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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

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Ontario Securities Commission
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Via comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
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Consultation Climate-related Disclosure Update and CSA Notice and Request for Comment Proposed National Instrument 51-107 Disclosure of Climate-related Matters

Dear Secretary,

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.

The Value Reporting Foundation (a combination of the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC)) is an independent, nonprofit organization established to set standards for companies to use when disclosing “sustainability” or “ESG” (environmental, social, and governance) information, and a framework through which to publish integrated reports, to investors and other providers of

financial capital. In November 2021, the International Financial Reporting Standards Foundation (IFRS Foundation) announced the formation of a new International Sustainability Standards Board (ISSB) to develop—in the public interest—a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors’ information. As part of that effort, the IFRS Foundation will consolidate with the Value Reporting Foundation (VRF) and the Climate Disclosure Standards Board (CDSB) by June 2022.

I am writing in my capacity as the Director of Global Outreach of the Value Reporting Foundation. As such, my comments reflect the views of the VRF only.

We welcome the proposed National Instrument 51-107 *Disclosure of Climate-Related Matters* (the “Proposed Instrument”)¹ to improve climate-related information for investors through enhanced issuer disclosures. In this comment letter, we will provide general comments and observations and respond to question six of the consultation.

The VRF agrees that “climate-related information is becoming increasingly important to investors in Canada and internationally, and that the disclosure required by the [Proposed Instrument] is an important element to their investment and voting decisions.”² We applaud CSA’s decision to make the Proposed Instrument’s disclosure requirements “consistent with the recommendations developed by the Task Force on Climate-related Financial Disclosures (the “TCFD”)” and strongly endorse CSA’s review of the “recent proposals by the International Financial Reporting Standards Foundation (IFRS Foundation), the prototype climate standard developed by the group of five sustainability reporting organizations.”³ TCFD is increasingly viewed by investors, companies and regulators globally as a relevant and useful disclosure framework, and CSA’s adoption will provide further momentum towards the establishment of a global baseline of comparable and consistent information.

Last year, the IFRS Foundation Trustees convened the Technical Readiness Working Group (TRWG) to develop a prototype of disclosure requirements on climate for consideration by the recently-established ISSB. The TRWG was composed of the CDSB, the International Accounting Standards Board (IASB), the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD), the VRF and the World Economic Forum (Forum), supported by the International Organization of Securities Commissions (IOSCO) and its Technical Expert Group of securities regulators. The cross-industry TCFD elements incorporated into the Proposed Instrument are largely consistent with the recommendations of the TRWG and are a positive step toward globally consistent and comparable climate disclosure.

In Ite 2020, eight leading pension plan investment managers in Canada requested that companies provide climate disclosure pursuant to SASB and TCFD and noted “While the SASB standards focus broadly on industry-relevant sustainability reporting, the TCFD framework

¹ PROPOSED NATIONAL INSTRUMENT 51-107, DISCLOSURE OF CLIMATE-RELATED MATTERS;
https://www.osc.ca/sites/default/files/2021-10/csa_20211018_51-107_disclosure-update.pdf

² Proposed National Instrument, Annex B, p. 26

³ Proposed National Instrument, p. 12

calls for climate-specific disclosures across several reporting pillars (governance, strategy, risk, and metrics and targets). Both are useful to investors and informative to companies working to frame their ESG reporting.” We agree.

The industry-specific topics and metrics included in the SASB Standards can be paired with cross-industry topics and metrics like those in the TCFD Recommendations to yield robust, decision-useful sustainability disclosure for investors. The industry-specific SASB Standards’ focus on ESG issues relevant to enterprise value is the foundation of support of the SASB Standards Investor Advisory Group (IAG) comprised of 61 investors representing 12 markets with more than \$52 trillion in assets. The IFRS’ climate prototype standard mentioned above incorporates TCFD recommendations and “industry-based metrics” from the SASB Standards and will be considered by the ISSB in the due process of a climate standard during 2022.⁴ Encouraging the use of SASB Standards in the Proposed Instrument would further advance the goal of a global baseline of consistent and comparable climate disclosure focused on enterprise value.

We are grateful that the CSA has “expressed support for the IFRS Foundation’s proposal to establish a sustainability standards board and believe that its development, will result in standards that are complementary to the Proposed Instrument.”⁵ We agree. Further climate-related disclosure proposals from the ISSB are likely in 2022, so CSA’s intention to “monitor international developments, including the developments by the IFRS Foundation” is well founded. We encourage CSA and its members to participate in the ISSB’s standard setting due process in 2022 and beyond.

Question 6 of the Proposed Instrument:

“contemplates that issuers that provide GHG disclosures would be required to use a GHG emissions reporting standard in measuring their GHG emissions, being the GHG Protocol or a reporting standard comparable with the GHG Protocol (as described in the Proposed Policy). Further, where an issuer uses a reporting standard that is not the GHG Protocol, it would be required to disclose how the reporting standard used is comparable with the GHG Protocol.

- *As issuers have the option of providing GHG disclosures, should a specific reporting standard, such as the GHG Protocol, be mandated when such disclosures are provided?*
- *Is the GHG Protocol appropriate for all reporting issuers? Should issuers be given the flexibility to use alternative reporting standards that are comparable with the GHG Protocol?*
- *Are there other reporting standards that address the disclosure needs of users or the different circumstances of issuers across multiple industries and should they be specifically identified as suitable methodologies?”*

⁴ For further background on the applicability of the SASB Standards to effective climate disclosure, see the Climate Risk Technical Bulletin, [Climate Risk - Technical Bulletin - SASB](#)

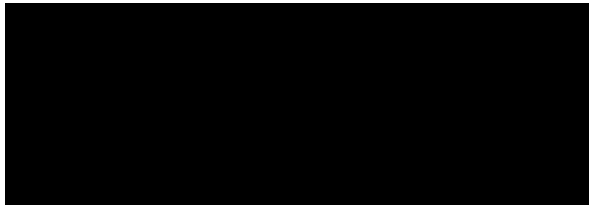
⁵ Proposed National Instrument, p. 12

The climate prototype referenced above incorporates the Greenhouse Gas Protocol as the methodology for issuers to disclose Scope 1, Scope 2 and Scope 3 greenhouse gas emissions.⁶ We support the Proposed Instrument’s adoption of the GHG Protocol as a reasonable step to promote consistency and comparability of GHG disclosure. While some aspects of climate disclosure—particularly governance and strategy—necessarily will vary from company-to-company and industry-to-industry, methodological consistency for the measurement and disclosure of a ton of CO₂-equivalent is essential for effective risk management.

We believe that the GHG Protocol is appropriate for all issuers. Clarity regarding foundational metrics and transparency of methodologies are essential to achieve consistent and comparable climate disclosure for investors.

2022 will be a pivotal year for the establishment of globally consistent and comparable sustainability disclosure standards. Climate-related standards will be the first addressed by the ISSB as CSA moves towards adoption of the Proposed Instrument. We welcome the proposed action by the CSA and look forward to collaborating to ensure global consistency in climate-related disclosure for investors.

Sincerely,



James G. Martin
Director, Global Regulatory Outreach
Value Reporting Foundation

⁶ Climate-related Disclosures Prototype, Technical Readiness Working Group, chaired by the IFRS Foundation, November 2021, paragraph 13, *Metrics and Targets*