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management ethics

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A Message from the Incoming Chair
Out of necessity, every business consumes valuable materials that are extracted, processed, used and then disposed of as waste. The result is both pollution and natural resource consumption. Many businesses actively attempt to realign their business models to reduce consumption and therefore pollution. Some attempt to replace what they have consumed.

Environmental laws and regulations, of course, impose reporting and compliance requirements and green consumer spending patterns incent certain best practices but, there remains a significant gap between what is required and what is possible and perhaps, ideal. For this reason, we decided to devote this issue to exploring how Canadian firms in the service sector are reducing and can reduce their environmental footprint. To help us explore this issue, we were fortunate to have Mike Gerbis (CEO, The Delphi Group), Karen Clarke-Whistler (Chief Environment Officer, TD Bank Group), Rick Blickstead (CEO, the Wellesley Institute) and Katia Opalka (Associate, Blake, Cassels & Graydon LLP) agree to provide us with their thoughts.

We have chosen to focus on the service sector because, despite the strength and historic importance of Canada’s manufacturing and primary resource industries, the service sector contributes over 60% of Canada’s gross domestic product (GDP). As with most other industrialized nations, the service sector is the largest growth sector. Although various definitions of the service sector are available, it is generally agreed that the service sector includes businesses in the following industries: consulting, professional services, education, finance, real estate, hospitality and tourism, communications, health care, utilities, wholesale and retail trade, and transportation.

Every service business, big or small, impacts the local and global environment in irreversible ways that go beyond depleting valuable resources like paper and energy. It is undeniable that change is required. Fortunately, curbing the environmental impact of one’s operations is high on the agenda of many service businesses. How they do so and why, however, is as varied as the businesses who attempt to manage this issue. Some businesses focus on philanthropic giving and community initiatives that form part of their corporate social responsibility strategy. Other, much more creative strategies, require a business to dig deeper and apply their values in a way that also alters how they do business. These strategies include curbing resource consumption, influencing, enabling and even demanding other stakeholders (i.e. suppliers, customers, debtors) to become more environmentally responsible, and responding to consumer and public demands for “green” products, services and operational models, traditionally considered not capable of being altered in that fashion. Although there is a correlation between size and consumption, efforts by smaller businesses to be environmentally responsible should not be dismissed as inconsequential. Given the domino-like impact small business practices may have on their competitors, suppliers, and customers, no change in behaviour, no matter how small, can be discounted. Where impact analysis is not persuasive, the importance placed on environmental sustainability by customers and the direction in which laws are heading signals the importance of environmental stewardship. With that in mind, we hope that the strategies discussed and journeys to leadership described in this issue provide some basis for critical self-reflection by all segments of the business community.
Why are so many service sector companies prioritizing corporate sustainability and environmental performance?

Today's reality is that many companies in the services sector have embraced sustainability as a way to connect with their customers, improve efficiencies and reduce environmental impacts. The emergence of business interest in this field of sustainability has been rising for the past twenty years, and doesn’t appear likely to change its trajectory any time soon. With those points as context, this article will consider how sustainability has evolved in the service sector, how that has impacted consideration of environmental issues within the sector, and some ideas around what we can expect in the future.

SUSTAINABILITY

Sustainability is a term typically used to reference the fact that business issues are often a combination of environmental, economic and social factors. In a business context, some people like to also use the term - People, planet, profits. Sustainability, as a term, is rooted in the concept of Sustainable Development (SD) - development that meets the needs of today’s and future generations. SD is very much ‘United Nations-speak’ and has largely been replaced in the private sector by terms such as corporate sustainability, corporate responsibility, or corporate social responsibility.

CORPORATE SUSTAINABILITY OVERVIEW

Corporate concern for environmental issues and the related economic or social ramifications has historically been the strongest in sectors which have a direct impact on the earth, often referred to as extractive industries. These would include oil and gas, mining, and energy generation. In contrast, sectors like the service sector, which has proportionally much less direct impact on the environment have been less focused on how their operations affect the planet. A recent scoring of the sustainability performance of the TSX 60 that we were involved in showed very clearly the difference in direct impact, with companies in the service sector using significantly less energy, water, waste and carbon as a percentage of revenue than those in the extractive sectors.

