Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission, New Brunswick
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Ontario Securities Commission
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Comments delivered by email, to comment@osc.gov.on.ca and consultation-en-cours@lautorite.qc.ca

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Canadian Securities Administrators' consultation on climate-related disclosures

We welcome the opportunity to contribute our perspective to the consultation on climate-related disclosures published by the Canadian Securities Administrators on 18 October 2021.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. We are a globally diversified investor, with approximately 39 billion Canadian dollars invested in listed equities and fixed income in Canada.[1]

As a long-term investor, we expect companies to address and report on material sustainability issues that could affect their future performance. Companies should integrate relevant sustainability risks and opportunities into their corporate strategy, risk management and reporting.

[1] as of 31 December 2020.

We welcome the Canadian Securities Administrators' ambition to enhance climate-related disclosures by issuers. Despite an improvement in companies' climate-related reporting, there is still significant variation in the quality, consistency, and comparability of companies' disclosures. In this letter, we aim to provide a response to question 9 of the consultation document: *What climate-related information is most important for investors' investment and voting decisions? How is this information incorporated into these decisions? Is there additional information that investors require?*

When it comes to sustainability reporting, investors need better information on i) risk exposure (to determine whether a company is exposed to a specific sustainability issue); ii) risk management (to understand how companies manage relevant sustainability risks and opportunities); and iii) performance (through relevant, comparable, and reliable key performance indicators, using recognised calculation methodologies)[2].

For sustainability information to support investment decisions, risk management processes and ownership activities across a diversified portfolio, it must be consistent and comparable across companies and over time. Therefore, we welcome the Canadian Securities Administrators' reference to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, which provide a logical framework for company reporting. We also support the IFRS Foundation's decision to set up the International Sustainability Standards Board (ISSB) and to develop global, industry-specific sustainability reporting standards – building, among other, on the existing Sustainability Accounting Standards Board (SASB) standards. To ensure a level playing field, reporting on material sustainability matters should be done by all companies of a comparable size, regardless of whether they are listed or not.

NBIM has laid out its expectations of companies on climate change in a public document[3]. We expect companies to disclose a strategy and implementation plan to address climate change risks and opportunities. Companies should set short-, medium-, and long-term emission reduction targets that take into account the goals of the Paris Agreement.

We also expect companies to monitor and disclose the emissions associated with their business operations and value chains. In our view, emissions should be estimated in accordance with the Greenhouse Gas Protocol or other relevant industry standards and cover scope 1, scope 2 and material scope 3 emissions. Companies should consider providing industry-specific greenhouse gas efficiency ratios.

Additional climate-related metrics that are useful for investors include internal carbon prices, capital expenditure on low-carbon technologies, investments in low-carbon R&D and emissions from land use change. Asset-specific information relevant to transition and physical climate risk analysis - such as locations, technologies, and physical characteristics of facilities - is also useful.

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[2] Norges Bank Investment Management, Asset Manager Perspective, *Corporate Sustainability Reporting* (2020)
[3] NBIM, Climate change, Expectations of companies (Climate change (nbim.no))

Finally, it is good practice for companies to assess the sensitivity and resilience of their long-term profitability to different transition and physical climate scenarios, including a well below 2 degrees Celsius scenario. Companies should then disclose the climate scenarios used, including assumptions, analytical methods, model outputs and sensitivity of results.

We appreciate your willingness to consider our perspective.

Yours sincerely,

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