

Performance Management & the Oil Sands

Lessons from Canadian Resource Sectors

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Despite its economic importance, the production of oil from the oil sands has significant social and environmental impacts and is viewed by much of the public – both at home and abroad – as dirty, a major contributor to global climate change and something that should be stopped. The impacts and the negative public opinion have translated into serious and costly legislative, regulatory and other public policy barriers to development, and growing concerns from global investors.

Supporters of development of the oil sands point out that Canada has some of the strongest policy and regulation on environmental and social issues in the world. And some oil sands companies have already made bold commitments that go beyond just regulatory requirements to convince regulators, investors, critics and the public that they are responsive to concerns. A few have stepped out of the pack by pledging to reduce their greenhouse gas emissions intensity and others have committed to net zero greenhouse gas emissions by 2050. However, these commitments have not always been received with the positive embrace that the companies might have hoped for. Critics point to increases in absolute emissions, the growing extent of tailings ponds and the oil sands' overall footprint, and the lack of a concrete plan and milestones to demonstrate progress on these (and other) issues.

Part of the problem is that the sector lacks comprehensive, objective and credible data to be able to back up its performance claims. Also contributing to the problem is the fact that each oil sands company is mostly taking its own home-grown approach – and some of these approaches are less enlightened than others. As a result, the public doesn't trust the oil sands industry to tell a credible and consistent story about its own performance.

The good news is that the oil sands sector is not the first to face this problem. Other industries in Canada have overcome similar challenges.

Over the past 30 years, a number of Canadian resource sectors, including chemicals, forestry, mining, electricity and agriculture, have had to deal with serious public trust issues. For some, the primary concerns related to the social and environmental impacts of their operations at local and regional levels. Others faced attacks and threats of boycotts in critical export markets due to their production methods. In some cases, the performance of their sector in other countries created a situation which required a domestic response. And some sectors faced all three types of challenges.

These targeted sectors learned that relying on Canada’s regulatory system and reputation as a defensive strategy was insufficient.

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In response, these sectors have chosen to invest heavily in **performance management programs** – and to tackle the problems jointly across their sector rather than individually. They recognized that a failure by one company would affect the reputation of all companies working in the space and potentially subject all companies to increased scrutiny from regulators, investors and customers.

These performance management programs go beyond just reporting on Environmental, Social and Governance (ESG) metrics or self-determined measures of performance. They align the sector’s actions with statements of principles, and drive the sector to demonstrate continual improvement through independently-verified performance. This raises the bar for everyone in the sector and, perhaps most importantly, demonstrates that the sector is willing to address criticisms and public concerns collectively, in an open and transparent manner.

The performance management programs implemented by these sectors have not solved all problems. However, they generally reduce public push back and open doors for ongoing engagement with external parties before concerns become the basis of serious confrontation.

How have Canadian resource sectors addressed public trust problems? What lessons can be applied to reducing the public trust deficit the oil sands companies currently face? And what are the strategic options for how oil sands companies could move forward effectively? These are the questions that this report will address.

This report comes at a time when the Canadian oil sands companies are caught in a set of extreme global pressures the likes of which have not been seen previously, including the COVID-19 pandemic and the recent oil price war led by Saudi Arabia and Russia. At such a time, when much of the industry is fighting to survive, it may seem like the wrong time to be turning to performance improvement. But it’s just the opposite – it’s the precise time to take this action. Although current circumstances present unique difficulties, pressure by investors, the public and the government will continue to shape the course of the industry over the next decades.

How resource sectors have addressed public trust problems

In this section, we review how six Canadian resource sectors – chemicals, forestry, mining, electricity, agriculture and oil and gas – have addressed public trust challenges similar to those faced today by the oil sands sector.

As shown below, all of these sectors took the approach of developing a performance management program as a way to explicitly respond to concerns put forward by customers, regulators, governments, NGOs and the general public.

It may be tempting to think of a performance management program as synonymous with good environmental, social and governance (ESG) performance/reporting. But the two aren't the same.

ESG consists of metrics describing specific aspects of company's performance (at a point in time) that are of interest to audiences such as investors, governments, and ENGO's. While ESG metrics can be one element of a performance management program, they are not the sum total of it.

Performance management starts with values. The purpose of performance management is to demonstrate that:

- A company's values are aligned with the values of key affected parties (which could be Indigenous groups, local communities, the general public, government, investors or others)
- Its actions are consistent with these aligned values
- And thus a shared foundation exists for the development of public trust over time.

Effective performance management contains all the elements that are needed to develop public trust: mutuality, balance of power, and trust safeguards.^{1,2} Or, in the words of Teddy Roosevelt, "Nobody cares how much you know, until they know how much you care."

A performance management program is a disciplined, planned and coordinated process to translate performance management into an operational framework. While each sector has taken a somewhat different approach to its program, there are common attributes that underpin success, shown in Table 1.

¹ Arthur W. Page Society and Business Roundtable for Corporate Ethics. *Special Report: The Dynamics of Public Trust in Business-Emerging Opportunities for Leadership.*, 2009.

² Wicks A, Moriarty B and Harris J. Public trust in business: what's the problem and why does it matter? In *Public Trust in Business*. Cambridge University Press, 2014.

TABLE 1: ATTRIBUTES OF AN EFFECTIVE PERFORMANCE MANAGEMENT PROGRAM

Leadership	The development of the program and its adoption by companies is driven from the CEO level.
Inclusion	Participation is taken up by enough companies in the sector that the program has both credibility and traction.
Governance	A single organization acts as the owner of the performance management program and coordinates action across multiple companies and external parties. For some, decision-making is shared by companies and external parties.
Values and guiding principles	Explicit values and guiding principles reflect the shared aspirations and concerns of both companies and external parties and prescribe boundaries for how companies will behave. This helps ensure that the performance management program is not just seen as self-serving.
Goals	The program identifies goals that represent the desired outcomes to be achieved. These are commonly framed around performance dimensions such as water use or Indigenous economic benefit.
Performance dimensions and indicators	The program clearly defines conceptual performance dimensions that are measured by specific indicators at the project/facility, company, subsector and/or sector level. This is the element of a performance management program that most closely fits with ESG reporting.
Targets and continuous improvement	Targets set a standard of acceptable (or exceptional) performance for each metric. Targets are continuously revised to drive improvement across the sector.
Accountability mechanisms	Accountability mechanisms may include mandatory commitment to the performance management program as a condition of association membership, use of third-party verification of company performance and review of sector and/or company progress by a public advisory panel.
External engagement	Collaboration with external parties is commonly used to design the program. Once the program is launched it will likely have one or more external advisory bodies that review program implementation and performance of the sector.
Transparency	A warts-and-all approach is used to communicate with the public about the performance management program; on aggregated or individual company performance; and on areas of disagreement or concern.
Adaptability	The program itself is updated over time based on learning from experience, external input, or changing context to ensure that both the program scope and the program administration fit the intended purpose.

Chemicals

Chemicals in brief

- Participation in *Responsible Care* is a requirement for membership in the Chemistry Industry Association of Canada (CIAC).
- *Responsible Care* was established in 1985 and is now practised in 73 countries and by 96 of the 100 largest chemical companies in the world.
- All members of CIAC must commit annually, performance is independently verified every three years and the program in Canada is guided by a multi-stakeholder national advisory panel.

