



CANADA REGIONAL OVERVIEW

Canada's sustainable investment landscape demonstrated notable resilience and evolution during 2022-2024, with responsible investment (RI) assets maintaining growth momentum despite challenging market conditions.

As RI continues to mature, the anticipated rate of growth for RI AUM is expected to moderate. Risks associated with a changing climate and investors' demand for impact are seen as growth drivers, while emerging deterrents include concerns regarding performance and greenwashing, as well as a lack of standardized disclosure frameworks. Retail investors are seen as the group most likely to drive growth in RI over the next two to five years, with younger investors emerging as a powerful force.

This period was marked by significant policy developments, enhanced reporting standards and growing institutional sophistication, while persistent challenges around standardization and greenwashing concerns shaped market dynamics. A notable development included increased confidence in the overall quality of ESG reporting as a result of updated RI strategy definitions. There remain, however, strong calls for more universally accepted standards and frameworks to further enhance confidence and clarity.

While frameworks are expected to consolidate over the coming years, a notable trend in 2024 is the increase in expected use of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). This stems from a growing recognition of the role that investors can play in advancing Indigenous economic reconciliation.

Market Drivers

Canada's responsible investment market broadened and matured between 2022 and 2025, with growth driven by product innovation and regulatory pressure. After several years of strong performance, sustainability related investments fared poorly in 2022 due in part to macroeconomic pressures, including inflation and rising interest rates. While 2023 saw a recovery, relative performance compared to traditional investment strategies was mixed. These factors seem to have manifested into concerns about performance, which negatively impacted flow into sustainable funds and strategies.

Greenwashing concerns were a defining feature of 2023, leading to product rebranding and more cautious fund launches in anticipation of regulatory scrutiny. This pushed providers to refine fund naming to align with regulatory guidance.

By 2024, global harmonization of definitions from GSIA, CFA Institute and PRI marked a significant step toward consistency in terminology and began to influence product design, in particular underpinning the development of taxonomy-aligned investment guidelines in the Canadian domestic context.

Policy & Regulatory Drivers

From 2022 to 2025, Canada saw continued regulatory momentum to align the financial system with climate and sustainability goals. In March 2023, the Office of the Superintendent of Financial Institutions (OSFI) finalized [Guideline B-15: Climate Risk Management](#), establishing expectations for federally regulated financial institutions around climate governance, risk identification, and disclosures. Implementation is phased, with large banks and insurers required to comply by fiscal year-end 2024 and others by 2025.

In January 2022, the Canadian Securities Administrators (CSA) published guidance for investment funds on their disclosure practices related to ESG considerations, where funds use ESG strategies, market themselves ESG-focused or have investment objectives that reference ESG factors. In early 2024 the CSA published [updated guidance](#) which sets out different levels of disclosure expectations depending on the extent to which ESG factors are considered in a fund's investment process.

In October 2024, the [federal government announced](#) plans to amend the Canada Business Corporations Act to mandate climate-related disclosures for large, federally incorporated private companies. At the same time, it unveiled the [Made-in-Canada Sustainable Investment Guidelines](#), a voluntary green and transition finance taxonomy to guide credible climate-aligned investments.

In December 2024, the [Canadian Sustainability Standards Board](#) (CSSB) released its inaugural Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2), based on international ISSB standards. These voluntary standards apply from January 2025 and are expected to form the foundation of a future mandatory disclosure regime.

As of early 2025, OSFI revised [Guideline B-15](#) to align disclosure requirements with CSSB standards, extending timelines for Scope 3 GHG emissions disclosures to 2028 and for off-balance-sheet assets to 2029. Efforts to address misleading sustainability claims also advanced, with proposed amendments to the Competition Act placing stricter conditions on environmental marketing.

Customer Drivers

Canadian customers for responsible investment products are diverse, though institutional investors remain the dominant force. Pension funds, asset managers, and insurers account for most responsible investment assets. ESG integration maintained its dominant position, utilized by more than 90% of institutions. This widespread adoption indicates that sustainable investment considerations have become embedded in mainstream investment processes rather than constituting a separate investment category. Risk minimization remained the top motivation for ESG factor consideration, cited by 77% of institutional investors as a top three priority. This risk-focused approach aligned with fiduciary duty requirements and demonstrated the integration of sustainability considerations into core investment analysis frameworks. Growing commitments to net-zero pathways and the use of disclosure frameworks such as TCFD and UNDRIP reflect a stronger emphasis on fiduciary duty and long-term risk management.

Retail investors have become increasingly influential, particularly younger Canadians who prioritize values alignment, climate action, and social justice. In 2024, 34% of industry respondents cited younger investors as a key driver of demand, compared with only 8% in 2023. This sharp rise underscores the generational shift shaping market growth.

Advisors and intermediaries remain central to translating investor values into product choices. Their role has driven calls for clearer labelling, greater transparency, and more reliable ESG data. Heightened scrutiny has reinforced these demands, prompting product reclassification and sharpening expectations of accountability across the market.

RI ownership experienced a decline, however individual investors' interest in RI continues to be high. A substantial "RI service gap" persists, with investors looking to their financial advisors to inform and educate them on RI products that align with their values, but not receiving the services they want. Concerns about greenwashing remain, which continues to be a deterrent to RI growth.

Industry Collaboration

Canada’s financial sector advanced collaborative sustainability initiatives alongside regulation. The Canadian Investment Funds Standards Committee published its [Responsible Investment Identification Framework](#) in 2022, categorizing six RI approaches to improve product labelling and transparency. In November 2023 the CFA Institute, the Global Sustainable Investment Alliance (GSIA), and the Principles for Responsible Investment (PRI) came together to harmonize definitions responsible investment, categorizing five RI strategies.

Investor-led initiatives such as [Climate Engagement Canada](#), launched in 2021, gained momentum, bringing together major institutional investors to coordinate engagement with high-emitting companies and support a just transition to Net Zero. Participants now represent trillions in assets under management and have integrated climate risk and transition planning into stewardship activities.

Together, these collaborative and regulatory efforts underscore the growing expectation that Canadian financial actors integrate sustainability considerations into disclosure practices, strategic decision-making, and risk oversight processes.

About Us

The Responsible Investment Association (RIA) is Canada’s industry association for responsible investment.

RIA Members include asset managers, asset owners, advisors, and service providers who support our mandate of promoting responsible investment in Canada’s retail and institutional markets. Our institutional members collectively manage over CAD\$45 trillion in assets.

Our purpose is to firmly entrench responsible investment in Canada’s financial ecosystem. Our core strategic pillars are to:

- 1. Build Community;
- 2. Drive Change & Influence Policy;
- 3. Educate & Inspire

Learn more at www.riacanada.ca

CAPABILITIES	RIA
Member Communications	Yes
Member Events	Yes
Policy Influencing	Yes
Research	Yes
Education	Yes
Accreditation	Yes

