) to support this reporting requirement.</p> <p>Over the next couple years, the agricultural sector will be tasked with finding opportunities to streamline reporting on ESG related criteria.</p>		

**When it comes to collecting data for ESG reporting, where should the agricultural sector begin?**

- The starting point is to understand what the company or organization wants to track, monitor, and report on. Choose a small number of issues and do it properly
- Communication is key when collaborating with your stakeholders to figure out what your metrics should be and what your supply chain wants
- Creating partnerships with value chain partners, suppliers, and end consumers is required for long term resiliency. For example, agricultural retailers (crop input suppliers including seed dealers, fertilizer, and crop protection products retailers) are a great place to start these conversations

*“ESG is all about stakeholder engagement. Understanding what metrics and data your supply chain requires will unlock opportunities and help with risk mitigation.”*

- Alison Joutsi, Vice President, ESG & Sustainability, BDO Canada

**The government can play a role in supporting the agricultural sector to effectively communicate about ESG criteria.**

- The government can support the agricultural sector by providing funding to go towards communication about ESG investment criteria. For example, the government has funded the energy sector which has helped with the transition towards ESG investing/monitoring.
- The government should be careful with applying regulatory actions and should look to other countries to see what sort of effects these have had. For example, focusing on targets instead of regulations is a good place to start.
- Switching the narrative from risks to opportunities when discussing agriculture from an environmental perspective can help position Canada's agriculture sector as a leader in ESG investing and monitoring. For example, Canada's agricultural sector has an opportunity to be a global leader in management practices that sequester carbon and reduce greenhouse gas emissions.
- The government should educate and provide guidance to support with ESG investing and monitoring.

**The relationship between ESG (sustainability) and the agri-food sector are constantly evolving. Initiatives are being future-proofed to stay adaptable to the ever-evolving concept of sustainable production practices.**

- BDO's consulting services are focused on technology-enabled solutions to help future-proof the organizations they support.
- Waterpoint Lane focuses on outcomes rather than practices. The means to achieve the outcomes can adapt with new information about sustainable production practices.
- Nutrien focuses on creating partnerships all along the agriculture value chain to facilitate change.

*"Sustainability is a journey. No one is perfect, and no one is going to get perfect. It's going to be a process that companies need to work on over time. Don't try to bite off more than you can chew."*

*- Ben Gibbons*



## Recap with Tyler McCann

### **Tyler McCann**

*Managing Director, Canadian Agri-Food Policy Institute*

Tyler McCann is the Managing Director of the Canadian Agri-Food Policy Institute. His career in agri-food policy includes working for federal ministers, farm groups, industry associations and agri-food businesses. Tyler also farms with his family in Western Quebec.



There are two sides to the story when it comes to ESG in the agricultural sector. One side is the opportunity for investors to contribute in a way that will make a difference, with farmers having the opportunity to obtain new sources of capital to make changes. The other side is the supply chain pressures that will come from being involved with publicly traded companies that have ESG requirements. The more the agricultural sector leans into opportunities to provide transparent information, the more we can make Canadian agriculture “shine” in the face of upcoming ESG requirements.

There still seems to be questions around how Canada fits into these conversations around the world. There is an opportunity for Canada to look to other countries that are making efforts towards creating change in their agricultural sectors (i.e., Australia). The panelists presented great insights on how Canada has an opportunity to start getting ahead of ESG reporting requirements. Canada can be a world leader in integrating ESG investing criteria into how we communicate sustainable production and supply chain practices in the agricultural sector.





### **ESG opportunities for the Canadian agricultural sector to show leadership in**

- Soil health and conservation, especially with the widespread growth of adoption of no-till practice and cover cropping
- Implementing water conservation practices
- Canadian farmers are at the forefront of innovation, as early adopters of technology related solutions

### **What are three opportunities for Canada to become a leader when it comes to communicating about farm practices that inform ESG reporting?**

- The sector should focus on standardizing/streamlining monitoring and reporting techniques. It is important to use existing programs and reduce the burden for farmers
- Promoting an understanding that everyone will not be able to achieve everything, and to focus on a few elements that will help them the most
- Ensure that the Canadian agriculture sector has a unified voice to communicate about sustainability

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