Key drivers and context

A series of industrial incidents involving chemicals in the 1970s and 1980s elevated awareness of public safety risks and created heightened mistrust of the chemical industry both in Canada and globally.

In 1979, a train derailment in Mississauga caused the explosion of several tank cars filled with propane, resulting in a fireball that could be seen from over 100 km away. It also caused a spill of styrene, toluene, caustic soda, and chlorine from other rail cars. The possibility of a spread of a chlorine gas cloud (which would have been fatal) caused the evacuation of 200,000 people.

Opposition was further fueled by the Bhopal disaster in 1984 (over 2,200 deaths from a gas leak at a pesticide plant in India) and the discovery of the “Sarnia blob” in the St. Clair River in 1985 (a giant toxic blob that had coagulated from intentional and unintentional spills from the chemical industry in the region and that ultimately took 30 years to clean up).

As a result, the Canadian public increasingly opposed the growth of the chemical industry: polling showed the public equated the chemical industry with the tobacco industry. Industry feared the introduction of strict regulations that would not only prevent growth but would also make the industry uncompetitive.

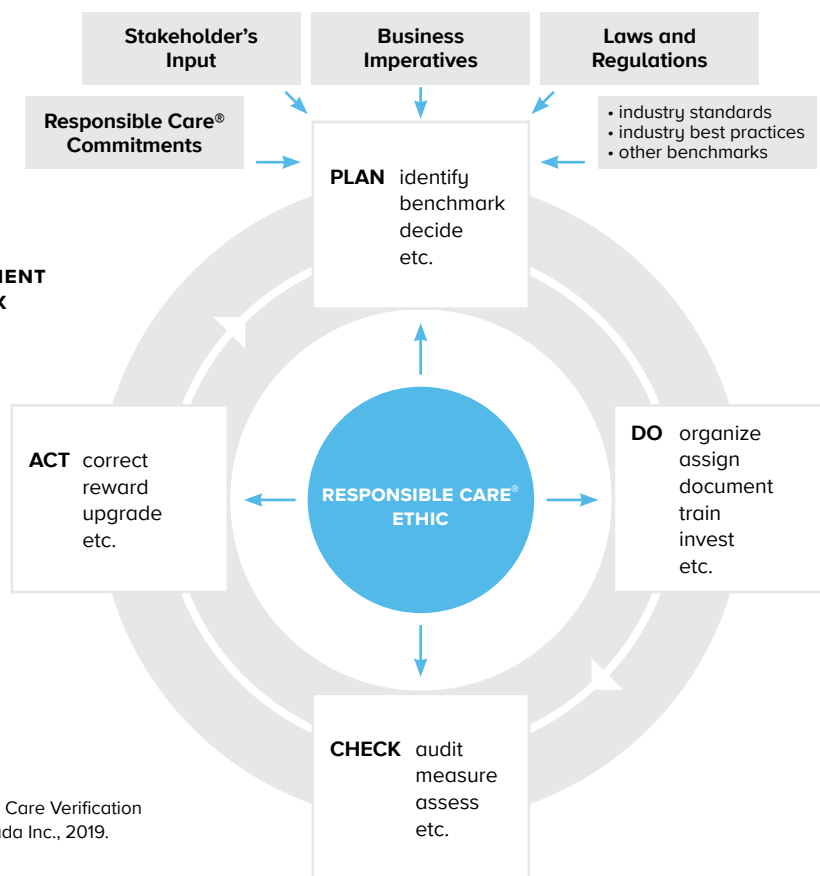
Sectoral response

In 1985, in a move unprecedented at the time for a trade association, the Canadian Chemical Producers Association (the precursor to the Chemistry Industry Association of Canada), developed a set of performance principles, called *Responsible Care*, to govern the operations of member companies. The program was strongly supported by the CEOs of member companies (in particular, DuPont and Dow). These principles initially addressed community protection, employee health and safety, environmental protection, product stewardship and social engagement. Over time, the principles were updated and in 2008 were broadened to encompass sustainability issues including climate change, chemical content of consumer products, resource depletion, business ethics and governmental oversight.

Performance management program approach

Responsible Care today involves implementing three codes. The Operations Code focuses on the management of facilities and equipment. The Stewardship Code takes a life-cycle approach to products, services and technologies and considers their impact, safety and value along the supply chain. Finally, the Accountability Code is focused on transparency, including the communication of risk to stakeholders, communities and those who live near their facilities or along their transportation corridors.

**FIGURE 1:
CIAC MANAGEMENT
SYSTEM MATRIX**



Source: Responsible Care Verification Report – BASF Canada Inc., 2019.

Commitment to the *Responsible Care* principles is a requirement for membership in the Chemistry Industry Association of Canada. Independent, third-party verification of a company's performance against the codes is conducted every three years. This verification is conducted by a team of industry experts, public advocates and local community representatives.

In addition, the *Responsible Care* program itself is reviewed by a national panel that meets twice a year, composed of academics, environmental leaders and community members. The national panel provides an "external, critical perspective" to alert the association to "emerging issues, encouraging it to focus its efforts in particular areas, or to rethink its policy and advocacy positions."³

Transparency includes more than reporting performance. Both the minutes of the national panel meetings and Challenge Letters outlining some of the panel's concerns are publicly available on the CIAC's website, as are the verification team's triennial reports for each company.

Uptake

Since *Responsible Care* was established in Canada in 1985, it has spread throughout the world and is now practised in 73 countries by 96 of the 100 largest chemical companies in the world – and has been recognized by the United Nations. Although the program is not identical in every country, Canada is clearly seen to have played a leadership role.

³ CIAC Responsible Care program
<https://canadianchemistry.ca/responsible-care/national-advisory-panel/>

Forestry

Forestry in brief

- The Forest Products Association of Canada requires all of its members to be independently certified to one of three recognized standards: *Canadian Standards Association, Sustainable Forestry Initiative or Forest Stewardship Council*.
- These standards were developed very differently but all are accepted by the Canadian Council of Forest Ministers as being compatible with Canadian legislation and policies.
- All were developed with extensive public input and all require independent audits of forest operations.

Forestry is unique among the sectors described here, in that forest management in Canada can be certified under any of three standards: that of the Forest Stewardship Council (FSC), the Canadian Standards Association (CSA), or the Sustainable Forestry Initiative (SFI), and the most prominent national forestry industry association (the Forest Products Association of Canada) is not the ‘holder’ of the performance management program.

Key drivers and context

Beginning in the late 1980s, conflicts erupted over logging areas of old-growth forests on the coast of British Columbia. Eventually, the protest campaigns broadened to include forestry practices across Canada, including the establishment of new pulp mills in northern Alberta and logging in the Temagami region of Ontario.

As both the lumber and pulp and paper industries are export-oriented and the country of origin is relatively easy to identify, a key tactic of critics was to bring the purchasers of Canadian forest products into the battle by threatening to extend the campaign to them for purchasing lumber, pulp or paper from Canadian suppliers. As a result, forest products companies were forced to spend time and effort addressing the concerns of their customers over forest management practices.⁴

With the entire forest industry threatened, government got involved. The Canadian Council of Forest Ministers (CCFM) became the driving force for action. In 1988, the CCFM, with the Canadian Forest Service acting as a secretariat, launched a multi-stakeholder process to develop a national response to the emerging paradigm of sustainable forest management. The result was the *Canada Forest Accord*, a statement of principles signed by the federal, provincial and territorial governments (except Québec), industry associations, conservation groups, forestry schools and others. Its companion document, *Sustainable Forests: A Canadian Commitment*, provided a national forest strategy with comprehensive and specific commitments to implement the *Accord*.

