Environmental, social and governance (ESG)

Data collection guidelines

January 15, 2024

These guidelines have been created to help Canadian companies collect data and report on the status of their ESG measures in preparation for future requirements.

Why should a company collect ESG data?

The private capital industry is moving towards requirements on ESG reporting as exemplified by international standards being developed to ensure adherence to base ESG measures (e.g., IFRS Foundation). Companies will benefit from ESG integration in preparation for more rigorous reporting requirements as they scale, particularly into international markets such as Europe.

Who should be collecting ESG data?

ESG issues may pose material non-financial risks to company performance if not adequately identified and addressed. The collection and assessment process should therefore sit with the company's risk or finance functions. Larger companies may also have a dedicated ESG representative that is responsible for this data. Ultimately, there should be oversight by senior leadership.

How to calculate quantitative ESG data

Quantitative metrics such as greenhouse gas emissions (GHG) and energy consumption can take time and resources for companies to calculate. Current expectations for the quality of data collected will be reasonable, with a goal of developing capacity and resources over the next few years to facilitate the calculation of these key metrics.

The Greenhouse Gas Protocol provides standards, guidance, tools and training for businesses and government to measure and manage GHG emissions. We recommend consulting their resources to identify ways you could calculate your own emissions. Third-party service providers or consultancy groups specialized in the assessment of ESG-related data are another resource you could use.

How to report qualitative ESG data

ESG is not solely focused on environmental and climate factors. It is also concerned about key social and governance issues in an organization, often qualitative (e.g., board governance, cybersecurity procedures, etc.). We recommend answering straightforward "yes/no" qualitative questions as a starting point and encourage practices and policies that are not yet met be considered for future incorporation into the company's processes.

Sector and stage considerations

- The information being requested is intended to be *sector and stage agnostic*, with questions that can be of relevance to all companies. There are some data points that are more relevant to certain industries than others in which case, please indicate that it is not applicable for your company.
- Technology companies often assume that they do not face any serious ESG risks. This assumption is challenged, however, by growing public scrutiny of issues such as diversity, equity and inclusion (DEI), data privacy and ethical supply chain management. ESG is a material concern for firms and investors of all types which, left unmanaged, can result in significant financial and reputational costs.
- Seed stage companies will have difficulty providing quantitative data on GHG emissions but should be able to complete the qualitative questions. The earlier a company implements appropriate measures to ensure compliance on key ESG risks, the easier ESG integration becomes over time.

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