

Sustainability Report Review Panels

Since 2011, Port Metro Vancouver has been inviting feedback on its sustainability reporting and materiality analysis from internal and external stakeholders to improve the organization's sustainability reporting and performance.

Two Sustainability Report Review Panels – one internal and one external – met early in 2015 to review Port Metro Vancouver's materiality process and 2013 Sustainability Report. The panels were facilitated by an independent consultant from Solstice Sustainability Works Inc. This report was prepared by Solstice to synthesize the observations and recommendations of the two panels. We are very grateful to all panel participants for contributing their knowledge and experience to this process.

The panels included Port Metro Vancouver representatives from Community and Aboriginal Affairs, Environmental Programs, Finance, Human Resources, Operations, Planning and Development, Public Affairs, Real Estate, and Trade Development, as well as the following individuals.

- Andrew Bak, Tsawwassen First Nation
- Stephanie Bertels, SFU Beedie School of Business
- Captain Stephen Brown, Chamber of Shipping of British Columbia
- Elisa Campbell, Metro Vancouver
- Shawn Chylinski, Seaspan Marine Corporation
- Dolf DeJong, Vancouver Aquarium
- Mark Gordienko, ILWU Canada
- Graham Nicholls, North Shore Waterfront Liaison Committee
- David Parker, Canadian International Resources and Development Institute
- Valerie Presolly, Mountain Equipment Co-op
- Dianne Ramage, Pacific Salmon Foundation
- Doug Smith, City of Vancouver
- Patrick Thompson, Port Community Liaison Committee Delta

Description of the panel process

Involving stakeholders in the analysis of materiality is one of the requirements of the Global Reporting Initiative Guidelines for Sustainability Reporting, and a key focus of the new G4 sustainability reporting guidelines.

The two panels met for half a day each. Staff from Port Metro Vancouver attended to provide background to the discussion and to offer clarification where needed. The internal panel met first to review the initial prioritization of topics of significance to Port Metro Vancouver and its stakeholders. Their suggested changes to the list of topics and their relative priorities were reflected in the analysis reviewed by the external panel. The external panel considered the prioritization from the perspective of stakeholders. The materiality analysis was reviewed by the port authority's leadership and the final results influenced the scope and weighting of topics covered in Port Metro Vancouver's 2014 Sustainability Report (portmetrovancover.com/accountability).

The second part of the meetings involved a facilitated review of Port Metro Vancouver’s 2013 Sustainability Report. Panellists constructively critiqued the report structure, content and presentation, making recommendations for future reports.

This report summarizes and combines panel feedback from both meetings and, unless qualified as internal or external, “the Panel” is used to indicate the source of this blended input.

The panels were not mandated to verify or in any way confirm the accuracy, completeness or fairness of Port Metro Vancouver’s 2013 Sustainability Report and the process was not intended to provide any independent assurance to users of the report.

General comments

The Panel expressed their appreciation that Port Metro Vancouver reports its sustainability performance and convenes these panels. They would like to see this effort acknowledged in the Sustainability Report.

“The fact that Port Metro Vancouver invests so much money into tracking and being progressive in their sustainability goals is not captured [in the report]. It’s appreciated!”

Port Metro Vancouver Response:

We thank panel members for their valuable feedback and help in prioritizing material topics for sustainability reporting. We have included additional information about the panel’s contributions and our materiality process on page 8 of our 2014 Sustainability Report, together with a link to the full Panel Report.

Comments on materiality

1.1 Continue to evolve the materiality methodology and disclosure

The Panel recognized the importance of the materiality process and encouraged Port Metro Vancouver to keep developing the methodology. They pointed to the challenge of reflecting diverse and possibly contradictory stakeholder interests in a single matrix. They would like the materiality analysis to show trends over time, and felt disclosure of high and low materiality issues in the 2013 report could be enhanced. The Panel noted Port Metro Vancouver’s clarification that materiality is more a measure of importance than an assessment of how well the port authority is performing currently.

