



Northwest & Ethical Investments L.P. (NEI)
151 Yonge Street, Suite 1200
Toronto, ON M5C 2W7

December 14, 2023

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto Ontario M5H 3S8

Via email: comments@osc.gov.on.ca

Re: OSC Notice 11-798 – Statement of Priorities

Dear Secretary,

Thank you for providing the opportunity to comment on the Ontario Securities Commission's proposed Statement of Priorities for the fiscal year 2024-2025.

NEI Investments is a Canadian asset manager specializing in responsible investing, with approximately \$11 billion in assets under management. We are part of Aviso Wealth's asset management business - Aviso being one of the largest Canadian financial services providers with over \$110 billion in assets under administration and management. NEI's approach to investing incorporates the thesis that companies can mitigate risk and take advantage of emerging business opportunities by integrating best environmental, social and governance (ESG) practices into their strategies and operations. As part of our investment process, we utilise sustainability-related financial information to better inform our investment decisions and guide our corporate proxy voting and engagement activities.

Comments below are in respect of the following OSC key priorities:

2. Advance Work on Environmental, Social, and Governance Disclosures for Reporting Issuers
3. Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers
7. Advance Cooperation with Indigenous Peoples and Work to Understand and Integrate their Perspectives and Interests
15. Execute OSC's Inclusion and Diversity Strategy

Unless otherwise defined, all capitalized terms used herein have the meaning ascribed to them in the SoP.

2. Advance Work on Environmental, Social, and Governance Disclosures for Reporting Issuers

We support the OSC's planned actions for 2024-2025, and we feel the planned outcomes will improve the responsible investment landscape considerably for investors, reporting issuers, and investment fund managers.

We recognize the ESG disclosure regime is changing at a rapid pace, and we agree that it is prudent for the OSC to ensure alignment with standard setters such as the ISSB and CSSB, with emphasis on the OSC's stated intention to "adopt disclosure standards... with any necessary modifications for the Canadian context." An example of a modification necessary for the Canadian context, in our view, would be to integrate the perspectives and interests of Indigenous Peoples, a point that we comment on in more detail under key priority #7 below.

While we do agree that Canada's alignment with international ESG-related disclosure standards is critical as an end state, we do not believe the OSC should necessarily wait for international consensus before adopting its own standards. We are concerned about further delays in the creation of disclosure rules the Canadian market is already demanding. We note the phrase "*continue development* of a revised climate-related disclosure rule" (italics ours) in the stated actions for 2024-2025, without reference to a consultation period, publication or implementation date. We feel the OSC should commit to implementing its disclosure rule in 2024, even in the absence of international consensus, while maintaining the flexibility to respond to developments in other jurisdictions.

We are happy to see the OSC maintaining its leadership role with IOSCO's Sustainable Finance Taskforce, as we believe the OSC's participation and influence at that level will inform and support the implementation of effective ESG disclosures that will benefit all stakeholders in Canada.

We look forward to reviewing the forthcoming updates to CSA Staff Notice 81-334, *ESG-Related Investment Fund Disclosure*. We encourage the CSA to provide all those affected the opportunity to comment during a formal consultation period on the updated guidance ahead of its anticipated March publication.

3. Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers

We are pleased that the OSC has retained diversity on boards and in executive roles at reporting issuers as a priority for 2024-2025. NEI encouraged support for the undertaking of continued consultation on this priority area in our 2022 submission on OSC Notice 11-797 – Statement of Priorities. We have also been supportive of the OSC's efforts to build on its stakeholder consultation of previous years, which was followed this year by the CSA's consultation on enhancements to board diversity disclosure beyond gender.

We encourage the OSC to continue to move forward in its review of stakeholder perspectives received through the consultation process in order to finalize its position on enhancing diversity disclosure. Diversity, equity and inclusion remains a priority area for NEI, and we maintain that enhanced disclosure is necessary to better inform our investment decision-making process for the benefit of our clients. We do not believe Canada should wait to implement such enhancements. Diversity is a material investment consideration and given the uncertainty of timelines for action from the ISSB, we believe the OSC (and the CSA) should strive to retain momentum on this issue. We participated in the CSA's consultation process and shared our support for clearly enhanced expectations for disclosure, and we understand this position was shared by most investor participants.

Given the work underway, we encourage the OSC to consider diversity on boards and in executive roles as an ongoing priority in the process of developing its six-year strategic plan. We would welcome more detail on the planned activities, milestones and timelines that will allow the OSC to achieve its planned outcomes. Additional detail might include, for example, specific timelines indicating when the OSC expects to complete its review of stakeholder feedback, and what the OSC envisions its next steps toward finalizing enhanced board diversity requirements would entail.

7. Advance Cooperation with Indigenous Peoples and Work to Understand and Integrate their Perspectives and Interests

We support the OSC's prioritization of its relationship with, and relationship to, Indigenous Peoples, and we strongly encourage the OSC to place consultation and collaboration not only at the front of its future action plan, but to ensure meaningful consultation occurs in the development of the plan itself. We agree that the OSC and the capital markets broadly would benefit from the ability to engage Indigenous Peoples and organizations more meaningfully during development of security regulations and policies.

To that end, we agree that the OSC's ongoing work on climate-related disclosures and corporate diversity offer a near-term opportunity to bring its reconciliation commitment to life. This will set an important precedent for future reconciliation efforts and should be given priority as those disclosure rules are set. We see it as a significant missed opportunity if standards are formalized before such a consultation occurs.

We note the OSC's commitment to contribute to the CSA Taskforce on Indigenous Peoples in the Capital Markets, and we encourage further transparency on the mandate of that group and its activities, including its efforts to meaningfully engage Indigenous perspectives, as there appears to be little information on this presently.

15. Execute OSC's Inclusion and Diversity Strategy

It is encouraging that the OSC will continue to make inclusion and diversity an internal priority. We feel a more culturally aware and inclusive OSC workforce would benefit all market participants. The stated efforts send a strong message to the capital markets that an inclusive and diverse workforce is of high value.

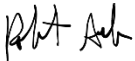
Similar to our comments on priority #3, we would encourage the OSC to include this priority in its six-year strategic plan and to provide more detail on expected activities, milestones and timelines.

Once again, we thank you for the opportunity to comment on the OSC's proposed priorities. If you would like to discuss these comments further, please do not hesitate to reach out to us.

Sincerely,



Adelaide Chiu, CPA, CA, CFA
Vice President, Head of Responsible Investing



Robert Arber
Senior Manager, Reporting
Responsible Investing

Cc: Jamie Bonham, Head of Stewardship, Responsible Investing
Michela Gregory, Director, Responsible Investing