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Manitoba Securities Commission  
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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  
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c/o - The Secretary - Ontario Securities Commission  
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(Email: [comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca))

January 13, 2022

**Re: Request for Comment on Proposed National Instrument 51-107 Climate-related Matters**

We have read the proposed National Instrument 51-107 Disclosure of Climate-related Matters (“Proposed Instrument”) and its companion policy (“Proposed Policy”) which would introduce disclosure requirements regarding Climate-related matters for reporting issuers (other than investment funds).

Overall, we are in favour of the Proposed Instrument and we commend the Canadian Securities Administration (“CSA”) for being a leader on requiring climate related disclosures.

We are also pleased by the CSA’s decision to use the Task Force on Climate-related Financial Disclosures (“TCFD”) as a starting point. This is consistent with the approach the International Sustainability Standards Board (“ISSB”) is expected to take, as well as the European Financial Reporting Advisory Group. Although this is an appropriate starting point, we believe the goal should be for Canadian reporting issuers to comply with internationally accepted sustainability standards, being the standards that will be issued by the ISSB. As a result, we suggest the CSA move these proposals forward, however, provide a road map on how the requirements will ultimately move towards the ISSB standards including consideration of a phased approach, where relevant.

We are supportive of the Proposed Instrument as a Phase 1 in the move to requiring compliance with internationally accepted sustainability standards.

Please also note responses to some of the specific questions from the consultation on the Proposed Instrument:

4. *Under the Proposed Instrument, scenario analysis would not be required. Is this approach appropriate? Should the Proposed Instrument require this disclosure? Should issuers have the option to not provide this disclosure and explain why they have not done so?*

While we agree that the proposal is a good starting point and that scenario analysis are not initially required, we do believe that the eventual goal should include quantitative scenario analysis.

5. *The TCFD recommendations contemplate disclosure of GHG emissions, where such information is material.*
  - *The Proposed Instrument contemplates issuers having the option to disclose GHG emissions or explain why they have not done so. Is this approach appropriate?*
  - *As an alternative, the CSA is consulting on requiring issuers to disclose Scope 1 GHG emissions. Is this approach appropriate? Should disclosure of Scope 1 GHG emissions only be required where such information is material?*
  - *Should disclosure of Scope 2 GHG emissions and Scope 3 GHG emissions be mandatory?*
  - *For those issuers who are already required to report GHG emissions under existing federal or provincial legislation, would the requirement in the Proposed Instrument to include GHG emissions in the issuer's AIF or annual MD&A (if an issuer elects to disclose these emissions) present a timing challenge given the respective filing deadlines? If so, what is the best way to address this timing challenge?*

At this phase, we support the alternative approach of only requiring disclosure of Scope 1 GHG emissions. However, we believe that the eventual goal should be disclosure of Scope 1, 2 and 3 GHG emissions. A phased approach could be utilized to give entities time to build the infrastructure to ultimately report Scope 2 and Scope 3 emissions.

6. *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?*

We believe that a consistent framework or standard is required for Climate-related disclosures to be meaningful. As a result, we believe allowing for an approach other than the

GHG Protocol would not be appropriate.

7. *The Proposed Instrument does not require the GHG emissions to be audited. Should there be a requirement for some form of assurance on GHG emissions reporting?*

Our understanding is that capital providers and investors want credible information and assurance over this information adds to its credibility.

Consistent with our comments on a phased approach, we suggest a phased approach to assurance. Assurance could start with limited assurance over GHG emissions, moving to reasonable assurance over GHG emissions, and eventually reasonable assurance over the application of internationally accepted sustainability standards, being the standards that will be issued by the ISSB.

We believe all security regulators should be moving to a regime that will ultimately result in integrated reports which will support the interconnected approach on reporting and assurance, in alignment with the vision of IFAC for assurance of sustainability information.

16. *Form 41-101F1 Information Required in a Prospectus does not contain the climate-related disclosure requirements contemplated by the Proposed Instrument. Should an issuer be required to include the disclosure required by the Proposed Instrument in a long form prospectus? If so, at what point during the phased-in implementation of the Proposed Instrument should these disclosure requirements apply in the context of a long form prospectus?*

We believe that the requirements of the Proposed Instrument should be included in the requirements for a long form prospectus with an applicable effective date of one year after the relevant effective date of the issuer's annual filings (i.e. one year after the 2023/2025 effective dates). This phasing in of the long form prospectus requirement after the effective date of annual filings will allow for the various issuers venture vs non-venture issuers, new issuers vs existing issuers to develop processes and ensure they are in place to report not only at the annual requirement, but at interim periods as required by the prospectus.

18. *In its comment letter to the IFRS Foundation's consultation paper published in September 2020, the CSA stated that developing a global set of sustainability reporting standards for climate-related information is an appropriate starting point, with broader environmental factors and other sustainability topics to be considered in the future. What broader sustainability or ESG topics should be prioritized for the future?*

We believe that the CSA should follow the direction of the ISSB, which have indicated quick expansion to include Environmental, Social and Governance matters. In addition, we believe requirements for companies operating in Canada must consider Canada's Indigenous people and Indigenous Organizations. This would include incorporation or adoption of best practices related to the recommendations of the Truth and Reconciliation Commission.

Thank you for your consideration of the above-noted responses. If you have any further questions, please contact me at 416-369-6937.

Yours sincerely,

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