“Show all issues and where you stand on them. What will you manage proactively?”

Port Metro Vancouver Response:

We will continue to look for new ways to enhance the materiality process, and in particular, ways in which to better reflect the broad range of stakeholder input and how stakeholder interests change over time. Our objective is to focus the report on the topics that are most material to our organization and our stakeholders. The 2014 report was developed in accordance with the Global Reporting Initiative’s new G4 sustainability guidelines, which have an increased focus on materiality. This has enabled us to focus our efforts on the disclosure of our most material topics within this year’s report. We provide an overview of the top eight material topics on pages 8-9 of the report. This overview provides the context

for our report, showing where the topics fit in relation to the report’s three themes, detailing the importance of each material topic, and showing what we are hearing about these topics from our stakeholders. Each topic is linked to the relevant report section that provides additional context on our management approach and performance.

1.2 Reconsider prioritization and groupings of topics

Port Metro Vancouver’s definition and grouping of topics has been informed by the Sustainable Gateway Definition. This was developed with input from an external advisory group, in which some of the Panel participated. Feedback from the Panel suggests that the naming and grouping of topics could be developed further. The Panel also recommended changes to the priorities assigned to the stakeholder perspective. The table below summarizes reasons provided by the Panel for advocating a higher or lower priority from a **stakeholders’** perspective and other comments. As this was an intermediate step in the materiality process, the Panel’s suggestions will be considered and incorporated into the final materiality output.

Table 1: Panel feedback on relative importance of material topics

Topic	Reasons to raise topic priority for stakeholders	Reasons to lower topic priority for stakeholders	Other comments
Air emissions			Impacts of goods shipped need to be considered locally, regionally and internationally.
Biodiversity	It is critical to protect what is left. Important to a lot of stakeholder groups. Stakeholders are especially interested in underwater noise.		Aim for restorative and net positive impact. Could split into underwater noise, species at risk, habitat creation.
Community connections	Community engagement is particularly important.		Community relations and impacts are more important than community investment.
Compliance with laws and regulations	It is important to stakeholders that the port authority is in compliance.		
Economic impacts			Modify to include costs as well as benefits. Also look at how economic prosperity is distributed.
Employee well-being	Port can’t be effective without healthy employees. Customers and the public would be concerned about a health and safety incident.	Some aspects, such as employment practices, and training and development, have less importance than others. Health and safety and labour relations are most important.	Ensure definition covers all workers, not just employees. Split out health and safety.
Energy use	Lots of energy is being used at Roberts Bank for operations such as lighting.	There are other areas where the port authority could have more impact.	Link energy and air emissions.

Topic	Reasons to raise topic priority for stakeholders	Reasons to lower topic priority for stakeholders	Other comments
Financial strength	Revenues are needed to fund sustainability initiatives and are fundamental to managing these issues. As Canada's busiest and largest port, it is important that it has good financial standing.		Accurate growth forecasts are important to avoid over development that can negatively affect financial performance.
First Nation relationships			Rename Aboriginal relations, to reflect dialogue with other Aboriginal groups, including Métis.
Gateway efficiency and reliability	The longer that ships are in harbour, the greater the impacts and cost.		Labour relations and supply chain should be separate topics.
Governance and code of ethics	The public asks questions about the port authority's structure, governance and reporting. It is important to be transparent to build trust.		
Government relations	Strong relations enable success in other areas.		Split into municipal relations (perhaps linked to community relations) and federal government relations.
Infrastructure development	This is on the minds of First Nations and communities.	Infrastructure development is not as critical to stakeholders as it is to the port. Stakeholders want the port to optimize the assets it has before building more.	The port authority should encourage opportunities for enterprise development and diversifying port uses to increase employment. Focus on the purpose of development, which is improving capacity and gateway efficiency. Growth isn't the only solution to improve things.
Land use and availability	Linked to several risks. Land use issues can affect trust and support from the community and government relations.		Split into land use (impacts on agricultural land) and land availability (shortage of industrial land).
Labour relations	Stable labour relations affect the gateway's efficiency, reliability, volumes, competitiveness, reputation and financial status.		Split into own topic.
Materials use		Lower risk. The port authority doesn't procure a lot of	There is an opportunity to improve the tracking of materials used in construction.