Despite this difference in direct environmental impact, companies in the service sector have become very aware and concerned with their ‘sustainability performance’. The reasons for this are multi-layered and very complex, pulling on factors such as:

- Corporate brand and reputation concerns;
- The evolution of societal norms and ethics, broadly disseminated by the evolution of rapid communications amongst the public, and;
- The sophistication of environmental group public campaigns, corporate ethics scandals, as well as a trend for governments to provide reduced leadership on environmental issues.
In response to these factors, service sector companies are investing time and money to improve their environmental performance, be more transparent with regards to their environmental impacts, while also seeking out ways in which their service offerings can be aligned with their customers' social and environmental issues of concern.

**HOLDING COMPANIES TO A HIGHER STANDARD**

Companies are being held to a higher standard of performance in today’s world, beyond the traditional financial expectations. An explosion of civic, environmental and global issue focused interest groups, leveraging the communication powers of the internet has helped to raise the standards for good corporate citizenship. These groups have helped to raise the bar for corporate sustainability by putting pressure on companies directly, threatening public shaming campaigns, or by influencing financial regulatory bodies to demand greater transparency from publically traded companies regarding their environmental and social performance.

Evidence of this trend is the establishment of disclosure rules from the Canadian Securities Administrator, the Ontario Securities Commission and the US Securities Exchange Commission regarding environmental risks that companies are facing. Another example is the Carbon Disclosure Project (CDP) which was started by a group of institutional investors who were disappointed with the lack of disclosure from major publicly traded companies with regards to the risks from climate change and a carbon constrained world. Started in 2003, the CDP now has over 3000 companies reporting to it from over 60 countries.

**CUSTOMER RELATIONSHIPS**

For many service companies the sustainability trend is also going to affect them through changing expectations in the supply chain. Many leading companies are beginning to stipulate specific sustainability standards or expectations into their procurement guidelines. This means that if you are a major services company, hoping to win the business of a leading enterprise, you may need to prove that your company’s sustainability performance is in line with that of the company looking for your services. After all, if an organization is going to the expense of quantifying its own environmental impacts, it is also going to want its suppliers to be at least as transparent as well. Companies such as Wal-Mart and McDonald’s are at the forefront of these types of stipulations with their suppliers, mostly affecting goods and not services, however the trend will likely mean an expanded scope of coverage in the future.

**SUPPORTING CLIENTS**

An important opportunity for service companies to capitalize on with regards to this sustainability trend is the option to assist clients in meeting their environmental objectives. A service company that can offer solutions which help to reduce energy consumption (and the corresponding carbon emissions), eliminate waste or increase recycling opportunities, engage employees on environmental solutions or reduce costs from avoided environmental liabilities (elimination of toxic chemicals), will be offering a value added service.

Companies taking on sustainability objectives often seek out partners to help them in their journey to be more environmentally responsible. If a service company can be that type of partner, their role in helping the client succeed will reinforce a strong business relationship likely helping them keep a client and move away from only talking about the costs of a service. But don’t forget, they’ll expect their service companies to be as green as them.

**CATCH THE MEGA-TREND WAVE**

In an article entitled “The Sustainability Imperative”, published in the Harvard Business Review, the authors, Lubin and Esty postulate that there is a roadmap based on past business mega-trends (forces which cause fundamental and persistent shifts in how companies compete) due to common features and trajectories. They believe that sustainability is the next emerging mega-trend and argue that by understanding how firms were successful in the past, executives can craft sustainability strategies and systems to gain a competitive advantage. With this in mind, it may be time to ask if your company is ready for the sustainability mega-trend by doing a quick check up with these three questions:

1. Are we ahead of or behind our competitors on environmental performance and sustainability?
2. Can we improve our service offering by being a ‘greener’ company?
3. Can we do more to improve our environmental performance in a way that also reduces costs?

**BY MIKE GEBRIS**

**CHIEF EXECUTIVE OFFICER**

**THE DELPHI GROUP**

**REFERENCES**

Environmental Leadership in the Financial Services Sector: Responding to the green consumer movement

BY KAREN CLARKE-WHISTLER
Chief Environment Officer
TD Bank Group

We are living in the time of ‘green’. We can buy ‘green energy’, get a ‘green job’, be part of the green economy, and ‘green’ our weekly grocery shopping. The green consumer movement challenges the conventional notion of corporate environmental leadership. Consumers want companies to be both strong environmental stewards while providing price competitive green product options. It may be easy to define what environmental leadership means in the context of an energy company or a consumer retailer, but what might this mean to a financial institution?
Consumer surveys do not typically associate financial institutions with environmental impact. Consequently the traditional link between banks and the environment has been and still is largely focused on adding brand value through corporate philanthropy. These benefits to society can be large. For example, TD has contributed more than $50 million to local community environmental projects funded through our 20 year-old TD Friends of the Environment Foundation. However changing societal expectations and consumer purchasing behaviours are challenging banks to consider how they might embed environmental thinking more deeply into their business strategies.

