



December 17, 2021

Sent Via Email: comment@osc.gov.on.ca

To,
The Secretary
Ontario Securities Commission
20 Queen Street West 22nd Floor,
Box 55 Toronto,
Ontario M5H 3S8

From,
Peter Mitchell, P.Eng.
Director, Professional Practice Standards and Development,
Engineers and Geoscientists BC

Re: Engineers and Geoscientists BC's Feedback on the Proposed CSA National Instrument 51-107 Disclosure of Climate-related Matters

Engineers and Geoscientists BC is the provincial regulatory and licensing body for the engineering and geoscience professions in BC. To protect the public interest, we establish, maintain, monitor, and enforce standards of practice and provide comprehensive regulatory tools to support registrants in meeting their professional and ethical obligations.

The proposed National Instrument from the Canadian Securities Administrators (CSA) arrives at a critical time for Engineers and Geoscientist BC, whereby our registrants are seeking solutions to limit the drivers of climate change and developing adaptations to its worst effects. Engineers and Geoscientists BC has recently released its first [Climate Change Action Plan](#) (CCAP) that provides the organization with an appropriate and methodical approach to addressing climate change issues related to the practice of professional engineering and geoscience.

Engineers and Geoscientists BC discussed the proposed instrument and policy with relevant internal advisory groups and divisions and sought input from its leadership team in developing this feedback. We are responding to this consultation request because professional engineers and geoscientists are often engaged in assessing, implementing, and monitoring a range of technological and managerial lines of work related to both responding to the impacts of climate change and reducing its drivers. These assessments and the proposed courses of action feed into identifying and understanding the financial implications of the assessments that are included in the climate-related disclosure. Our feedback pertains to the following question on the topic of disclosure of **GHG Emissions and Scenario Analysis**:

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?

It is not clear to Engineers and Geoscientists BC why the CSA is taking a different approach to the Task Force on Climate Related Financial Disclosures in not requiring scenario analysis. The future we are heading into is not well represented by past data or trends, and in this absence of experiential evidence, scenario planning is known to be an effective risk management tool. The point of having forward looking analysis is not to predict the future accurately; its value is in ensuring that an organization-wide approach to preparedness exists. The lack of standardization on scenario planning does not wholly eliminate its utility. In fact, we would look to the CSA to institute the need for scenario planning, consistent with the Task Force on Climate Related Financial Disclosures and in collaboration with the new International Sustainability Standards Board headquartered in Canada. For the proposed instrument to be an effective tool for risk management, scenario planning needs to be included as it helps in guiding strategy and investment decisions in all types of organizations.

Engineers and Geoscientists BC has the mandate to protect the public interest and the environment relating to the practice of professional engineering and geoscience. Addressing climate change considerations is fundamental to Engineers and Geoscientists BC's mandate. We would like to understand whether the proposed instrument will include the reporting on physical climate-related risks, or the condition of natural assets / nature-related risks, in light of the emerging Taskforce on Nature-related Financial Disclosures (TNFD). While there is a lack of standardization on scenario planning in relation to transitioning to a lower-carbon economy, there are several tools available to assess physical risks issued by the International Standards Organization (e.g., ISO 14090 series), Engineers and Geoscientists BC's Professional Practice Guidelines, and various climate risk engines used to carry out investment-grade analyses by developers, governments, and insurers. These tools lend themselves well to the development of risk reduction or management actions which can then be applied at an asset-level (fit-for-purpose over design life) or systems-level (impacts to supply chain or operations). Sector-specific Climate Risk Matrices may help to focus disclosures on key physical risks, as already available for [commercial real-estate and electrical transmission and distribution](#).

There are also well-developed methodologies and frameworks applied in addressing physical climate risks. These include:

- insurance linked securities such as catastrophic bonds, which allow an issuer to access higher levels of capital on the basis of a "triggering event", or parametric solutions which provide a payout based on the threshold of specific hazard incidence in a given geographic area;
- climate adaptation and resilience investments financed by green/climate/sustainability bonds; and,
- those that relate to environmental impact assessments, and climate impact assessments (such as the Federal Climate Lens) carried out on infrastructure projects.

In closing, we would encourage the CSA to reconsider the need for scenario planning and modelling. From our perspective, we see the need for better clarity in the proposed instrument regarding reporting on physical climate risks. We ask that the reporting on physical climate risks should at a bare minimum include those physical hazards that can be reasonably foreseen. Should you have any comments or

queries, please do not hesitate to contact Harshan Radhakrishnan, P.Eng., Engineers and Geoscientists BC's Manager, Climate Change and Sustainability Initiatives, Professional Practice, Standards and Development directly at 604-412-6054 or hrad@egbc.ca.

Sincerely,

Peter Mitchell

Peter Mitchell, P.Eng.
Director, Professional Practice Standards and Development
Engineers and Geoscientists BC