Topic	Reasons to raise topic priority for stakeholders	Reasons to lower topic priority for stakeholders	Other comments
		materials so this is lower impact.	
Protection of assets against climate change	There is a disparity between the port authority and stakeholder rankings. Natural disasters may seriously damage assets.		This topic should cover both mitigation and adaptation.
Safe movement of goods	There is increased scrutiny in this area. Safe practices are top of mind for stakeholders.		
Safety and security of port lands	Employee, contractor and environmental safety should be top priority and a pre-condition for everything else.		Combine all safety (employee and public) into one topic and security and the protection of assets in another.
Soil quality		Stakeholders don't raise this as an issue. Effects are fairly localized.	
Volume and mix of trade	Increased trade volume means more land is needed which affects communities. Mix of trade addresses some controversial commodities.	Stakeholders are more interested in development than volume and mix of trade.	
Waste	Waste is a regional challenge and burning is not a solution, so industry needs to reduce waste.	The port authority is not a big waste generator.	
Water quality	Continue to reduce footprint. Attention should be paid to harbour infrastructure and sewage. The port authority receives enquiries about this.	Certain areas experience issues with sewage but this is not within the port authority's control.	Discharges from port facilities should be considered separately from vessel discharges.
Water use (consumption)	Population growth adds pressure to conserve water. Water is related to several key risks.		Also consider the passive use of water (fresh water, estuary and marine water) by ships, log booms and other vessels which are all part of a busier port, leading to larger footprint and visual impact.
Other possible topics			
Auditing for compliance	Could provide assurance to the public that rules are followed.		
Human rights	Requires due diligence. Ports can be a vector for those engaged in the abuse of human rights.		Also consider procurement exposure.

Topic	Reasons to raise topic priority for stakeholders	Reasons to lower topic priority for stakeholders	Other comments
Social, cultural, recreational use	Features like the seawall enhance quality of life and property values.		
Cumulative impacts or port impacts on the environment	There's no topic that covers ecosystem value (the value of the ecosystem as a functioning whole together with individual environmental attributes). Combining topics into port impacts on the environment would speak to First Nations concerns around cumulative impacts.		Healthy ecosystems are very significant but when they are broken into many separate components (water, air, soil, etc.) the significance of impacts is lost.
Impacts of products on the environment	Public support for projects is affected by what product is being transported.		Need to capture safe handling and movement of goods as well as commodities themselves.

Port Metro Vancouver Response:

The Panel's feedback on prioritization and grouping of material topics significantly influenced the structure of and topics in the 2014 Sustainability Report.

Comments on report content

2.1 Explain implications of divergence between stakeholder and Port Metro Vancouver priorities

The Panel commended Port Metro Vancouver for articulating stakeholder concerns in the "What we've heard" sections. Some stakeholders expressed anxiety about the changes they're experiencing and they want to see these issues developed further with explanations of what Port Metro Vancouver is doing about their concerns. They found that the 2013 report did not bridge the divide between the recognized stakeholder priorities and Port Metro Vancouver's own strategic priorities. Where there is divergence between stakeholder and Port Metro Vancouver priorities, they want to know the implications of these gaps.

"Port Metro Vancouver should highlight what stakeholder priorities are and acknowledge that their strategic planning goals may, in fact, be different than stakeholder goals."

Port Metro Vancouver Response:

The format of the 2014 Sustainability Report places material topics, our management approach and performance in the context of the three themes of our Sustainable Gateway Definition, which helps to align report content with our vision and priorities. For each material topic in the report, we have included a *What We've Heard* section that presents stakeholder input and our approach to managing that topic. However, some of the *What We've Heard* items are difficult to address within the constraints

of the report. Consequently, we have tried to improve the connection between the report and our website to provide further information and context. We will continue to place emphasis on strengthening the connection between stakeholder concerns and our performance in future reports.