**EVOLUTION OF BANKING AND THE ENVIRONMENT**

Financial institutions became directly involved in environmental issues about 30 years ago. In the 1980s contaminated land regulations led banks and insurance companies to incorporate environmental risk into due diligence processes. As the body of environmental assessment regulation expanded through the 1980s and 1990s the scope of environmental due diligence review in financing increased to include a broad range of environmental emissions and impacts.

By 2000 there was growing pressure from environmental activists for banks to adopt ‘responsible financing’ practices. Responsible financing is based on the notion that financial institutions have the ability to control resource development by imposing environmental and social conditions on project financing and investment. Some advocates of responsible financing argue that banks should withhold financing to controversial resource development projects, or entire sectors.

Pressure for responsible financing is often focused around issues that are not regulated, such as impacts of climate change, carbon emissions, and social issues related to land development. There is increasing pressure from environmental advocates for banks to step into areas that historically have fallen within the realm of public policy.

In 2003 the financial sector introduced the Equator Principles. These are a set of voluntary standards that are designed to address responsible financing issues in project finance. The Equator Principles are based on the environmental performance standards of the World Bank and the social policies of the International Finance Corporation (IFC). To date more than 70 institutions, including all of the major Canadian financial institutions, have adopted the Equator Principles.

Furthermore, more than 850 asset owners and investment managers (including TD Asset Management) have become signatories of the United Nations Principles of Responsible Investment (UNPRI), developed in 2006. The UNPRI signatories work to address environmental, social and governance issues in investment portfolios. Socially responsible investment (SRI) funds currently account for more than $3 trillion in investment, or about 1 out of every 9 dollars invested.

From a retail banking perspective, it is still the case that most retail banking customers do not typically associate day-to-day banking activities with the environment. In a recent survey conducted by TD, when consumers were asked ‘What is the most significant environmental issue for financial institutions’ more than 40 per cent of respondents answered ‘uses too much paper’. The next most frequent response (32%) was ‘do not know’.

So while banks are under scrutiny over the environmental standards applied to financing activities, there has not yet been strong consumer pressure to ‘green’ everyday banking activities. Responding to the ‘green’ consumer movement represents an opportunity for competitive differentiation for financial institutions.

**ENVIRONMENT AS AN ECONOMIC ISSUE**

At TD we try to better understand this by looking at the environment through an economic lens. Even in an affluent country such as Canada the pressure of population growth and urbanization is increasing the demand for reliable supply of resources such as electricity, fuel and water. As a result, prices are increasing. Price inflation is exacerbated by the need to refurbish delivery infrastructure such as electrical distribution networks and water mains, much of which is 50-100 years old. The rising cost of resources that we have previously taken for granted will increasingly shape how Canadians live, work and play.

**ENVIRONMENTAL LEADERSHIP**

As a financial institution we need to understand the financial implications of these changes and be able to provide competitive products and services to respond to consumer needs. As a first step we reviewed our own

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“CURRENTLY ABOUT 50% OF OUR ENERGY SUPPLY IS PROVIDED THROUGH RENEWABLE ENERGY. OUR RENEWABLE ENERGY PURCHASES HAVE GREATLY ENHANCED OUR UNDERSTANDING OF RENEWABLE ENERGY TECHNOLOGIES AND MARKETS.”
operations with a focus on energy. With more than 3,000 facilities energy use is one of our largest operating expenses. We considered that by tackling our own issues related to energy use, we would gain some insight into the issues faced by our customers. In 2008, we set a goal of making our global business operations carbon neutral by:

- Reducing energy usage,
- Reducing carbon in our energy supply by purchasing renewable energy, and
- Developing carbon offsets.

