



# Canada's Public Accountability Statement

UNEP FI

October 20, 2003

# Background

- 1998 MacKay Task Force
- 1999 Government White Paper
- Bill C-8 enacted in 2001
- Objectives:
  - Fostering competition
  - Growth and efficiency
  - Consumer protection and empowerment
  - Regulatory streamlining

# Consumer Protection - International Comparison

- US-style Community Reinvestment Act recommended by some
- Task Force disagreed
- Wanted more light-handed approach
- Opted for approach based on greater disclosure

# The PAS Regulations

- Process:
  - Extensive consultations with the industry and other stakeholders over several months
- Regulations in force on March 21, 2002
- Applies to federally regulated FIs with shareholder equity greater than one billion
- PAS are monitored by FCAC

# The PAS Regulations

- Set minimum requirements
  - e.g, charitable donations, SME lending, employment, taxes, branch closures, contribution to community development, etc.
- Community development defined as “social, cultural, economic or environmental enrichment of a community”
- Designed to be flexible – each FI can reflect its own vision, values, priorities.

# Public Reaction

- Reaction has been generally positive
- Impact on shareholders' meetings
- Increasingly viewed as competitive tool for institutions
  - At least one bank issuing separate report for international operations even though not required to do so
- Expect improvement with each successive round of PAS -- competition

# Looking Ahead

- Active debate in Canada about CSR
- Financial sector is only sector in the Canadian economy with legislative requirements in this area
- Believe right balance has been struck
- Will maintain open dialogue with industry and other stakeholders on CSR issues



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