2.2 Add legislative and regulatory context

This point was also raised in the 2012 Panel Report. Shipping and port operations are heavily regulated activities. The framework of local, national and international laws and standards that govern marine activities is useful context for report readers. It could help them distinguish performance that is required by regulation or standard from voluntary action by Port Metro Vancouver. Readers want to know when Port Metro Vancouver is exceeding minimum standards.

Legislative context would also clarify areas where Port Metro Vancouver has a role in reviews or monitoring compliance of port users. For example, the Panel found that wording in the 2013 report suggested that Port Metro Vancouver was alone in doing environmental reviews of tenant-led projects, when other federal departments may also have a responsibility to assess certain projects. The Panel also suggested explaining the impact of the closure of the Burrard Inlet Environmental Action Program (BIEAP) and Fraser River Estuary Management Program (FREMP), and the implications of this on Port Metro Vancouver's role in reviewing projects. It would also be useful to clarify that ballast water checks are Transport Canada's responsibility.

The Panel suggested that one approach could be to set up a table with key regulations and conventions relevant to the port for each material topic, and note the minimum level of performance required to comply with these, Port Metro Vancouver's own targets and its performance in relation to these targets.

"This report needs to help people understand the context of all the good work Port Metro Vancouver is doing on the sustainability front and perhaps areas for improvement."

Port Metro Vancouver Response:

Within the 2014 Sustainability Report, we have tried to clarify our role and the regulatory context for material topics, such as trucking, Aboriginal relations, and safety and security. The broad range of businesses, government agencies and stakeholders involved in international trade and port operations results in a complex regulatory landscape which, within the constraints of the sustainability report, make it difficult to provide a comprehensive overview of applicable regulations and minimum compliance requirements. However, we recognize the importance of this information and will continue to consider ways in which relevant regulatory aspects can be incorporated into future reporting to improve context.

2.3 Provide sustainability context

A recurring theme for the Panel was insufficient context to assess whether Port Metro Vancouver is doing enough in terms of the challenges of sustainability. The 2013 report includes some descriptions of programs and activities, but without accompanying data that would demonstrate the program is making a significant difference. The Panel found that the report emphasized achievements without giving a sense of what remains to be done. The Panel recommends that Port Metro Vancouver include more data on past trends and future goals for its material aspects. Some data, such as economic data, may

need benchmarks to help readers understand. Goals will be most useful if they include absolute (not just normalized) targets, benchmarking to peers, and both short and long term targets.

“In each section, add information on “remaining challenges” or similar. Even with all you’re doing, what’s the state of sustainability – what remains to be done?”

Port Metro Vancouver Response:

Port Metro Vancouver works with supply chain stakeholders and businesses in a collaborative manner, using influence, incentives and recognition programs where possible to advance progress on key issues. Where practical, we work collaboratively with other government agencies or industry to establish goals, objectives or targets and include these in reporting when appropriate.

In response to Panel feedback, we have provided improved context on performance and impacts of our programs and activities in the 2014 Sustainability Report, including relevant goals, objectives and targets, for example the Northwest Ports Clean Air Strategy goals. Finally, we have emphasized key challenges, such as greenhouse gas emissions and impacts of port noise on communities.

We appreciate the feedback provided on this topic and will continue to explore ways to strengthen our approach.

2.3 Explain how you’re making the “Great Transition”

The Panel was intrigued by Port Metro Vancouver’s Port 2050 Future Scenarios. They noted that while the current trajectory is heading in one direction, Port Metro Vancouver intends to move in another (denoted by a big red arrow) to help “the Vancouver Gateway prepare for the Great Transition – a global social, environmental and economic transition to a sustainable Gateway.” The Panel found that the 2013 Report did not go far enough to explain how Port Metro Vancouver plans to accomplish this transition.