Implementation of the national forest strategy led to the revision of forestry laws and policies in all jurisdictions in Canada (including Québec) to ensure alignment with its goals. The CCFM also led the development of criteria and indicators for sustainable forest management (released in 1995), ensuring that all decisions were based on comprehensive scientifically-sound metrics. Further, in 1992 the Canadian Forest Service began to provide an annual report to Parliament on the state of Canada’s forests to provide factual information on the progress being made in Canada’s forests.

⁴ The tactics used against the forestry industry included blockades, international celebrity protestors, arrests for civil disobedience, coordinated action by ENGOs, and stigmatization of the industry itself. These actions drove a wedge between forestry’s supporters and detractors, with Indigenous groups speaking out both for and against

the forestry industry, and polarization within communities impacting relationships. It is not surprising that these tactics were carried over to later fights with the oil industry – both because the tactics themselves were successful, and because some of the leaders involved in the forestry conflicts were the ones who later led anti-oil efforts.

Sectoral response

Concerns over forest management worldwide, but largely in tropical forests, led to a proliferation of certification programs across the globe. Although most were well-intentioned, their requirements varied substantially and some were little more than greenwashing. As a result, international NGOs – including Friends of the Earth, Greenpeace and World Wide Fund for Nature along with some industry partners – founded the Forest Stewardship Council (FSC) in 1993 to become a “certifier of certifiers,” able to accredit organizations whose standard was compliant with their FSC *Principles and Criteria for the Management of Natural Forests* released in 1994. In Canada, FSC developed four regional standards consistent with the international principles and criteria. After six years of consultation these standards were replaced by the *National Forest Stewardship Standard for Canada*, which took effect January 1, 2020.

As the policy and regulatory environment for forestry in Canada evolved, and the international movement towards certification gathered momentum, the Canadian forestry industry began to develop programs that could enable them to demonstrate their leadership and performance. The forestry industry was also looking to avoid having a standard imposed upon them.

The first Canadian industry performance programs were developed at the provincial level. The Alberta Forest Products Association developed *Forest CARE* (patterned on the chemical industry’s *Responsible Care* program) in 1990. The Ontario Forest Industry Association unveiled its *Code of Forest Practice* (prepared by an independent, multi-stakeholder committee on a “take it or leave it” basis) in 1992.

In 1993, in response to the launch of the Forest Stewardship Council, the Canadian Pulp and Paper Association (precursor to the Forest Products Association of Canada) contracted the Canadian Standards Association to develop a *Sustainable Forest Management System* standard. The standard was based on an ISO 14000 approach to implement the CCFM’s criteria and indicators for sustainable forest management, and was launched in 1996. Simultaneously, and for the same reason, the American Forest and Paper Association initiated the development of the *Sustainable Forestry Initiative* (SFI, now an independent not-for-profit organization) which released its voluntary code of practice in 1995.

Performance management program approach

Currently, forest management in Canada can be certified under any of three standards: that of the Forest Stewardship Council (FSC), the Canadian Standards Association (CSA), or the Sustainable Forestry Initiative (SFI) – all of which demonstrate performance in a way that is consistent with provincial policy and regulatory requirements across Canada. Although the approaches taken by each are somewhat different and the standards aren’t completely aligned, all three certification systems:⁵

- Involve independent third-party audits that assess a forest operation’s planning, procedures, systems and performance against predetermined standards
- Require annual audits and public disclosure of findings through audit reports
- Offer chain-of-custody assurance

Uptake

According to FPAC, over 160 million hectares of forest in Canada, more than 70% of the managed forest, are certified to one of the three standards. This makes Canada home to approximately 38% of the world’s certified forests.

⁵ Government of Canada, Forest certification
<https://www.nrcan.gc.ca/our-natural-resources/forests-forestry/sustainable-forest-management/forest-certification-canada/17474>

Mining

Mining in brief

- The Mining Association of Canada requires all of its members to participate in *Towards Sustainable Mining (TSM)*.
- The program was established in 2004 and is guided by a 'Community of Interest' advisory panel.
- TSM consists of a series of codes that guide mining operations. Performance is subject to external verification every three years.
- TSM has to date been adopted by five other countries and interest is growing.

Key drivers and context

In 1992, the Mining Association of Canada (MAC) approached the Canadian Mines Ministers with a proposal to replicate some of the work done in the forest sector. This was a pre-emptive move as concerns were increasing over mining practices worldwide, and the industry's reputation was being linked to serious environmental degradation and social problems. The mining industry "was facing competitive challenges abroad and an unsympathetic reception at home. While once the Canadian public interest was considered synonymous with resource development, the end of the twentieth century saw a voting urban population and their elected officials more concerned with environmental issues than the fate of the mineral industry."⁶

The mining industry's decision to turn to the government to help develop a strategic vision that could be supported by a broad range of interests represented "a radical departure for an industry better known for its individualistic, competitive and isolationist nature."⁷

Sectoral response

With the sponsorship of the mining industry, in 1992 the Mines Ministers convened the multi-party *Whitehorse Mining Initiative*, with the ambitious goal of achieving a consensus among environmental groups, Indigenous organizations, labour groups, government, academics and the mineral industry. In 1994, the initiative culminated in the signing of the *Whitehorse Mining Initiative Leadership Accord* – a set of principles similar in scope and intention to (but somewhat broader than) the *Canada Forest Accord*.

The sector worked within the Accord for a number of years before launching a task force to develop a sustainability initiative in 1999, and *Towards Sustainable Mining (TSM)* was officially launched in 2004.

Performance management program approach

TSM has a set of Guiding Principles to which all members of MAC must commit that form the core of the initiative (Box 1).

⁶ Fitzpatrick P, Fonseca A, McAllister ML. From the Whitehorse Mining Initiative Towards Sustainable Mining: lessons learned. *Journal of Cleaner Production* 19: 376-384. 2011.

⁷ *ibid*

TSM GUIDING PRINCIPLES

Required for MAC membership

We will demonstrate leadership worldwide by:

- Involving communities of interest in the design and implementation of our Towards Sustainable Mining initiative;
 - Proactively seeking, engaging and supporting dialogue regarding our operations;
 - Fostering leadership throughout our companies to achieve sustainable resource stewardship wherever we operate;
 - Conducting all facets of our business with excellence, transparency and accountability;
 - Protecting the health and safety of our employees, contractors and communities;
 - Respecting the rights of our workers and not engaging in practices of forced or child labour, as defined in ILO Conventions 29, 138 and 182;
 - Contributing to global initiatives to promote the production, use and recycling of metals and minerals in a safe and environmentally responsible manner;
- Seeking to minimize the impact of our operations on the environment and biodiversity, through all stages of development, from exploration to closure;
 - Working with our communities of interest to address legacy issues, such as orphaned and abandoned mines;
 - Practicing continuous improvement through the application of new technology, innovation and best practices in all facets of our operations.
- ### In all aspects of our business and operations, we will:
- Respect human rights and treat those with whom we deal fairly and with dignity.
 - Respect the cultures, customs and values of people with whom our operations interact.
 - Recognize and respect the unique role, contribution and concerns of Aboriginal peoples (First Nations, Inuit and Métis) and Indigenous peoples worldwide.
 - Obtain and maintain business through ethical conduct.
- Comply with all laws and regulations in each country where we operate and apply the standards reflecting our adherence to these Guiding Principles and our adherence to best international practices.
 - Support the capability of communities to participate in opportunities provided by new mining projects and existing operations.
 - Be responsive to community priorities, needs and interests through all stages of mining exploration, development, operations and closure.
 - Provide lasting benefits to local communities through self-sustaining programs to enhance the economic, environmental, social, educational and health care standards they enjoy.

