

Sustainable Development Office
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Document 219043

Re: Feedback on the Draft Federal Sustainable Development Strategy 2019–2022

Actuaries are well placed to examine the different scenarios for climate change and resource use, to quantify risks and to provide guidance through cost-benefit analyses. In particular, we see the financial impact of climate-related risks on insurers, notably in insured losses in the property and casualty (P&C) industry. For example, the Insurance Bureau of Canada reports that insured damage for severe weather events reached \$1.9 billion in 2018, the fourth-highest on record.

We are following many of these trends through the Actuaries Climate Index (ACI), developed and managed by the Canadian Institute of Actuaries (CIA) and partners in the United States, which measures the extent of sea level change and the frequency of extreme weather in Canada and the United States. It provides actuaries, private and public decision makers, the insurance industry, and the general public with an accessible and objective monitoring tool to measure changes in the frequency of events like temperature extremes, heavy rainfall, drought, and high wind. Later this year, the ACI will be joined by the Actuaries Climate Risk Index (ACRI), which will relate the changes in frequency of extreme weather to economic losses and loss of life.

We applaud the efforts undertaken to develop the Federal Sustainable Development Strategy and welcome the long-term vision taking shape. Actuaries support solutions that incorporate sustainability issues – accounting for climate change in corporate planning, investment decisions, disclosure of climate risks, and putting in place appropriate governance mechanisms, strategies, risk management, and metrics and targets to meet these goals.

We would like to recommend the following improvements to the strategy:

- It would benefit all Canadians to cite the primary drivers of climate change in Canada, including emissions of greenhouse gases from industry, domestic car use, industrial farming, landfills (including non-composted food waste), etc. To do so effectively, we recommend including a chart or other infographic content in the front section of the strategy.
- To help Canadians better understand the urgency of taking action, we recommend creating specific milestones to make it easier to track Canada's progress on the 13 goals.

- In Annex 2 on performance measurement, we recommend at least annual updates to the various indicators quoted, especially for performance measurements for healthy coasts and oceans, pristine lakes and rivers, and clean drinking water. This would lead to the government publishing, on an annual basis, its progress in meeting these milestones.
- In Annex 3 on Canada in the world, we recommend setting interim targets on achieving progress. For example, rather than stating the objective to reduce greenhouse gas emissions by 30% (of 2005 levels) by 2030, we recommend using quinquennial targets (10%, 20%, and 30% respectively) for each of the years 2020, 2025, and 2030. Similar approaches can be used for the other targets listed in Annex 3.
- Governments and institutions that control a large share of the Canadian economy should continue to lead the transition to renewable energy by creating the necessary policies and legislative conditions for the development of energy-efficient buildings, programs promoting electric vehicles, paperless options, recycling, etc. For example, the recent federal budget's promotion of incentives for the purchase of hybrid or electric vehicles could help accelerate the migration from primarily fossil fuel powered vehicles.
- It would be beneficial that other sectors in the Canadian economy support the work that the federal government has done in its approach to sustainability. Specifically, as was noted in the Expert Panel on Sustainable Finance's recommendations, we recommend that financial sector participants support and implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as announced by the Financial Stability Board in 2017. It is essential to help stakeholders prepare and standardize their financial reports as recommended by the TCFD, promoting better-informed investment, credit, and insurance underwriting decisions, and helping the market transition towards better climate risk equilibrium.

We thank you for the opportunity to provide feedback on this strategy and remain available for further discussion on these important topics.

Sincerely,

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John Dark, FCIA
President, Canadian Institute of Actuaries

The Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Its members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members.