

POLICY STATEMENT TO REGULATION 51-107 RESPECTING DISCLOSURE OF CLIMATE-RELATED MATTERS

PART 1 GENERAL

Introduction and Purpose

1. *Regulation 51-107 respecting Disclosure of Climate-Related Matters* (the “Regulation”) establishes disclosure requirements regarding climate-related matters for reporting issuers (other than investment funds, issuers of asset-backed securities, designated foreign issuers, SEC foreign issuers, certain exchangeable security issuers and certain credit support issuers).

We have implemented the Regulation to require reporting issuers to disclose certain climate-related information in their continuous disclosure documents. We believe that climate-related information is becoming increasingly important to investors in Canada and internationally, and that the disclosure required by the Regulation is an important element to their investment and voting decisions.

This policy statement (the “Policy Statement”) provides information regarding the interpretation and application of the Regulation.

PART 2 TCFD RECOMMENDATIONS

TCFD Recommendations

2. (1) The disclosure requirements of the Regulation are set out in Form 51-107A and Form 51-107B and, subject to certain modifications, are consistent with the recommendations (the “TCFD recommendations”) developed by the Task Force on Climate-related Financial Disclosures (the “TCFD”) and published in their report entitled Recommendations of the Task Force on Climate-related Financial Disclosures dated June 2017 (the “TCFD Final Report”). Notably, the Regulation does not require issuers to disclose a scenario analysis, which is the TCFD recommended disclosure that describes the resilience of an issuer’s strategy, taking into consideration different climate-related scenarios. In addition, issuers may elect to not provide the TCFD recommended disclosure respecting greenhouse gas (“GHG”) emissions and their related risks, provided they instead disclose their reasons for not including this disclosure.¹

(2) The TCFD recommendations are summarized in Figure 4 of Section C of the TCFD Final Report and are reproduced in Table 1 below. Table 1 also illustrates the modifications to the TCFD recommended disclosures required by the Regulation:

Table 1: TCFD Recommendations and disclosure required by the Regulation

TCFD Recommendations	TCFD Recommended Disclosures	Disclosure required by the Regulation
Governance Disclose the organization’s governance around climate-related risks and opportunities.	a) Describe the board’s oversight of climate-related risks and opportunities. b) Describe management’s role in assessing and managing climate-related risks and opportunities.	a) Same as TCFD Recommended Disclosures. b) Same as TCFD Recommended Disclosures.

¹ As an alternative, the CSA is also consulting on requiring issuers to disclose Scope 1 GHG emissions. Under this alternative, disclosure of Scope 2 and Scope 3 GHG emissions would not be mandatory. Issuers would have to disclose either their Scope 2 and 3 GHG emissions and the related risks or the issuer’s reasons for not disclosing this information.

TCFD Recommendations	TCFD Recommended Disclosures	Disclosure required by the Regulation
<p>Strategy</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>a) Same as TCFD Recommended Disclosures.</p> <p>b) Same as TCFD Recommended Disclosures.</p> <p>c) Not required.</p>
<p>Risk management</p> <p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organization’s processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>a) Same as TCFD Recommended Disclosures.</p> <p>b) Same as TCFD Recommended Disclosures.</p> <p>c) Same as TCFD Recommended Disclosures.</p>
<p>Metrics and targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>a) Same as TCFD Recommended Disclosures.</p> <p>b) Not mandatory. An issuer must disclose its GHG emissions and the related risks or the issuer’s reasons for not disclosing this information.</p> <p>c) Same as TCFD Recommended Disclosures.</p>

(3) Consistent with the TCFD recommendations and with disclosure requirements respecting corporate governance matters under *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* (chapter V-1.1, r. 32), the disclosure required by the Regulation relating to the TCFD recommendation “Governance” and “Risk management” in Table 1 above are not subject to a materiality assessment. Accordingly, issuers must provide this disclosure in the applicable continuous disclosure document as required by the Regulation.

Disclosure under the headings “Strategy” and “Metrics and targets” is only required where such information is material. Information is likely material if a reasonable investor’s decision whether to buy, sell or hold securities in an issuer would likely be influenced or changed if the information in question was omitted or misstated.

An issuer must disclose its GHG emissions and the related risks or the issuer’s reasons for not disclosing this information. As an alternative, the CSA is also consulting on requiring issuers to

disclose Scope 1 GHG emissions either a) when that information is material, or b) in all cases. Under this alternative, disclosure of Scope 2 and Scope 3 GHG emissions would not be mandatory. Issuers would have to disclose either their Scope 2 and 3 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information. If necessary, the final form of the Policy Statement will be modified to reflect the alternative chosen.

TCFD and Other Guidance

3. The TCFD recommendations and their application are discussed more fully in the TCFD Final Report, as well as in other publications produced by the TCFD, such as:

(a) *Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures* (June 2017); and

(b) *Guidance on Risk Management Integration and Disclosure* (October 2020).