Source: <https://mining.ca/towards-sustainable-mining/tsm-guiding-principles/>

Underlying the TSM program are three key principles:

Accountability – demonstrated through mandatory participation in TSM by all MAC members, and through assessment of performance that is externally verified every three years. These assessments are conducted at a facility (rather than a company) level, which allows communities to better understand how neighbouring mines are performing.

Transparency – ensured through public reporting at the facility, company and industry level. Each facility's results are publicly available on the MAC website, and MAC publishes an annual report showing the amalgamated trends of its member companies over time (see Figure 2).

Credibility – maintained through ongoing consultation with a national Community of Interest (COI) Advisory Panel - an independent, multi-party group composed of about 12 to 15 individuals from Indigenous groups, communities where the industry is active, environmental and social NGOs, and labour and financial organizations. The COI Panel played a key role in the program's design from the very beginning, and continues to be integral to its evolution and implementation.

The TSM program emphasizes transparency and year-over-year improvement across companies and the industry as a whole, rather than a binary certified/not certified objective. Companies/facilities are graded on a multi-level scale (see Figure 2).

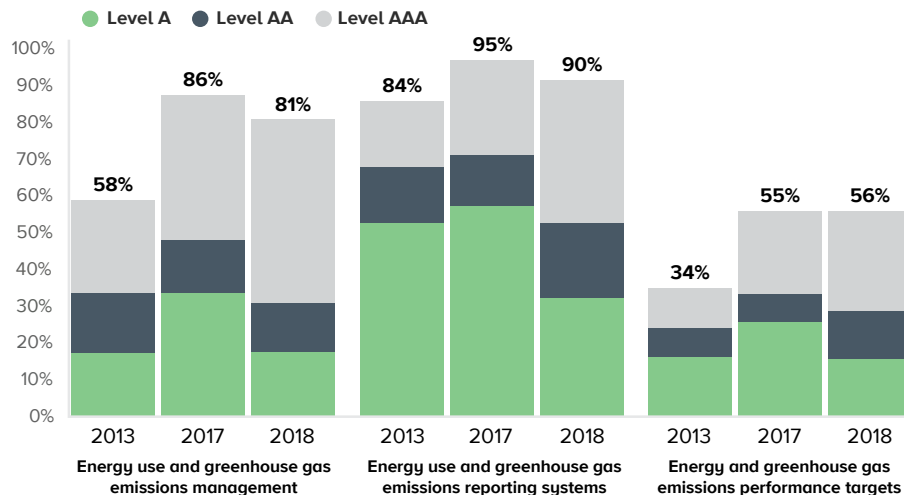
TSM continues to evolve, with the addition of new protocols to reflect areas of concern brought forward by the COI Panel. For example, a new Indigenous and Community Engagement protocol, providing guidance on Free, Prior and Informed Consent, came into effect on January 14, 2020.

Uptake

For the most part, the TSM program has become the *de facto* global standard, and has been adopted by mining associations in Finland, Spain, Argentina, the Philippines and Botswana.

TSM data show improved performance across all measures by MAC member companies, and issues of concern in Canada have a forum to be openly addressed. However, some problems remain. Some Canadian mining companies – including MAC members and signatories to TSM – face allegations of human rights and environmental abuses stemming from the actions of their subsidiaries, subcontractors or suppliers in other countries.⁸

FIGURE 2: AMALGAMATED TRENDS FOR GHG EMISSIONS FROM THE 2019 MAC ANNUAL REPORT



Source: TSM Progress Report 2019. Mining Association of Canada. 2019.

⁸ See, for example: "Canadian Courts Assert Jurisdiction Over Allegations Against Canadian Mining Company For Alleged Complicity In Modern Slavery And Human Rights Abuses In Eritrea". Mondaq, August 5, 2020.

<https://www.mondaq.com/canada/human-rights/972238/canadian-courts-assert-jurisdiction-over-allegations-against-canadian-mining-company-for-alleged-complicity-in-modern-slavery-and-human-rights-abuses-in-eritrea>

Electricity

Electricity in brief

- Participation in the *Sustainable Electricity Program* is mandatory for all member utilities of the Canadian Electricity Association.
- Individual company performance is verified and a Public Advisory Panel is in place.

Key drivers and context

Electricity is a highly-regulated industry for which public participation is an intrinsic part of environmental assessment and other approval processes. This means that companies in the electricity sector are highly exposed if there is a lack of public trust. Critics often seized upon poor past performance of the sector to oppose projects, which was difficult for electricity companies to counter given a lack of publicly-available data to provide evidence of current performance. In addition, poor performance from one operator could be used to tarnish other operators who were performing better and also had the potential to lead to increased regulatory requirements and scrutiny of all operators. The electricity sector recognized the need for a mechanism to demonstrate their ongoing performance improvement and that they were more progressive on some critical issues than was generally assumed.

Sectoral response

In 1997, the Canadian Electricity Association (CEA) and its members launched the *Environmental Commitment and Responsibility* (ECR) program to document and commit to performance improvement. The focus was on reducing adverse environmental impacts and efficient use of natural resources. ECR included principles, mandatory participation for members, a Public Advisory Panel, an independent verification process and annual reporting. Its purview, however, was fairly narrow – metrics addressing electricity generation, energy efficiency, emissions, and waste management. After several

years' experience with the ECR, the CEA found that its member companies were becoming focused on measuring indicators without a deep understanding of what they were doing or why.

In 2009, the program was reconstituted as the Sustainable Electricity Program (SEP), which focused on broader issues of sustainability across environmental, social and economic domains. It also recognized there was an opportunity for member companies to use SEP as part of their branding, providing they met the standards of for certification.

Performance management program approach

The program is based upon the ISO 14000 standard for environmental management systems; participants also have the option to be certified against ISO 26000 (social responsibility). Although participants share common metrics, participating companies set their own targets rather than being graded against a standard by the association. The program requires that member companies explain how they approach environmental stewardship, a low-carbon economy, biodiversity, infrastructure and modernization, Indigenous relations, and community engagement.

Key elements of the program include:

- Mandatory participation for utilities that are association members
- Adherence to a Sustainable Development – Corporate Responsibility Policy

- Annual reporting by members across key performance indicators
- Independent verification of company performance every four years
- Production of an annual report by the CEA that provides aggregated industry performance data
- A Public Advisory Panel to provide external perspective and feedback on member performance.

