

September 27, 2024

Deceptive Marketing Practices Directorate
Competition Bureau
50 Victoria Street
Gatineau, Quebec
K1A 0C9

By email to: greenwashingconsultationecoblanchiment@cb-bc.gc.ca

RE: IIA Canada Comments on Section 74.01 of the Competition Act

Dear Sir/Ma'am,

On behalf of The Institute of Internal Auditors (The IIA) Canada, I am pleased to submit the following comments regarding the development and implementation of the *Competition Act's* new greenwashing provisions.

For over 80 years, The IIA and its now more than 245,000 members across the globe, including approximately 8,000 members in Canada, have aided sound governance and risk management in public- and private-sector organizations. The presence of an internal audit function is widely considered an essential corporate governance practice designed to promote organizational transparency and accountability. As global efforts to integrate sustainability best practices across organizations increase, the internal audit profession plays a central role in providing stakeholders with trust and confidence in the accuracy of sustainability reports.

Section 74.01(1)(b) of the *Competition Act* outlines a regulatory framework for validating organizational assertions that a product – or business activity – promotes responsible environmental stewardship. This provision, ostensibly, intended to accomplish two primary objectives:

- Instill consumer confidence that an organization is accurately representing sustainability efforts
- Reduce instances of “greenwashing” wherein an organization overstates the environmental benefits of a product

While the legislation explains the type of environmental claims that must be verified (i.e. statements, warranties or guarantees of a product), Section 74.01(1)(b) remains silent on the processes and procedures governing “how” such reviews shall be performed.

An organization’s internal audit function – operating in conformity with the recently adopted [Global Internal Audit Standards](#) (*Standards*) – ensures objective assurance over risk management, corporate governance, and internal control processes. Increasingly, this responsibility has empowered internal audit to serve as the entity charged with evaluating the veracity of environmental and sustainability assertions.

The key to internal audit is independence from management and a direct reporting relationship to the board or audit committee. It is this reporting structure – guided by The IIA’s internationally recognized *Standards* – that ensures the assessments and conclusions of internal audit are objective, credible, and trustworthy.

The *Standards* not only support a uniform application of internal audit but provides stakeholders (e.g., governing bodies, senior management, sustainability assurance providers and preparers, etc.) with verification of organizational controls and processes. Such information enables leaders to make key



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strategic decisions with knowledge and confidence. Furthermore, given internal audit's independent role in validating sustainability work, The IIA has been a leader in promoting transparent and accurate reporting frameworks. These efforts include, in relevant part, an online "[Knowledge Center](#)" that supplies internal auditors with resources regarding the identification and mitigation of potential greenwashing hazards.

As the emphasis on comprehensive and accurate sustainability reporting continues to mature, internal auditors must – and will – remain at the vanguard in assessing risk and internal controls designed to protect the public interest. Consequently, **The IIA encourages the Bureau to utilize the expertise of internal audit as a resource in the development and implementation of regulations pursuant to Section 74.01(1)(b) of the *Competition Act*.**

Should you or your staff have any questions regarding this matter or wish to discuss ways in which the internal audit profession can support your work, please contact me directly at Jillian.Fernandez@TheIIA.org.

Sincerely,

Jillian Fernandez
Director, Advocacy (Canada)
The Institute of Internal Auditors – Canada