Early in 2010 we achieved the goal of being the first North American-based financial institution to become carbon neutral. Over the past 3 years we have been able to reduce our overall energy usage in existing facilities by 12%. For every dollar spent on energy conservation we have saved about two dollars in operating costs. Many of the early stage energy conservation initiatives have paybacks in less than 24 months. Our new buildings are designed to a green standard that incorporates LEED-certification and energy efficient construction methods that reduce energy usage by 50% relative to our old designs. We are now piloting net zero energy branches – which are net generators of electricity that can be sold back to the electrical grid.

Currently about 50% of our energy supply is provided through renewable energy. Our renewable energy purchases have greatly enhanced our understanding of renewable energy technologies and markets.

In developing carbon offsets we made the decision that we would partner with North American not-for-profit groups and institutions that could apply generation of carbon credits to both reduce energy costs and develop much-needed revenue streams. This led to innovative partnerships with diverse groups such as Habitat for Humanity, local school boards and hospitals and aboriginal communities.

Through the carbon neutral initiative we were able to gain many insights that can be applied to financial management. While we had strong backing for the initiative from our senior executive, there were nonetheless a number of challenges.

**Upfront investment costs:** many of the early initiatives were not ‘business as usual’ and required seed funding outside of normal operating budgets. We designated a central fund that was delegated to business operations for specific initiatives over a three year period. Subsequent to that time business units must self-finance.

**Managing expectations around return on investment:** While there is ‘low hanging fruit’ in energy conservation, there are many initiatives that have longer payback periods. For these initiatives we are working with operations management to develop a more ‘life cycle-based’ approach to business case development.

**Risk assessment of cleantech:** Many of our risk managers were not familiar with renewable energy and energy conservation technologies and were concerned about increased risk levels. We needed to provide education concerning these technologies to alleviate concerns.

**NEXT STEPS**

Through our carbon neutral program we have reduced TD’s environmental footprint and operating costs. We are now assessing how to leverage these learnings to develop green products and services for customers. One of our first actions was to apply our increased understanding of renewable energy to provide financing products and services. Financing of large renewable energy projects within our wholesale bank has doubled year over year since 2009. We are also able to offer financing to our residential, agricultural and small business customers for solar and geothermal installations. Our next step will be to further develop green attributes within our core retail product offerings.

It may be that the green consumer movement is an early stage response to the strain of living in a more crowded and resource-constrained world. Perhaps the green movement can succeed in driving the much needed paradigm shift to a more sustainable way of life – a shift that scientists have been unable, and governments often seem unwilling to lead.

At TD we have made the decision that the only way to understand the green economy is to be part of it. While we have a long way to go, we are working to embed environmental thinking into all aspects of our business.

**KAREN CLARKE-WHISTLER**
CHIEF ENVIRONMENT OFFICER
TD BANK GROUP

**REFERENCES**

1. www.equator-principles.com
Whether one is operating or investing in a business, it is important to know how the business is affected by environmental regulations and to ensure that operating and capital budgets account for current and anticipated compliance costs. This includes keeping track of emerging issues, some of which are mentioned at the end of this article.

Most of Canada’s environmental laws and regulations are made by provincial governments. Thus, each province has a law that makes it an offence to release a pollutant to the environment without a permit. Depending on the province, pollution permits are either tied to a facility or must be transferred or re-issued upon a change in ownership or control of the business. Permit holders often need to obtain special insurance coverage, install and maintain pollution control equipment, and do regular monitoring of their air emissions and wastewater discharges to make sure they are not exceeding regulatory thresholds.

Failure to obtain a permit or comply with permit conditions can result in liability under federal and provincial statutes. Many statutes now provide for administrative penalties as an alternative to penal sanctions. Administrative penalties can be levied on the spot, like parking tickets. Penal offences, on the other hand, need to be proven in court. For penal offences, once the Crown has proven a violation beyond a reasonable doubt, the defendant can avoid conviction by proving that it was duly diligent in its attempts to comply with the law. This normally means proving that an environmental management system was in place and that workers were trained and instructed to take all necessary precautions to prevent violations. Due diligence “after the fact” (e.g. spill clean-up and notification) is not relevant to whether an offense has been committed, but will be taken into account at sentencing.

Legislation typically contains provisions explaining how an employee’s wrongdoing can result in liability for a corporation, and how directors and officers can be held personally liable for offences committed by a corporation. The level of diligence expected from directors and officers varies across provinces. In the past, a director or officer had to have personal knowledge of a problem and then have either ordered or tolerated the commission of an offense. Newer provisions make directors and officers liable in cases where they did not meet the required standard of care. Not knowing about a situation might no longer be a shield against liability in cases where a director or officer should have known about it.