An outgrowth of SEP is a new company level certification: *Sustainable Electricity Company*. Both CEA and non-CEA member companies can apply for the designation, which requires compliance with key international sustainability-related standards and third-party verification. Seven CEA member companies have so far received certification, and the CEA has set a non-binding target for the end of 2020 of having all members complete a gap analysis to help them identify obstacles to their receiving the designation.⁹

A key element for success of the SEP program has been the support of CEOs and senior executives of its member companies. This support is essential as a lot of work is required to report against SEP at the company level. The CEA notes that in many cases progress was facilitated by a change of leadership in the utility companies, bringing in outsiders who were more customer focused.

Uptake

The program currently has 41 members, ranging from the provincial Crown electricity corporations to community and regional level electricity generators, transmitters and distributors.

⁹ CEA Annual Sustainability Report, 2019 https://electricity.ca/wp-content/uploads/2019/11/SE_Report_WEB_2019.pdf

¹⁰ For the full letter, please refer to the 2019 Annual Report which can be found at: https://electricity.ca/wp-content/uploads/2019/11/SE_Report_WEB_2019.pdf

Public Advisory Panel Letter published in the 2019 Sustainable Electricity Program Annual Report [Abridged]¹⁰

The members of the Sustainable Electricity Program's Public Advisory Panel are pleased to submit the 2019 Annual Letter of Advice to the Canadian Electricity Association (CEA) Board Committee on Sustainability and the Board of Directors regarding your members' sustainability performance during the 2018 reporting year.

The Public Advisory Panel congratulates member companies on good performance achieved in the 2018 year. We note that organizations have continued to consider our concerns about data quality raised in 2017, providing much improved data that most member companies are embracing. This has resulted in continuous, albeit incremental, improvement with respect to many of the indicators being reporting upon.

Greenhouse Gas Emissions

Although electricity generation remained relatively flat in 2018, Greenhouse Gas (GHG) emissions continued to trend downward. We are aware of additional changes to the sector's fossil fuel fleet that are likely to decrease emissions even further in advance of expected retirement of traditional coal facilities by 2030, which is positive news. We look forward to seeing a further reduction in GHG emissions in the years ahead.

Environment, Health and Safety

The number of priority spills tracked and lost time accidents and injuries also remain at relatively low levels. We would like to see these continue to trend downwards. Our view is that the member companies should continue to put a high priority on environment, health and safety, producing consistent results.

Diversity & Inclusion

We see that there continues to be progress on the advancement of women into key positions and engagement with Indigenous Peoples and communities. In order to make more progress on diversity and inclusion, we strongly recommend that the member companies assess and develop a comprehensive strategy for the hiring, retention and promotion of women, Indigenous Peoples, and people of color, among other groups.

In addition, it is important for companies to proactively engage young Canadians, so they can learn about the industry and potential career paths. We recommend that member companies look to Hydro One for an excellent approach to this issue. We note that CEA has signed onto EqualBy30 and we look forward to further progress on gender diversity at the CEA Board, executive and management levels.

Indigenous Reconciliation

We also repeat our recommendation from last year that with Canada's adoption of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the movement toward reconciliation, CEA member companies should initiate plans to advance reconciliation with Indigenous peoples in Canada in their work and operations if they have not done so already. These plans can build upon CEA's National Principles for Engagement of Indigenous Peoples, although the plans should be specific to the members' local context and operations. CEA and its member companies should continue to expand and improve upon the performance metrics currently in use under the sustainability program and be open and transparent about progress against those metrics.

Biodiversity Loss

As you know, declining biodiversity has reached crisis proportions with numerous reports released in 2018 and 2019 pointing to massive die offs and extinctions of species expected in the next decade and beyond. Member companies have made some progress but much more needs to be done at a time when biodiversity is under extreme pressure from a combination of habitat loss, extreme weather events and climate change more generally. Many member companies have large land holdings and therefore have an excellent opportunity to make a positive contribution to Canada's biodiversity.

CEA and members should earnestly work on a comprehensive framework or guidance document for the industry to further protect and enhance biodiversity. CEA and members could take the Beneficial Management Practices (BMP) guide recently developed for the conservation of migratory birds and expand it to other biodiversity issues.

Climate Adaptation & Resiliency

Adverse weather events are becoming increasingly severe, including heat waves, droughts, floods and fires. In fact, a major utility went bankrupt in California because of forest fires and has been implicated as potentially responsible. CEA members should establish real and credible objectives and/or targets to adapt and be more resilient in the face of these changes. The CEA Board Committee on Sustainability has already established an aspirational objective to have CEA companies develop adaptation plans by end of 2020. We emphasize the importance of taking this commitment seriously and making progress on this objective, although it is not mandatory for CEA members. Further, in the spirit of continuous improvement, it may be necessary to consider worker health and safety in light of changing weather such as additional breaks, training, overtime and other consequences of extreme weather events.

Information Sharing and Collaboration

Last year, we requested to have the opportunity to draw on the expertise of some of the staff of member companies to help us with our deliberations. We had that opportunity at our spring 2019 meeting and found it to be enlightening and useful in the development of this year's letter. This is a practice we would recommend be normalized for the operation of the Panel going forward.

Conclusion

The Public Advisory Panel was once again impressed with both the responsiveness of CEA to our suggestions from last year and the progress that has been made to date. More, however, should be done and we trust you will find this year's comments instructive as you continue on your journey of continuous improvement in the future.

Sincerely,

Gord Miller

Chair, Public Advisory Panel

Agriculture

Agriculture in brief

- The Canadian Roundtable for Sustainable Beef was formed out of a similar global movement
- Includes both certification of the product and benchmarking of the industry
- Still in its early phases
- Two initiatives to develop performance standards for crops are underway

Key drivers and context

Pressure on the global agriculture sector – both crop and livestock – from governments, markets, the supply chain and consumers has been increasing in recent years. The clearing of tropical forests to produce beef, soy and palm oil, and global campaigns against agrichemicals such as glyphosates and neonicotinoids are placing agriculture in the sights of environmental activists. Having seen the fate that has befallen other Canadian resource sectors that depend on exports, the agriculture industry in Canada is sensing that it may be the next target of activists and/or increased regulation.

Sectoral response

A Global Roundtable for Sustainable Beef (GSRB) was formed in 2012, comprised of members from beef producers, processors, retailers and environmental organizations. Canada played a leading role in its evolution. The GSRB established five sustainability principles for the beef value chain:

- Natural Resources: The global beef value chain manages natural resources responsibly and enhances ecosystem health
- People & The Community: Global sustainable beef stakeholders protect and respect human rights, and recognize the critical roles that all participants within the beef values chain play in their community regarding culture, heritage, employment, land rights and health
- Animal Health & Welfare: Global sustainable beef producers and processors respect and manage animals to ensure their health and welfare
- Food: Global sustainable beef stakeholders ensure the safety and quality of beef products and utilize information-sharing systems that promote beef sustainability
- Efficiency & Innovation: Global sustainable beef stakeholders encourage innovation, optimize production, reduce waste and add to economic viability.

The Canadian Roundtable for Sustainable Beef (CRSB) was formed in 2015 with a similar member composition. The CRSB led the development of the *Certified Sustainable Beef Management Program*, launched in 2018 and based on the GRSB principles, for beef producers and processors in Canada. The program was developed collaboratively by the Canadian Cattlemen's Association, working with McDonalds, Cargill, World Wildlife Fund Canada and others.

