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January 14, 2022

Subject: Consultation on Proposed National Instrument 51-107 (Disclosure of Climate-Related Matters)

To Members of the Canadian Securities Administrators (CSA),

The Canadian Chamber of Commerce appreciates the opportunity to comment on the proposed introduction of disclosure requirements regarding climate-related matters for reporting issuers (not inclusive of investment funds).

In recognition of the need to mitigate and adapt to climate change—and growing investor focus on climate-related risks and opportunities—the Chamber encourages securities regulators, standards setters, and the international community to harmonize approaches to sustainability reporting, carbon offsets, and broader climate policies. To that end, the Chamber supports the CSA's goal to create climate-related disclosure requirements that provide "consistent, comparable, and decision-useful information to market participants."

The Chamber asserts that new disclosure requirements should be aligned with the following principles:

- **Aligning disclosure standards with international investor expectations will improve Canada's access to global capital markets.** It is estimated that $2 trillion will be required to decarbonize Canada's economy by 2050. Accordingly, it is vital to pursue standardized ESG metrics around TCFD that are recognized by North American and international capital markets.

- **Scope 3 emissions should not be integrated into disclosure requirements at this time.** Mandatory reporting of Scope 3 GHG emissions for any category defined by the GHG Protocol is not practical for issuers at this time. There are many challenges associated with Scope 3 GHG emissions reporting. Primarily, there is currently no accepted standard or guidance for calculating and reporting these emissions, which would therefore lead to disclosure that may not be standardized and/or comparable.

- **Mandatory climate-related disclosures must not create undue burdens and costs.** The CSA's proposed approach to advancing TCFD recommended disclosures—which provides reporting issuers with flexibility in supplying climate scenario analysis, materiality assessments, and greenhouse gas emissions—reflects this principle. However, the potential requirement for third party sustainability assurance would add significant compliance costs for new reporting requirements and should thus be excluded from the scope of the CSA's proposal. Given the cost and expertise to conduct accurate and well modelled scenario analysis, the Chamber supports the CSA's decision to not require scenario analysis within the scope of the proposed instrument is appropriate. Focus must be given to making material risk transparent.

- **Businesses need time to adjust.** Organizations will require transition time to align their reporting processes—as well as internal climate governance, strategy, and risk management functions—with a TCFD-aligned reporting framework. Accordingly, non-venture issuers and venture issuers should both be provided with five years (from the outset of new standards being established) to comply with climate-related disclosure requirements. As part of this phased-in approach,

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regulators and policy makers across Canadian jurisdictions should align reporting deadlines, including financial filings with climate disclosure. With the current lack of alignment, it is recommended that the CSA respect a longer implementation period.

Moving forward, the Chamber urges the CSA to support broader efforts to harmonize a global set of sustainability reporting standards that are recognized by North American and international capital markets. Creating a common framework to evaluate and assess climate-related performance and risk will ultimately serve to advance business and environmental interests.

Thank you for your time and consideration.

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