Municipal bylaws are also important, all the more so for industries that are not specifically regulated under environmental statutes. Municipal nuisance bylaws are a good example, addressing issues such as noise and light pollution, odours, smoke, weeds and the accumulation of junk. Ten years ago, in a landmark ruling, the Supreme Court of Canada upheld a bylaw passed by the City of Hudson, Quebec, partially banning the use of pesticides on its territory. For businesses, when faced with an unusual environmental requirement coming from a municipality, it is worthwhile considering whether the bylaw which creates the requirement is valid. Municipalities are created by provincial laws, and can only adopt bylaws on matters specifically delegated to them by the province they are in.

The federal government also makes environmental laws. The Canadian Environmental Protection Act, 1999, S.C. 1999, c. 33 (CEPA) is the principal federal statute regulating pollution prevention. CEPA creates the National Pollutant Release Inventory, to which thousands of companies are required to report pollutant releases (to air, water and land) online for the preceding year. CEPA also regulates toxic substances. For example, owners of PCB-containing equipment such as old transformers must now put this equipment out of service. Disposal costs are high and likely to affect office leasing costs.
Below I list five areas to keep an eye on because they are emerging sources of environmental risk. Some of these risks are legal in nature while others are business risks.

1. GREEN MARKETING
Supermarket shelves are now stocked with items bearing “green” labels. Yet green marketing is risky. “Green” consumers who feel duped seem to be especially unforgiving. In the United States and Canada, several class actions are pending. In addition to potential impacts on goodwill, green claims which are false are subject to penalties under consumer protection legislation and can lead to charges under the federal Competition Act, where the upper limit on penalties is ten million dollars. The Advertising Standards Bureau of Canada, the Canadian Standards Association and the Competition Bureau offer guidance on green marketing.

2. LENDER REQUIREMENTS
Lenders are also becoming more cautious. It is now standard practice for lenders to ask for a Phase I environmental site assessment (ESA) as a condition to taking security on a property. A Phase I ESA is carried out by technical consultants who gather and review available information regarding past and present activities on a property and surrounding properties to determine whether soil and/or groundwater at the property may have been contaminated. Phase I ESA reports should be generated with care. If the drafting is not vetted carefully and the conclusions and recommendations are not acted on, the report can become an incriminating exhibit in a lawsuit - evidence that a person was told of a risk and negligently failed to follow up on or disclose it.

3. COST OF INSURANCE
The insurance industry is beginning to look seriously at how it will adapt to the effects of climate change on insurable risks. One example is the increased frequency of extreme weather events, which has led to massive, unexpected payouts. This will impact the availability and cost of insurance sooner rather than later, somewhere along the supply chain. Businesses will likely need to find efficiencies elsewhere in order to offset higher insurance premiums.

4. COST OF ENVIRONMENTAL NON-COMPLIANCE
Environmental law enforcement in Canada has been relatively tame, compared to the United States, but that may be changing. Recent amendments to federal and provincial statutes have added enforcement tools and raised caps on fines. In addition, draft federal regulations will require municipalities to pre-treat their effluent, and the federal government has plans to improve air quality across the country. Turning these objectives into reality will require progress changes on the ground, to lessen pollutant loads coming from industry.

5. COST OF ENERGY
Finally, energy prices will keep going up at home and abroad, in part because of public fears concerning potential accidents (oil spills, nuclear meltdowns) but also because of looming carbon taxes. Higher energy prices can be offset by increased energy efficiency, but planning is needed in order to make necessary changes when the timing is right.