The beef model has yet to be replicated for pork, chicken or other livestock products.

On the crops side, two initiatives to develop performance standards are underway through the Canadian Roundtable for Sustainable Crops and the Canadian Centre for Food Integrity. Some producers

of specific crops are also looking to develop standards for their particular crop as the supply chain attempts to get ahead of emerging public and market expectations. Independent certification is already required for products in some markets (i.e., the supply of biofuels to the European market). The CRSC and the CCFI are both multi-party initiatives and are at an early stage in developing standards, a process made complex by the number of crops (all with national and provincial associations) involved and the fact that any standard(s) will need to be accepted and implemented by farmers.

Performance management program approach

Like the other sectors, the CRSB's performance management program developed explicit goals across environmental, social, economic and 'overarching' spheres. To further the goals, the performance management program focuses on three main activities: certification, benchmarking and sustainability projects.

Certification occurs at the operation level, and certification requirements are specific to beef producers, beef processors and for chain of custody. Metrics for certification were developed through an iterative approach with producers and processors that involved four rounds of consultation. Participation is voluntary, and as the program is in its early stages, the organization is still striving to increase participation beyond just the early adopters. There is, however, a high demand for certified beef. Some customers, including McDonald's, Loblaw's and Cargill, pay a small premium for certified products and McDonald's features the program in its Canadian advertising.

Benchmarking looks at the performance of the sector as a whole, and presents a 'strategic assessment' of environmental, social and economic performance. The first *National Beef Sustainability Assessment* was released in October 2016, and provided a baseline to monitor and measure progress in future assessments, which are planned to take place every 5-7 years, with interim reports

issued periodically. The 2020 Interim Report was able to state that "86% of the environmental, 75% of the social and 83% of the economic action items in the strategy have been completed or are in progress."¹¹

The final pillar – sustainability projects – profiles "projects for continuous improvement" by members and non-members that demonstrate, pilot or promote sustainability practices and support the CRSB's goals.

Uptake

It is too early to draw many lessons from the agricultural performance standards. Acceptance of and participation in the CRSB is increasing, and as noted above, McDonald's has undertaken major advertising campaigns promoting the CRSB and Canadian ranchers.

In terms of collective action across livestock and crops, the sheer number of products and producers – each with provincial and national associations – makes coordination difficult. And while the demand for a performance standard may be driven by markets, the cost to implement (both in time and resources) falls on the producer – the farmer or rancher – who may not see the value in engaging if products are treated as undifferentiated commodities (a point that is relevant to the oil and gas sector). Solutions to address this limitation are still being sought.

¹¹ <https://crsb.ca/sustainability-benchmark/2020-interim-report/>

Oil & gas

Oil & gas in brief

- *Responsible Canadian Energy* was initiated by CAPP in 2009, terminated in 2015
- Vision, guiding principles and a multi-stakeholder advisory group
- Participation of CAPP members was encouraged but not taken up by all
- Diversity of producers in terms of size, circumstance and commitment was an obstacle

Context and sectoral response

The now-defunct *Responsible Canadian Energy* (RCE) was the oil and gas sector's version of a performance management program. An initiative of the Canadian Association of Petroleum Producers (CAPP), it was launched in 2009 and built on CAPP's earlier Stewardship Program. In designing RCE, CAPP took into consideration learnings from similar initiatives in other industries (in particular forestry, mining and chemistry). The stated objectives of the RCE program were to:

- Increase awareness and transparency regarding industry performance, and in doing so, enhance industry's overall reputation
- Provide a foundation for both industry performance improvement and celebration of industry success
- Better inform industry's advocacy and education efforts by providing a common and transparent repository for information on industry performance.

Performance management program approach

Like many of the initiatives in other sectors, RCE had a vision and guiding principles, and a multi-party advisory group. While participation was arguably a condition of membership this requirement was encouraged more than enforced.

RCE published annual reports showing aggregated industry data over time for a number of indicators that were aligned with Global Reporting Initiative (GRI)² sustainability performance indicators; however, setting specific targets or undertaking

external benchmarking were compromised by the difficulty of securing industry consensus. Company- or facility-level information was not published. Independent verification was not required.

Full engagement of CAPP members was difficult as (at the time) not all saw the linkage between performance management and industry reputation given the strong focus on regulatory compliance. Some members were not prepared to accept the accountability that specific targets would impose and the unknown implications of poor performance. It was also difficult to develop consistent, accurate and meaningful data collection and reporting across companies and to secure effective resourcing for the program. Capacity and relevance issues were also significant as RCE applied equally to small producers and to multinationals (even its limited scope placed onerous requirements on smaller companies) and it applied to conventional, unconventional, offshore, oil sands mining and oil sands in situ operations.

Uptake

With a change in leadership at CAPP in 2015 and no strong impetus from either the new CEO or CAPP members to continue the program, a decision was taken to terminate the RCE program altogether. Despite the demise of the program, other initiatives (such as COSIA and the Oil Sands Community Alliance (OSCA)) have continued to push for collective improvement in problem areas such as GHG emissions, land, tailings, water and community wellbeing, although participation in these initiatives is far smaller than the original scope of membership envisioned for RCE.

¹² GRI, <https://www.globalreporting.org>

Comparison of sectoral performance programs

Table 2 compares the approaches of the different sectors with respect to key attributes. As shown in the table, there is considerable consistency in terms of what elements are included.

TABLE 2: COMPARISON OF SECTORAL PERFORMANCE PROGRAMS

Industry association	Chemistry Industry Association of Canada	Forest Products Association of Canada			Mining Association of Canada	Canadian Electricity Association	Canadian Cattlemen's Association	Canadian Association of Petroleum Producers
Program name	Responsible Care	Canadian Standards Association – Sustainable Forest Management System Standard	Sustainable Forestry Initiative – Forest Management Standard	Forest Stewardship Council – FSC Canada National Forest Stewardship Standard	Towards Sustainable Mining	Sustainable Electricity Program	Canadian Round Table for Sustainable Beef – Certified Sustainable Beef Framework	Responsible Canadian Energy (defunct)
Program establishment								
Program governed by industry assn. (Internal) or by another organization (External)	Internal	External	External	External	Internal	Internal	External	Internal
Year program launched	1985	1996	1995	1994	2004	2009	2017	2009-2015
Vision & guiding principles for management program								
Vision statement	✓	X	X	X	✓	✓	✓	✓
Statement of guiding principles	✓	✓	✓	✓	✓	✓	✓	✓
Performance								
Specific objectives/targets to implement the principles	✓	✓	✓	✓	✓ (At higher levels)	X	✓ (At higher levels)	X
Graduated levels of performance	X	X	X	X	✓	X	✓	X
Requires a dedicated management plan for implementing the program	✓	✓	✓	✓	✓ (At higher levels)	✓	✓ (At higher levels)	X
Requires participants to demonstrate continuous improvement	✓	✓	✓	✓	✓	✓	✓	✓
Engages the supply chain or includes chain-of-custody	✓	✓	✓	✓	X	X	✓	X
Product certification available	X	✓	✓	✓	X	X	✓	X