“Make a stronger connection to the “big red arrow” in the 2050 Vision. It’s an effective point but does not tie in with the rest of the report.”

Port Metro Vancouver Response:

We have provided additional information about Port 2050 in the 2014 Sustainability Report, including an overview of how we are helping to prepare the gateway for this transition. We have also linked the report content to our website for more information including a video, a technical report and key drivers of change that are tracked on an annual basis.

In addition, the 2014 Sustainability Report describes our long-term planning approach to promote sustainability around three themes - economic prosperity through trade, a healthy environment, and thriving communities. Within each of the material topic areas we have identified initiatives that are being advanced to help move us towards a more sustainable gateway.

2.4 Integrate risks throughout

The 2013 Sustainability Report includes a section on managing risk that lists ten risks. The Panel would like to see more explanation of these risks and suggested integrating the risk discussion into relevant

parts of the report where Port Metro Vancouver can explain how it mitigates each risk. They also advised Port Metro Vancouver to be clear about their perspective on risk. The public may see risk differently than Port Metro Vancouver.

“Weave risk management into different topics in the rest of the report.”

Port Metro Vancouver Response:

We have integrated risks throughout the report and identified the key risks associated with each material topic, so that these can be considered by the report audience when reviewing our approach and performance on these topics.

2.5 Add more depth to some topics

The Panel commended Port Metro Vancouver for the detailed reporting on community engagement and First Nations outreach. There were other areas where the Panel recommends that Port Metro Vancouver provide more information:

- **Economic impacts:** Quantify job creation, contribution to GDP and other economic benefits, and include economic costs, for example flood control.
- **Community investment:** Place more emphasis on the community contributions with the most significant impact, for example the Waterfront Training Centre for Labour.
- **Land use:** Explain how Port Metro Vancouver prioritizes uses for the limited land it has. Elaborate on plans for “six study areas” mentioned in 2013 Sustainability Report.
- **Tenant-led projects:** Explain how each project is contributing to a *sustainable* gateway.
- **Coal dust:** The 2013 Report mentions that air quality monitoring is done. Disclose the results.
- **Water:** Add a water indicator to the performance data.
- **Port Metro Vancouver’s environmental footprint:** Ensure it covers all the issues in the Sustainable Gateway Definition.

“As a concerned citizen, I would want to be able to find out answers to big questions including subjects in the media, particularly regarding farmland and food security.”

Port Metro Vancouver Response:

In response to the above items:

Economic impacts: we have provided additional information on this topic and linked it to an economic impact study conducted in 2012, which is available on our website.

Community investment: we have incorporated information about community investments but have not elaborated much further given it was not identified as a highly material topic.

Land use: we have linked the report to Port Metro Vancouver’s Land Use Plan which provides additional information on the special study areas.

Tenant-led projects: we have linked the report content to Port Metro Vancouver’s website which provides complete details of each tenant-led project, including project descriptions, environmental impact assessments and consultation reports.

Coal dust: monitoring of air quality, including coal dust, is led by Metro Vancouver and the data is publically available on the regional air quality website. We will explore opportunities to report on coal dust in future reports. We have currently focused report content on overall air quality performance and our efforts relating to observed exceedances of sulphur dioxide emissions in Burrard Inlet.

Water: we include information on programs related to stewardship of marine habitat and engage with organizations that are responsible for water resources such as Environment Canada and B.C. Ministry of Environment. To date, we have not identified a water indicator within the Global Reporting Initiative guidelines that is particularly relevant or material to our business.

Port Metro Vancouver's environmental footprint: we review our environmental footprint on an ongoing basis to continually improve performance and are working to better align it with the Sustainable Gateway Definition. Please note that our environmental footprint is currently only representative of our corporate environmental performance in the areas of electricity consumption, waste diversion, and employee commuting, whereas the Sustainable Gateway Definition covers economic, environmental and social dimensions of performance for the gateway (broader port operations).

