

February 15, 2022

**Alberta Securities Commission**  
**Autorité des marchés financiers**  
**British Columbia Securities Commission**  
**Financial and Consumer Services Commission, New Brunswick**  
**Financial and Consumer Affairs Authority of Saskatchewan**  
**Manitoba Securities Commission**  
**Nova Scotia Securities Commission**  
**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**  
**Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island**

Re: CSA National Instrument 51-107 Disclosure of Climate Related Matters Comments

McDaniel & Associates Consultants Ltd. (McDaniel) has reviewed the Climate-related Disclosure Update and CSA Notice and Request for Comment Proposed National Instrument 51-107 Disclosure of Climate-related Matters. Thank you to the staff of the Canadian Securities Administrators for drafting the document.

McDaniel would like to provide the following comments:

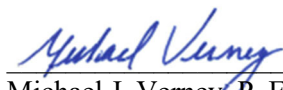
- McDaniel is supportive of enhanced climate related disclosures.
- McDaniel believes there should be a one year extension before implementing the CSA 51-107 from the current dates proposed as it would give reporting issuers the time required to prepare their disclosure.
- We are supportive of the mandatory Scope 1 and 2 disclosure, when material.
- Could the CSA include reasons that they would consider acceptable for reporting issuers to not report Scope 1 and 2 emissions? Would the case where a small venture issuer, whose emissions are not considered material be acceptable? Could the thresholds for materiality be included in the revised version of 51-107?
- In regards to question 13, “should there be more accommodations for venture issuers” - McDaniel believes smaller companies on the venture exchange should be subject to a lighter version of the four core TCFD recommendations of governance, strategy, risk management and metrics. The main rationale is that for these companies the costs will likely be proportionally greater and as a result some accommodation should be made for them.

- McDaniel is not supportive of the mandatory Scope 3 disclosure. The reasons for this:
  - The methods for calculating upstream and downstream emissions are complicated, and processes to calculate Scope 3 emissions are conflicting and can yield materially different results. When results can be materially different, this does not accomplish 51-107 main purposes on page 2 for “consistent and comparable” climate related disclosure.
  - Scope 3 emissions would result in a material amount of “double dipping” on public emissions disclosure, i.e., both the producer and the user of energy would disclose the same emission. If multiple companies are disclosing the same emission, it will be challenging to reconcile overall levels of emissions
- McDaniel supports the use of the GHG protocol and the TCFD framework, but believes there should be flexibility to use a comparable substitute. The following is included in subsection 4 (2) “A GHG emissions reporting standard is the GHG Protocol, or a reporting standard for calculating and reporting GHG emissions if it is comparable with the GHG Protocol. Issuers that provide GHG disclosure using a reporting standard that is not the GHG Protocol, must disclose how such standard is comparable with the GHG Protocol.”

Should you require clarification on the above comments. Please feel free to contact me at (403) 218-1377.

Sincerely,

**McDANIEL & ASSOCIATES CONSULTANTS LTD.**



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Michael J. Verney, P. Eng.  
Executive Vice President