Table continues

<i>Industry association</i>	Chemistry Industry Association of Canada	Forest Products Association of Canada			Mining Association of Canada	Canadian Electricity Association	Canadian Cattlemen's Association	Canadian Association of Petroleum Producers
<i>Program name</i>	Responsible Care	Canadian Standards Association – Sustainable Forest Management System Standard	Sustainable Forestry Initiative – Forest Management Standard	Forest Stewardship Council – FSC Canada National Forest Stewardship Standard	Towards Sustainable Mining	Sustainable Electricity Program	Canadian Round Table for Sustainable Beef – Certified Sustainable Beef Framework	Responsible Canadian Energy (defunct)
Accountability mechanisms and external engagement								
Participation is mandatory for association members	✓		✓ (any of the three)		✓	✓	X	✓
External verification of performance	✓	✓	✓	✓	✓	✓	✓	X
Public advisory committee to the program	✓	X*	X*	X*	✓	✓	X*	✓
Transparency								
Consolidated report on sector-level performance	X	X	X	X	✓	✓	✓	✓
Public performance reports for individual companies**	✓	X	✓	X	✓	X	X	X
Adaptability								
Program reviewed/ updated periodically	✓	✓	✓	✓	✓	✓	✓	✓

* As the CSA, SFI and FSC are independent organizations, the Forest Products Association of Canada does not have a public advisory committee to assess implementation of the certification programs. Each of the CSA, SFI and FSC has their own governance processes to oversee the integrity and development of their standards. A similar situation exists with the Canadian Sustainable Beef Framework, which is governed by the Canadian Roundtable for Sustainable Beef.

** All of these performance programs are implemented at the company or facility level; however, not all of the company/facility-level reports are made available to the public although audit reports are often available upon request.

Strategic options for oil sands companies

Moving forward, oil sands companies individually and collectively have a range of options, from doing nothing to replicating what has been done in other sectors. Each option comes with different costs, risks and benefits. This section outlines what those options are, why companies might want to consider each and how the lessons from the other sectors can inform improved performance management for the oil sands.

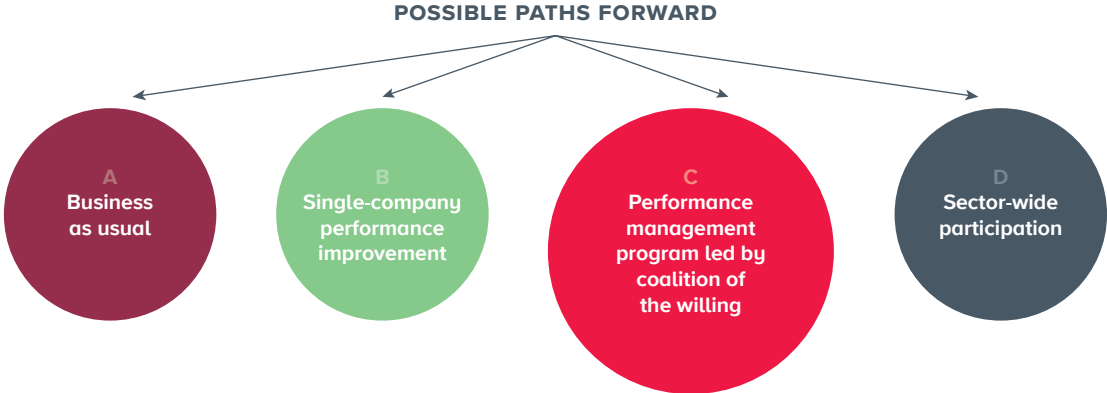
As shown in Figure 3, there are four main pathways that represent how oil sands companies could proceed.

A | Business as usual

Business as usual means that individually and collectively, oil sands companies continue down the current path: responding to investor concerns by trying to improve ESG performance, working jointly through COSIA on innovation and technology to address regional issues, and increasingly focusing on how to reduce GHG emissions.

Oil sands companies may choose to continue in this way into the future. It is the easiest option in that it does not require investing resources into or collaborating

FIGURE 3: FOUR STRATEGIC OPTIONS FOR MOVING FORWARD



with other companies on a performance management program, and is still likely to result in incremental improvements in a company's performance. However, it is not likely to change the trajectory of increasing public opposition, decreasing investment and difficulties in securing future routes for market access.

The biggest argument for choosing this path would be if a company believes that there is no value in responding to criticisms because there is sufficient demand for the product regardless of performance; and that no performance management program can eliminate concerns or protest over GHG emissions from *combustion* of the product, which is outside the scope of what oil sands companies can control.

B | Single-company performance improvement

A single oil sands company can apply many of the performance management lessons described earlier in this report, and go it alone without collaborating with other companies and without creating a sector-wide program. Single-company performance management activities could include (but are not limited to):

- Setting out a values-based vision statement and principles to guide behaviour and operations
- Building a mechanism for hearing and incorporating external viewpoints, including those of critics
- Re-orienting public messaging towards shared values
- Setting explicit goals and performance targets
- Improving ESG performance
- Increasing transparency around disclosure
- Taking a leadership role with respect to others (within the sector, government or external) on issues that require a multi-party approach, including regional cumulative effects and the safety of bitumen (or other products) during transport
- Maintaining formal association only with those organizations that share core values

On the positive side, this would be quicker than formulating a plan that involves multiple organizations, and fewer compromises would need to be made. On the negative side, an approach in which each company goes it alone will be insufficient to create a vision that a broader audience can champion or to produce sectoral improvements that are meaningful to those audiences. Further, it doesn't address inconsistencies in performance between companies, leaving open the problem that poor performance by one company could lead to stricter and more intrusive regulation for all, as well as reputation damage to the sector as a whole.

C | Performance management program led by a coalition of the willing

Under this option, a performance management program is developed for the oil sands, initially among a coalition of the willing, and eventually broadened out as others see its value. By taking the best from the programs developed by the other resource sectors and adapting them to the context of the oil sands, a program can be built that is both relevant domestically and recognized internationally.

It is not necessary for all oil sands companies – or even all the major oil sands companies – to be on board initially; it would only take a few influential participants to start out. In the other sectors reviewed, performance management was initially championed by a small and dedicated group of leaders, and other companies came on board later. Acting as a group will mean moving more slowly than as individual companies and it will involve compromises. But it may also be a prime example of the proverb, “If you want to go fast, go alone. If you want to go far, go together.”

One way in which performance management program development will be different for the oil sands relates to the lack of an existing industry association. For the other sectors (with the exception of forestry, which adopted three standards that were developed independently), the development of the program was directed and organized by a pre-existing industry association. For the oil sands, no such association currently exists.

D | Sector-wide participation

The final option is to develop a performance management program with the participation of all (or virtually all) oil sands companies from the very beginning. Realistically, this is unlikely to happen and will most likely result in no program being developed at all. That being said, any program developed by a coalition of the willing should aim to eventually engage a substantial portion of the sector, even if this doesn't occur at the outset.

