

December 22, 2022

Sent via electronic mail

Kathryn Royal – Manager, Strategic Planning & Reporting
 Ontario Securities Commission
 20 Queen Street West, 22nd Floor
 Toronto, Ontario M5H 3S8
 kroyal@osc.gov.on.ca

Subject: UPP Comments on OSC Statement of Priorities 2023-2024

To whom it may concern:

We have reviewed the Ontario Securities Commission Statement of Priorities (SoP) for 2023-2024. We thank you for the opportunity to provide our comments.

University Pension Plan Ontario (UPP) is a new jointly sponsored pension plan created by and for Ontario's university sector. UPP currently has 16 participating organizations, over 37,000 members, and more than \$11 billion in assets under management. As a long-term investor, we seek to invest responsibly and promote the health of the financial, social, and environmental systems on which capital markets rely as a means for delivering strong, sustainable value to members today and tomorrow. For more information, please visit MyUPP.ca.

We are pleased to see several responsible investing issues identified as priorities; however, we do not believe that the planned actions go far enough in fulfilling the OSC's mandate to foster confidence on Ontario's capital markets and contribute to the reduction of systemic risks.

UPP urges the OSC to adopt and implement a national instrument on climate-related disclosure

UPP urges the OSC to include the adoption and implementation of National Instrument 51-107 *Disclosure of Climate-related Matters* as an action under priority 1.1 The OSC states that actions in 2023-2024 will include "Lead the consideration of international developments and how they may impact or further inform the proposed NI 51-107". Rather than continuing to consider how international standard setting bodies and regulatory peers are acting on climate disclosure, the OSC should lead the CSA in adopting and implementing a domestic instrument that is interoperable with existing and anticipated international best practice. The federal Sustainable Finance Action Council anticipates publishing guidance for regulatory climate disclosure early in 2023 that should assist the OSC and CSA in moving forward with a national instrument

The ongoing absence of a national instrument on climate disclosures has left UPP, and other asset owners and investment managers, without information that is critical for our investment, risk, stewardship and reporting capabilities and our ability to establish and achieve meaningful climate-related targets. These disclosure needs are detailed in UPP response to proposed *National Instrument 51-107 Disclosure of Climate-related Matters*. Where UPP and other investors, are not provided with sufficient information by issuers, we are forced to fill in the gaps with estimates that can be incomplete or inaccurate. Disclosure starts with issuers but there are many downstream users of this information including Canadian and global financial market participants and other stakeholders.

We are deeply concerned that continued delay in adoption of a national instrument on climate disclosure will hamper fair and efficient capital allocation, weaken investor confidence in Ontario and Canadian Capital markets, and exacerbate the systemic risk that climate change poses to the financial system.

UPP supports expanded diversity disclosures and recommends requiring policies and targets

UPP supports the actions under OSC priority 1.3 to broaden requirements for disclosure of diversity on board and executive officer positions, "including representation of people who self-identify as Black, Indigenous, persons of colour, persons with disabilities, or LGBTQ2+", and to address board renewal and director nominations. When reviewing disclosures, UPP expects issuers to have adopted policies and timebound targets for the representation of women and other underrepresented groups on boards and in executive officer positions. Thus, to better achieve the OSC's planned outcome that "investors have access to the diversity and board renewal information needed to inform their investment and voting decisions", we encourage OSC to ensure that the proposal include a requirement that issuer boards set and disclose policies and timebound targets related to board and executive officer positions.

UPP supports the integration of Indigenous perspectives in OSC work and urges adequate resourcing

UPP is pleased to see the inclusion of Indigenous perspectives in capital market priorities 1.1 and 1.4, organizational priority 4.2. As a Canadian regulatory body, the OSC has a duty to consider and address the rights, needs, and perspectives of Indigenous Peoples and communities in its operations and decision making. We encourage the OSC to work with Indigenous peoples and communities in this process and to ensure that it devote the time and resources to meaningfully address this priority beginning in 2023-2024 and in the years to come.

We look forward to reviewing the final SoP when published and to contributing our input throughout the year as the OSC implements its priorities. Should you wish to speak with us further about any of the items raised in this brief letter please contact Delaney Greig, Director of Investor Stewardship at delaney.greig@universitypensionplan.ca.

Sincerely,



Barbara Zvan

CEO & President

University Pension Plan Ontario