



May 16, 2016

Mr. Robert Day, Senior Specialist Business Planning  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario M5H 3S8

Sent by email to: [rday@osc.gov.on.ca](mailto:rday@osc.gov.on.ca)

Dear Mr. Day:

**Re: OSC Notice 11-774 – Statement of Priorities**

I am writing in response to the Ontario Securities Commission (OSC) request for comments regarding its Statement of Priorities for the financial year to March 31, 2017. I commend OSC for providing an opportunity for stakeholders to give feedback on its Statement of Priorities.

We suggest that your current draft Statement of Priorities has a very important omission. Ample research has now established that a large number of climate-related risks have potentially material financial impacts on a wide range of issuers. The recent fires in Alberta are only one of many examples. We have provided James Sinclair with a recent presentation by Mercer on some of this research, as well as a Koskie Minsky legal opinion on the fiduciary duty of pension trustees to take climate-related financial risks into account.

Climate related financial risks should be disclosed by public companies to ensure these risks are accurately priced in financial markets. Unfortunately, appropriate disclosure is not yet widely provided in Ontario financial markets. The Canadian Securities Administrators (CSA)'s 2010 Staff Notice 51-333 on Environmental Reporting Guidance was a good first step, but is now out of date.

As you know, the G20 Financial Stability Board is seriously concerned about the impact on international economic stability of undisclosed climate related financial risks. For this reason, they established a Task Force on Climate-related Financial Disclosures (TCFD), which is working urgently to develop a

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voluntary international standard for the disclosure of climate related financial risks. The standard is scheduled for delivery to the Financial Stability Board by the end of 2016, and for public release early in 2017. The TCFD's proposed climate risk disclosure standard is likely to be swiftly adopted by many leading companies, and likely by financial regulators around the world, and to have a material effect on financial flows to higher risk issuers. Without focused action by your commission, Ontario risks being left behind.

On May 11, 2016, Monica Kowal, Mr. Sinclair, and other representatives of your Commission attended a meeting at my office with Curtis Ravenel of the TCFD Secretariat, as well as representatives of the Financial Services Commission of Ontario (FSCO) and the Office of the Superintendent of Financial Institutions (OSFI). All agreed that the issue of climate-related financial risk disclosure requires attention in Ontario.

We therefore suggest that a high priority for the OSC in 2016-2017 should be preparations to understand and, if appropriate, adopt the TCFD standard, once released, without undue delay.

Once again, I commend OSC for providing this opportunity to comment on its priorities, and look forward to continuing the conversation on how to prepare Ontario's environment and economy for the huge changes that climate change has already begun to bring.

Sincerely,



Dianne Saxe

Cc: Brian Mills, CEO and Superintendent of Financial Services - Financial Services Commission of Ontario  
Ohad Lederer, Director, Risk Surveillance & Analytics Division - The Office of the Superintendent of Financial Institutions  
Scott Thompson, Deputy Minister – Ministry of Finance  
Paul Evans, Deputy Minister - Environment and Climate Change

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**From:** Yazmin Shroff **On Behalf Of** [commissioner@eco.on.ca](mailto:commissioner@eco.on.ca)

**Sent:** Monday, May 16, 2016 3:33 PM

**To:** [gmurray.mpp@liberal.ola.org](mailto:gmurray.mpp@liberal.ola.org); [tabunsp-qp@ndp.on.ca](mailto:tabunsp-qp@ndp.on.ca); [lisa.thompsonco@pc.ola.org](mailto:lisa.thompsonco@pc.ola.org); Rosemary McGuire - Chartered Professional Accountants of Canada ([rmcguire@cpacanada.ca](mailto:rmcguire@cpacanada.ca)); [cravenel@bloomberg.net](mailto:cravenel@bloomberg.net); [Karen.Lockridge@mercerc.com](mailto:Karen.Lockridge@mercerc.com)

**Subject:** OSC Notice 11-774 - Statement of Priorities

On behalf of Environmental Commissioner Saxe, the attached pdf document is being sent as an FYI.

Regards,

Yazmin Shroff

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