KATIA OPAKLA
ASSOCIATE
BLAKE, CASSELS & GRAYDON LLP

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1 See for example s. 109 of the Alberta Environmental Protection and Enhancement Act, R.S.A. 2000, c. E-12 and s. 7 of the Newfoundland Environmental Protection Act, S.N.L. 2002, c. E-14.2
3 See for example s. 121 of British Columbia’s Environmental Management Act and in Ontario, the Environmental Enforcement Statute Law Amendment Act, S.O. 2005, c. 12, amending s. 194 of the Environmental Protection Act and s. 79 of the Ontario Water Resources Act.
5 One class action was filed in connection with an ad campaign in which Fiji Water was described as being “carbon negative” – Worthington v. Fiji Water Company, U.S. District Court, Central District of California, Case No. CV09-9795 S(JM)(MWP); Motion Newport Trail Group on December 29, 2010; see also Koh v. L.L. Bean, Inc., U.S. District Court, Northern District of California, Case No. S09-00327-HRL filed March 3, 2009, alleging that the company’s “Geniune” label on window bottles, was deceptive in that it conveyed the impression that a third party had found the product to be environmentally friendly. In Bruns v. Guan, Inc. (see online: http://www.innocc.justice.gouv.qc.ca/dgsj/rrc/Demander ecours/Demander ecoursDetail.aspx?DemandeReciD=319 (date accessed: 25 May 2011), request is being sought for certification of a group representing all consumers in Canada who bought aluminum drinking water bottles manufactured by the defendant. The bottles were allegedly lined with bisphenol-A, a substance which Environment Canada has assessed as posing risks to human health. According to the plaintiffs, the product was marketed as being “bisphenol A-free.”
Environmental Stewardship Within a Population Health Context

HOW BIG IS THE ISSUE?

The University Health Network (Toronto) (UHN) estimates that it uses about 80 million “things” per year, such as bandages, syringes, paper towels, etc. An extrapolation for the 18 hospitals in the Toronto Central Local Health Integration Network (LHIN) accounting for proportional size would indicate the need to dispose of almost 1 billion “things” annually from central Toronto hospitals alone! This waste is just part of the “environmental challenge iceberg”; we also need to examine energy usage and costs, waste disposal costs, water usage, emissions controls, land use and transportation.

Health, healthcare, and the environment are linked inextricably. Environmental contaminants have been associated with compromised health status, including cancer, birth defects, respiratory and cardiovascular illness, gastrointestinal ailments and death which increase the demand for a range of health care services, and in turn create more “things” to dispose of or services to use, according to the Toronto Central LHIN. It is not surprising therefore that a number of green health movements have arisen. For example the US “Healthcare without Harm” adopted a mantra which addresses a “First Do No Harm” concept. Together with global partners, it shares a vision of a health care sector that promotes the health of people and the environment. Another catalyst for change is Practice Greenhealth, representing institutions in the healthcare community which have made a commitment to sustainable, eco-friendly practices.

THE LARGER CONTEXT

Governments expect that agencies and broader public and health sector organizations will play an active role in conserving energy and reducing waste. Energy and environment management will improve the health of residents while cleaner air, water and soil will make a significant contribution to promoting health and preventing disease.

The Ontario Ministry of Health and Long-Term Care is investing heavily in redeveloping hospital facilities and emphasizing energy efficiency. They developed green design standards and guidelines for hospitals as well as facility assessment programs which provide an environmental evaluation of the asset base for hospitals and other health care facilities. The Ministry’s facilities’ inventory and assessment was adapted to include healthy work place factors while Infrastructure Ontario is developing green building standards for hospitals, and adapting these for other health facility types. These initiatives reflect the Government’s ethical commitment to its Green Agenda.

EXCELLENT HEALTH AND THE SOCIAL DETERMINANTS OF HEALTH

We know that interventions within various social determinants of health can contribute greatly to improved health. For example, the Wellesley Institute has found a strong and rich body of historical research documenting the association of poor housing conditions and health both nationally and internationally. Environmental
evidence related to poor housing and ill health is, perhaps, the most clearly established. Poor housing conditions typically involve run down, unclean surroundings which are conducive to the spread of germs and airborne contaminants, such as dust. Crowded housing conditions have been associated with a higher likelihood of exposure to different pathogens which can cause various forms of infectious diseases, particularly respiratory infections. The connections between poor housing quality and respiratory health have also been internationally established for non-communicable diseases, such as asthma and chronic obstructive pulmonary disease (COPD).

Hence, environmental interventions to improve health ranging from reducing exposure to household biological hazards, reducing exposure to household chemical hazards and improving water supply represent environmental challenges beyond traditional healthcare.

**AN EXAMPLE OF BEST PRACTICE LEADERSHIP: UHN**

The UHN’s Energy and Environment department is an important catalyst within the institution’s strategic plan. To ensure success, UHN established recognition and executive management implementation objectives, as well as targeted increases in both the number of Green Team members and Green Teams engaged in championing and implementing UHN’s environmental goals such as:

- Reduce energy costs by $1 million by broader use of “Care to Conserve” programs.
- Continue departmental engagement through the encouragement and development of departmental green teams and use of social marketing, awareness, and engagement programs.
- Build towards a renewed organizational commitment around environmental stewardship.
- Develop audit and reporting tools to assist hospital and site management with assessing environmental risks, liabilities and progress.

