

June 27, 2023

The Honourable Chrystia Freeland
Deputy Prime Minister and Finance Minister
90 Elgin Street
Ottawa, ON K1A 0G5
Email: chrystia.freeland@parl.gc.ca

Subject: Taxonomy Roadmap Report

Dear Minister Freeland,

We are writing to express our support for the [Taxonomy Roadmap Report](#) from the Sustainable Finance Action Council (SFAC), which recommends developing and implementing a green and transition finance taxonomy for Canada. We commend the SFAC for their substantial efforts in providing thoughtful guidance to the federal government.

The Responsible Investment Association (RIA) is a Canadian investment industry association comprising over 190 institutional members and over 500 individual members. Our mandate is to drive the growth and development of responsible investment (RI) in Canada's retail and institutional markets, with a vision to align capital with sustainable and inclusive development as codified in the Paris Agreement and the UN Sustainable Development Goals. Our institutional members are mainly financial services firms, asset management firms and asset owners, including pension funds, who collectively represent more than C\$40 trillion in global assets under management (AUM). A list of our members is available online at www.riacanada.ca.

The RIA and our members recognize that to achieve Canada's net-zero objectives, Canada needs to both scale up the financing of clean energy solutions, and vastly accelerate improvements to the sustainability of existing industries. Globally, significant and growing pools of capital are earmarked explicitly for such sustainable, climate-aligned investment opportunities. A taxonomy provides a standardized framework that enables clear, consistent, and transparent identification and classification of green and transition economic activities and investments. The clarity around definitions of green and transition activities is vital to attract and mobilize capital toward Canadian companies developing sustainable solutions.

International momentum surrounding sustainable finance is rapidly growing, with various jurisdictions developing their own taxonomies. It is paramount that Canada takes the lead in defining our own taxonomy before other countries impose their frameworks upon us. By developing a made-in-Canada approach, we can shape the taxonomy according to our national priorities and unique economic, financial, and social circumstances. This is a timely opportunity to develop Canada's green and transition taxonomy and foster the growth of the sustainable finance market within Canada.

It is critical to underscore that a taxonomy will not preclude investment in any activity or sector or limit investor options. Rather, it will open new opportunities for Canadian companies and projects. It will instill confidence among domestic and international investors, who seek clear guidelines for sustainable investments, to direct capital consistent with their investment objectives and mandates.

We are pleased that the report's recommended framework architecture to guide the development of the taxonomy envisions the use of science-based criteria for taxonomy-eligible projects. In addition, we welcome the proposed governance model, which prioritizes transparency, results, and the scientific integrity of the taxonomy. The development of Canada's green and transition taxonomy must be grounded in science and underpinned by a robust governance framework, to ensure its credibility, both domestically and globally, and to mitigate greenwashing risk.

In conclusion, developing and implementing a Canadian green and transition taxonomy will play a pivotal role in attracting and aligning capital flows consistent with Canada's climate ambitions and facilitating the transition to a low-carbon economy. We urge the government to publicly endorse the Taxonomy Roadmap Report and prioritize the necessary funding to operationalize the recommended next steps. The urgency of this action from the government cannot be overstated, as it will lay the foundation for accelerating sustainable finance in Canada, and demonstrate Canada's leadership in the global transition to a low-carbon economy.

Should you like to discuss these comments further, please contact Mary Robinson, Director, Research and Investor Networks, RIA at mary@riacanada.ca and Patricia Fletcher, Chief Executive Officer, RIA at patricia@riacanada.ca.

Yours sincerely,



Patricia Fletcher, ICD.D
Chief Executive Officer
Responsible Investment Association (RIA)

cc. The Honourable Steven Guilbeault, Minister of Environment and Climate Change
Kathy Bardswick, Chair, Sustainable Finance Action Council