In addition to this Policy Statement, issuers should consider the TCFD Final Report and related publications from the TCFD in preparing the disclosure required by the Regulation. Issuers should also refer to guidance published by the CSA relating to assessing materiality and existing disclosure requirements that are consistent with the TCFD recommendations (as discussed below), including:

(a) *National Policy 51-201: Disclosure Standards*;

(b) CSA Staff Notice 51-333 *Environmental Reporting Guidance* (October 2010);

(c) CSA Staff Notice 51-354 *Report on Climate Change-related Disclosures Project* (April 2018); and

(d) CSA Staff Notice 51-358 *Reporting of Climate Change-related Risks* (August 2019).

Consistency with Existing Disclosure Requirements

4. Certain disclosure requirements contained in the Regulation are consistent with pre-existing disclosure requirements under Canadian securities legislation. For example, item 1 (a) of Form 51-107B requires issuers to describe the climate-related risks and opportunities it has identified over the short, medium, and long term. This disclosure requirement is consistent with risk factor disclosure required under *Regulation 51-102 respecting Continuous Disclosure Obligations* (chapter V-1.1, r. 24). An issuer is required to disclose in its annual information form, if any, risk factors relating to it and its business that would be most likely to influence an investor's decision to purchase the issuer's securities, and an issuer is required to discuss in its annual management's discussion and analysis its analysis of its operations for the most recently completed financial year, including commitments, events, risks or uncertainties that it reasonably believes will materially affect its future performance.

Greenhouse Gas Emissions Disclosure

5. (1) Item 4(a) of Form 51-107B requires an issuer to disclose each of its Scope 1, Scope 2 and Scope 3 GHG emissions or explain why it has not done so. Accordingly, where an issuer has disclosed its Scope 1 and Scope 2 GHG emissions but has elected to not disclose its Scope 3 GHG emissions, the issuer would be required to disclose its reasons for not providing its Scope 3 GHG emissions. Where an issuer has elected to not disclose any GHG emissions, the issuer may provide its reasons for not doing so in respect of GHG emissions as a whole, as opposed to a separate explanation for each scope.

(2) Certain issuers are already required to disclose GHG emissions under existing reporting programs, including for example, on a per facility basis under the federal Greenhouse Gas Reporting Program. The securities regulatory authorities expect issuers that are subject to an existing GHG emissions reporting program to disclose Scope 1 GHG emissions under the Regulation. However, should they elect to not disclose Scope 1 GHG emissions under the

Regulation, they should clearly explain their election in light of such pre-existing reporting obligations.

(3) Subsection 4(2) of the Regulation requires an issuer to use a GHG emissions reporting standard to calculate and report its GHG emissions. A GHG emissions reporting standard is the GHG Protocol, or a reporting standard for calculating and reporting GHG emissions if it is comparable with the GHG Protocol. Accordingly, pursuant to item 4(c) of Form 51-107B, issuers who disclose GHG emissions using a reporting standard that is not the GHG Protocol must disclose how such standard is comparable with the GHG Protocol.

(4) Form 51-107B permits an issuer to incorporate GHG disclosure by reference to another document. If doing so, the issuer must clearly identify the reference document or any excerpt of it that the issuer incorporates into the disclosure provided under Item 4 of Form 51-107B. Unless the issuer has already filed the reference document or excerpt under its SEDAR profile, the issuer must file it at the same time as it files the document containing the disclosure required under Form 51-107B.

Forward Looking Information

6. Disclosure provided by issuers pursuant to the Regulation may constitute forward-looking information (“FLI”). If an issuer discloses FLI, it must comply with the requirements set out in Part 4A, Part 4B and section 5.8 of *Regulation 51-102 respecting Continuous Disclosure Obligations*.

Guidance on those requirements can be found in Part 4A of *Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations* (Decision 2006-PDG-0223, 2006-12-12) and CSA Staff Notice 51-330 *Guidance Regarding the Application of Forward-Looking Information Requirements under Regulation 51-102 respecting Continuous Disclosure Obligations*.

The FLI requirements do not relieve issuers from disclosing material climate-related risks even if they are expected to occur or crystallize over a longer time frame.

PART 3 TRANSITION

Transitional Periods

7. The Regulation will apply to issuers on a phased-in transition, beginning with issuers other than venture issuers (“non-venture issuers”) followed by venture issuers. Non-venture issuers must include the disclosure required by the Regulation in the applicable continuous disclosure document in respect of each financial year that begins on or after January 1 of the first year after the Regulation is made effective. As an example, for a non-venture issuer that has a financial year that begins on January 1 and ends on December 31, if the Regulation becomes effective in 2022, a non-venture issuer would be required to include the disclosure required by Form 51-107B in its AIF for its financial year ended December 31, 2023, and for every financial year thereafter. For venture issuers, the Regulation will apply in respect of each financial year that begins on or after January 1 of the third year after the Regulation is made effective. Using the same example as above (except where the issuer is a venture issuer), the issuer would be required to include the disclosure required by Form 51-107B for its financial year ended December 31, 2025, and for every financial year thereafter.

If a venture issuer becomes a non-venture issuer during the period when the Regulation only applies to non-venture issuers, the disclosure required by the Regulation will not be required in the applicable continuous disclosure document for the financial years in which the issuer was a venture issuer.