These four paths represent the spectrum of strategic options that exist for oil sands companies individually and collectively moving into the future. A performance management program will not address all of the issues associated with development of the oil sands; but **it is in the sector's best interest (as well as the public's best interest) to create such a program.**

WHAT OIL SANDS COMPANIES CAN START DOING RIGHT AWAY

As stated, performance management is based on values. There are a number of actions that can be taken by individual companies now that align with good performance management principles, and that can be started before any performance management program is rolled out. These can help to enhance credibility while a performance management program is developed and will be beneficial even if no performance management program materializes. These include:

- **Re-orient the public conversation towards values and away from value.** A common refrain of the oil and gas sector is that Canadians don't understand the value that the sector brings to Canada in terms of jobs and GDP. While this may be true, it doesn't address the legitimate concerns that many audiences have – it is two sides talking past one another. Oil sands companies should re-orient discussion to the issues that the public cares about the most.
- **Associate only with those who share common values.** A major challenge to oil sands companies that want to differentiate themselves is continued entanglement with companies or associations not in agreement on values. Reputation is built not just on a company's actions, but on those with whom they associate. Being associated with a stringent and transparent performance management program has a positive reputational effect; but associating with organizations that do not align

with the same values has a negative effect. Some oil and gas companies, such as BP, Total and Shell, are committed to only working with and funding organizations that support their corporate commitments. As an example, BP released a report on February 26, 2020 detailing the results of a review it had undertaken of its industry association memberships.¹³ The review was intended to identify which organizations were or were not aligned with BP's vision and values – specifically, around its objective of achieving net zero GHG emissions for the company and for the world. Of 30 associations of which BP was a member, 22 were “aligned” with BP's position, five were “partially aligned” (including CAPP, which was singled out as problematic due to its not publicly supporting federal and provincial carbon pricing frameworks) and three were “materially misaligned” and resulted in BP's leaving these organizations.

- **Develop a forum to better tackle local and regional impacts and cumulative effects.** Poorly managed local and regional impacts and the problem of cumulative effects remain a barrier to public trust for Indigenous and local communities and critics. While the Canadian Oil Sands Innovation Alliance (COSIA) is intended to identify some solutions, it is not a mechanism for regional cooperation or to manage cumulative effects. A better, more inclusive forum is needed. This key issue will need to be addressed to make significant progress.

¹³ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/our-participation-in-trade-associations-climate.pdf>

What's the role for government?

Provincial governments and the federal government have been generally supportive of industry-led performance management programs across the resource sectors, recognizing that they can be an effective way to avert confrontations over resource development. As all performance management programs have regulatory compliance as a floor, these programs build on this foundation to achieve desired outcomes in ways that regulation alone is not able to do.

Although a performance management program for the oil sands needs to be initiated and led by industry as the central player, there are several areas where government, both provincial and federal, could play useful roles.

→ First, the provincial government is the appropriate entity to direct efforts where issues lie beyond the scope of individual projects and oil sands companies. In particular, **regional land use planning and cumulative impact management** lie within the government's purview. A robust effort would include revitalizing and updating the Lower Athabasca Regional Plan (or another regional planning approach) in conjunction with local Indigenous and non-Indigenous groups and communities, with the objective of providing both environmental and social protections and development certainty. It would also involve re-establishing a multi-stakeholder body empowered to foster regional cooperation and address

local concerns on an ongoing basis. No such organization has existed since 2016 when the Cumulative Effects Management Association (CEMA) folded. Without effective government action on regional land use planning and cumulative effects, there will be a large gap that cannot be filled by industry alone, with or without a performance management plan.

- Second, both the provincial and federal government should **participate in advisory committees** or other mechanisms that are established to identify the purpose, process and program elements of a performance management program. In addition to providing important input to program development, this participation provides an opportunity to increase intergovernmental cooperation and regulatory alignment on issues related to oil sands development.
- Third, the government has a role in providing **credible and objective data**. Any performance management plan will require ongoing reporting by individual companies and for the sector as a whole, across a wide range of indicators. The Alberta Energy Regulator, Statistics Canada, the Canadian Energy Regulator and other government agencies hold relevant data resulting from compliance enforcement and monitoring. Providing this data in a way that is commensurate with provincial, national and international data

Although a performance management program for the oil sands needs to be initiated and led by industry as the central player, there are several areas where government, both provincial and federal, could play useful roles.

standards would both enhance the credibility of the performance metrics and decrease the reporting burden on individual companies. Depending on the metrics selected for the performance management plan, there may also be gaps in data availability which governments can help to close.

→ Finally, government makes **decisions about national and international policies** that require strong evidence, including policies on economic, resource and environmental management, taxation, social policy, Indigenous reconciliation and international relations. A performance management program can inform government decision-making in these areas by providing solid evidence of the industry's status and progress, in the context of those issues considered relevant by stakeholders. It can also help provide the solid information government needs to attract investment, both domestically and internationally.

Conclusion

The oil sands sector is not the first resource sector in Canada to face the problem of a public trust deficit. Over the last few decades, other Canadian industries—including chemicals, mining, forestry, electricity and agriculture have found themselves in similar positions, with implications for investment, market access, sales and regulation.

While all the sectors reviewed have gone down the path of developing performance management programs to enhance public trust in their operations, all did it in different ways and for different reasons.

In the chemicals and electricity sectors, performance management programs were introduced largely out of self-interest as an attempt to head off the threat of regulation. The primary emphasis in both sectors was on addressing the impacts of their operations in the communities or areas in which their facilities were located.

Performance management programs in the forestry and mining sectors followed extensive periods of engagement with governments and others to develop broad principles that would frame future development of the resources. In both cases, the first phase was led by governments, with industry performance management programs following several years later.

Finally, recent initiatives in the agriculture sector were both a response to emerging demands in their

markets (e.g., the focus on supply chain performance by companies like McDonald's and Unilever) as well as potential regulatory or market access threats (e.g., certification requirements for the import of biofuels into Europe). Performance management programs in this sector are complicated by the sheer number of products and producers.

Despite taking different paths, all these sectors found that aligning themselves with the public's values, objectively and transparently demonstrating performance, and striving for continual improvement over time were key elements in their campaign to build public trust.

For the most part, the industry performance management programs are succeeding; and some of the programs initiated in Canada are raising the performance bar for the sector globally as they are adopted or replicated in other countries.

The oil sands sector – facing the same suite of public trust issues – should embrace these lessons and find a path that would allow it to realize the same benefits. This will require a small core group of champions to step up from among the major oil sands companies and to build participation across the sector and among the external partners whose buy-in is needed.

Troubled times make an excellent foundation for meaningful progress. The right time is now.

Acronyms

CAPP	Canadian Association of Petroleum Producers
CCFI	Canadian Centre for Food Integrity
CCFM	Canadian Council of Forest Ministers
CEA	Canadian Electricity Association
CEMA	Cumulative Effects Management Association
CEO	Chief Executive Officer
CIAC	Chemistry Industry Association of Canada
COI	Community of Interest
COSIA	Canada's Oil Sands Innovation Alliance
CRSB	Canadian Roundtable for Sustainable Beef
CRSC	Canadian Roundtable for Sustainable Crops
CSA	Canadian Standards Association
ECR	Environmental Commitment and Responsibility program
ENGO	Environmental non-governmental organization
ESG	Environmental, social and governance
FPAC	Forest Products Association of Canada
FSC	Forest Stewardship Council
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GSRB	Global Roundtable for Sustainable Beef
ISO	International Organization for Standardization
MAC	Mining Association of Canada
NGO	Non-governmental organization
OSCA	Oil Sands Community Alliance
RCE	Responsible Canadian Energy
SEP	Sustainable Electricity Program
SFI	Sustainable Forestry Initiative
TSM	Towards Sustainable Mining

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