

McCarthy Tétrault LLP  
Suite 4000  
421-7th Avenue S.W.  
Calgary AB T2P 4K9  
Canada  
Tel: 403-260-3500  
Fax: 403-260-3501

McCarthy Tétrault LLP



February 16, 2022

Delivered by Email: comment@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission, New Brunswick  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Service NL  
Northwest Territories Office of the Superintendent of Securities  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Nunavut

**Attention:**

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

Me Philippe Lebel  
Corporate Secretary and Executive Director,  
Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640 boulevard Laurier, Suite 400  
Québec, QC G1V 5C1

**Re: CSA Notice and Request for Comment: Proposed National Instrument 51-107 –  
Disclosure of Climate-related Matters (the "Proposed Instrument")**

On behalf of our client, AltaGas Ltd. ("**AltaGas**"), we wish to respond to your request for comment dated October 18, 2021 (the "**Notice**") regarding the Proposed Instrument and its companion policy (the "**Proposed Policy**", together with the Proposed Instrument, the "**Proposed Materials**"). Capitalized terms not otherwise defined in this letter have the meanings given to them in the Notice. The comments provided should not be taken to represent the position of the firm nor of our clients generally, except the position of AltaGas as expressly stated herein, on behalf of AltaGas.

**About AltaGas**

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business with operations across North America. AltaGas' business connects natural gas liquids and natural gas to both domestic and global markets.

## General Comments

We welcome the Proposed Materials and applaud the CSA for undertaking this initiative to put Canada among the leading jurisdictions in the world in publishing climate-related disclosure rules for comment. Investors are prioritizing the identification of climate-related governance and oversight practices, as well as the assessment, identification and management of climate-related risks and opportunities. AltaGas supports the CSA's efforts to standardize climate-related disclosure and principles to align the Proposed Materials with international standards, including, but not limited to, the Task Force on Climate-Related Financial Disclosures.

As noted in the CSA's review of climate-related disclosure, practices among issuers are not consistent nor comparable and may not provide meaningful information to investors. As a result, AltaGas believes there is significant value in streamlining and standardizing requirements and principles to build consistency and comparability in reporting practices across issuers, while considering the appropriate balance between providing investors with adequate and meaningful disclosure and providing issuers with flexibility to comply in the way that best meets their particular needs and circumstances.

From AltaGas' perspective, the Proposed Materials will effectively create consistency and comparability among issuers, assisting investors in providing decision useful information. With this in mind, AltaGas is offering feedback on those elements of the Proposed Policy of most relevance, rather than on each item or question posed for comment.

## Timing on Reporting

Should greenhouse gas ("**GHG**") emissions be required in an issuer's Annual Information Form ("**AIF**") or annual Management Discussion & Analysis ("**MD&A**"), as suggested by the CSA, such a requirement would impose additional reporting timelines on issuers. AltaGas typically files its MD&A and AIF in February or early March of each year, which is well in advance of the pre-existing environmental regulatory filings of May and June of each year. The later reporting timelines provide sufficient time for available data to be collected, assured and reported. In order to meet the earlier reporting obligations required under the Proposed Instrument, issuers will require time and will incur significant costs to determine data availability and to adjust current practices and processes for data collection, assurance and reporting.

It is suggested that requirements under the Proposed Instrument should allow for flexibility to provide for staggered reporting of emissions disclosure to align with existing environmental regulatory reporting or permit reporting of prior period emissions data (e.g. reporting 2022 emissions data during the 2024 reporting period), allowing for a more gradual shift towards matching the timeline contemplated in the Proposed Instrument.

## Alignment with International Standards

As drafted, it is anticipated that the Proposed Materials will substantially align with the baseline standards prepared by the newly formed International Sustainability Standards Board ("**ISSB**"). AltaGas recommends the CSA consider delaying the finalization of the Proposed Instrument and implementation of the Proposed Materials to align with that proposed by the ISSB. This will permit time to review the ISSB's climate disclosure and general disclosure standards which are expected to be released for comment in mid-2022. Delaying the finalization and implementation of the Proposed Materials would allow time to compare the Proposed Materials to ISSB's new standards

to ensure alignment and consistency and enable the CSA to incorporate any additional guidance or commentary in the Proposed Materials.

### **Climate-Change Scenario Analysis**

AltaGas agrees with the CSA's decision not to include scenario analysis in the Proposed Instrument. Although AltaGas recognizes that scenario analysis offers certain benefits and that it can generate valuable insights to business planning, AltaGas does not believe that it is necessary to introduce scenario analysis disclosure in order to produce climate-related disclosures that will be decision-useful to investors. Presently, scenario analysis requires issuers to make various assumptions which in turn diminishes the value of comparability for investors. In order for scenario analysis to be useful disclosure to investors, there must be consistency in methodology and application among issuers. The costs, resources and time that is required to meaningfully disclose scenario analysis should also be factored into any future decisions for inclusion.

### **Proposed Approach to GHG Emissions Reporting**

In AltaGas' view, the "comply or explain" model for disclosing GHG emissions provides issuers with the necessary flexibility to phase in climate-related disclosures and is similar to the approach taken by the CSA for gender disclosure in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. By allowing issuers appropriate latitude to develop and test procedures for the collection, assessment and reporting emissions data, and to identify material information, the Proposed Instrument will ultimately drive higher quality disclosures. By maintaining an "explain" requirement, the Proposed Instrument will incentivize issuers to work toward full compliance.

AltaGas takes the position that disclosure of Scope 3 GHG emissions should not be mandatory. Not all categories of Scope 3 GHG emissions will be material for an issuer and Scope 3 GHG reporting is heavily reliant on collection of data from value chain partners which can result in gaps in collection of Scope 3 GHG emission inventory . If an issuer is unable to access primary activity data and must rely on secondary data and assumptions, disclosures are likely to include estimates that can introduce inconsistencies and inaccuracies year over year. This unfairly generates risk for issuers arising from data that is beyond their control.

### **Audit Requirement**

AltaGas agrees with the CSA's approach to not require additional audit requirements on reported GHG emissions data. Many issuers are already subject to limited or reasonable assurance requirements under other mandatory environmental regulatory reporting requirements, which vary among different businesses and issuers, including within various business divisions of issuers. It would be reasonable, in AltaGas' view, to rely on any existing assurance requirements of this nature to satisfy any similar requirements under the Proposed Instrument.

Thank you for the opportunity to provide submissions on the Proposed Materials. A representative of AltaGas would be pleased to discuss any of the comments contained herein in greater detail, as needed.

Yours truly,

**McCarthy Tétrault LLP**

*(Signed) "McCarthy Tétrault LLP"*