In addition, specific environmental programs goals were established for the Biomedical Waste Program, Chemical Handling and Disposal Program, Canadian Coalition for Greening Healthcare’s Energy and Water Conservation Program Waste Reduction and Recycling Program.

**ETHICS AND CONCLUSIONS**

Healthcare and environmental issues are strongly linked. Yet, when organizations and governments are under enormous financial pressures to reduce costs, the mantra of “short term pain for long term gain” is not as feasible as it may sound. The greening of healthcare may result in future savings but the political machine is more comfortable with lower maintenance costs than higher investments.

Consequently, the leaders at the forefront of meeting this challenge must engage in a very delicate dance. For example, demands to reduce labour costs, which result in the adoption of disposable spittoons, conflict with the ecological goal of reusing equipment. Yet, we see a great deal of promise on the horizon and we salute those people who have taken the front line leadership to create a better health future for all.

**Note:** The author wishes to acknowledge the contribution of the Toronto Central Local Health Integration Network’s research unit, and the expert consultation of Ed Rubinstein of the University Health Network.

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**Management Ethics will be taking a break...**

The EthicsCentre has been upgrading its website, ethicscentre.ca, to expand our services and increase the frequency of communications to our members and partners. Part of this upgrade will involve more frequent digital publication of timely and thought-provoking articles about business ethics in pdf format that can be easily downloaded. Ethicscentre.ca will be a valuable information resource for you and your colleagues, and the “go to” website to explore an expanding list of articles about the state of management ethics in Canada. Publication of Management Ethics in print form is being put on hold while we assess member response to the new web-based option. Our sincere appreciation is extended to our Editor, Sheerin Kalia, for the outstanding job that she has done brainstorming, editing and guiding the production of Management Ethics, and to the members of our editorial board who have so generously contributed their time: Sally Gunz, Flip Oberth, Robert Timberg, Mario Nigro, Chris MacDonald and Hélène Yaremko-Jarvis.

**BLAIR PEBERDY.**
Chair, Communications & Member Services Committee
A Message from the Incoming Chair, Georges Dessaulles

At the Centre's annual general meeting in May, the role of Chair passed from Mimi Marrocco, Director of Continuing Education at the University of St. Michael's College to myself, a former corporate counsel and compliance officer at RBC. Although now semi-retired, I am still very keen to stay engaged with the Canadian business community, as well as those interested in various ethical issues and to build on our successes including:

- The popular breakfast meetings which are free for Centre members,
- The Newsletter,
- The reinvigorated board committees, and
- The Scholarship of $5000.

The past year has seen us welcome the following organizations as new corporate members: Business Development Bank of Canada (BDC), Guelph Hydro, Investors Group, Kinross, Ontario Power Generation, Retail Council of Canada and Wal-Mart. We have recruited several new directors including Mario Nigro (partner with the law firm of Blake, Cassels & Graydon LLP), Philip Moore (partner in the Business Law Group of McCarthy Tétrault LLP), Simon Fish (Executive Vice President and General Counsel of BMO Financial Group) and Wendy Knight (Ombudsman for RBC). At our AGM we expressed our thanks to retiring former director, chairman and long time volunteer with the Centre, Chris Chorlton.

I look forward to building on the excellent work carried out during Mimi’s term. I will work with the board, its committees, our dedicated Executive Director and our volunteers to ensure the Centre continues to make a valuable contribution to the Canadian business community and to further informed discourse on business ethics issues.

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CALENDAR OF EVENTS
BREAKFAST EVENT
September 20, 2011 - Tara Addis
Principal, Addis & Associates
More than Mitigating Risk: The Future of Co-Creating Value with Stakeholders

LUNCHEON EVENT
October 12, 2011 - Bruce March
Chairman, President & CEO, Imperial Oil
Responsible Development of Canada's Oil Sands

FREE WEBINAR
October 25, 2011 - 8:00 A.M.
David Nitkin, President, EthicsScan Canada Ltd.
Comparative Study of 15 CSR Standards

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Management Ethics is edited by Sheerin Kalia.

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