In summary, our report is intended to focus on the most material topics for our organization and stakeholders. Within these material topics we endeavour to provide a reasonably complete overview of relevant activities and performance, connecting readers with other resources where possible, such as our website.

2.6 Continue to tackle challenging topics such as coal and oil

The 2013 Sustainability Report included a full page on Port Metro Vancouver's approach to coal. For the Panel, however, this still fell short of the leadership stance they would like Port Metro Vancouver to take. They would like to see Port Metro Vancouver continue to acknowledge the contribution coal makes to global GHG emissions, and work with the federal government to treat coal as a short-term energy solution, mitigating its impacts as much as possible. They noted that oil is a similarly challenging issue that should be fully addressed.

"Regarding coal, Port Metro Vancouver basically says "it's not our problem." As a critical influencer to the supply chain, Port Metro Vancouver should have an opinion."

Port Metro Vancouver Response:

The 2013 Sustainability Report provided a one page overview of issues relating to coal, which recognized concerns regarding greenhouse gas emissions associated with thermal coal and its contribution to climate change. It also noted that the majority of coal which moves through the port is metallurgical coal used for manufacturing steel, which plays an important role in the production of clean technologies and sustainable transportation infrastructure. In 2014, around 70% of the coal moving through the port was metallurgical or steelmaking coal. The 2013 Sustainability Report also outlined the port authority's role in relation to coal movement through the port, and clarified that Port Metro Vancouver does not set national trade policy or choose which products and commodities get traded, but that we work within our mandate and jurisdiction to ensure that the movement of coal through the gateway is done in a safe and environmentally responsible way. We will continue to consider ways in which to improve our approach to reporting on these topics.

Comments by panels on report presentation

3.1 Adopt a balanced tone

This point was repeated from the previous Review Panel and came through in both internal and external meetings. The Panel advised Port Metro Vancouver to take a balanced approach to reporting, including both positive and challenging stories and performance. A report that does not acknowledge downside risk, negative impacts or contrary stakeholder views will not be seen as credible. Port Metro Vancouver has made strides in transparency, with its flagging of five hot topics on the first spread of the 2013 Report and by disclosing “What we’ve heard” from stakeholders. The Panel recommends developing case studies on challenging issues as a way to bring more balance to Port Metro Vancouver’s reporting. The Panel also noted that testimonials from external stakeholders can add a different perspective but cautioned that if they appear to be marketing statements they can actually undermine balance.

“Everyone has challenges and that’s okay. Speak to some of those.”

Port Metro Vancouver Response:

We have attempted to provide a more balanced tone within our 2014 Sustainability Report. For each of the material topics, we have included information on key risks, concerns we hear from stakeholders, and performance data, where available, to provide a transparent overview. We have also included case studies on issues such as trucking and port noise, which help to further highlight the ongoing challenges in these areas. Where the nature and complexity of topics makes it challenging to provide comprehensive content within the report, we have provided web-links to further information. We will continue to emphasize improvements in reporting tone and balance in future reports.

3.2 Make it accessible

In response to Port Metro Vancouver’s plan to make the report shorter and more focused, the Panel noted that accessibility isn’t just about length. They also advised Port Metro Vancouver to consider users who rely on the sustainability report for information they cannot get elsewhere. They suggested that a shorter version could complement the full report. The Panel encouraged Port Metro Vancouver to consider layout, graphics and Web design to aid accessibility.

“Love the graphics and layout. Easy to read and follow.”

Port Metro Vancouver Response:

We have worked to improve the accessibility of this year’s report by making it more concise and easier to navigate, and carefully considering layout, graphics and design features to assist readers in locating the information they are interested in. Specific changes that have been made include the addition of an overview of material topics at the front of the report, the use of icons throughout the report to help readers identify which section they are in, and clear web-links to further information. We have also developed a complementary executive summary which provides an overview of our approach to sustainability together with a high-level summary of our 2014 sustainability performance.