

December 15, 2022

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 of New Brunswick
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Chairs of Canada's Securities Regulators
C/O CSA Secretariat
Canadian Securities Administrators
Tour de la Bourse
2010-800, Square Victoria
Montréal, Québec, H4Z 1J2
csa-acvm-secretariat@acvm-csa.ca

Dear Sirs & Mesdames,

Re: CSA's Climate change-related disclosures update

CCGG's members are Canadian institutional investors that together manage approximately \$6 trillion in assets on behalf of pension funds, mutual fund unit holders, and other institutional and individual investors. CCGG promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies and assists institutional investors in meeting their stewardship responsibilities. CCGG also works toward the improvement of the regulatory environment to best align the interests of boards and management with those of their investors and to increase the efficiency and effectiveness of the Canadian capital markets. A list of our Members is attached to this submission.

CCGG is writing to acknowledge and support the CSA's October 13th, 2022, announcement that it intends to actively consider the impact of international developments on the CSA's proposed climate-related disclosure rule NI 51-107.¹

CCGG supports the CSA's decision to review and assess international developments with respect to climate-related disclosures to ensure that a CSA rule, when finalized, "serves the needs of capital markets, has considered international consensus, responds to Canadian investor needs, and reflects the realities of Canadian issuers."² CCGG is a strong advocate for globally aligned climate-related disclosures. International alignment enhances comparability and consistency, which is critical for institutional investors and also provides clear, consistent expectations for issuers which positions them well to attract capital from around the world.

We recognize that rapid progress is being made in respect of both climate-related and more general sustainability standard setting both internationally and domestically, notably through the recent series of announcements and decisions coming from the International Sustainability Standards Board (ISSB) on its Exposure Drafts for Climate (S2) and Sustainability General Requirements (S1) and efforts to fast-track the establishment of the Canadian Sustainability Standards Board (CSSB).³

Given the momentum behind these initiatives, we strongly support the CSA's decision to take an appropriate amount of time to both review Canadian input into the ISSB consultation process, as well as into the US Securities Exchange Commission proposed climate-related rule, and also to reassess Canadian market participant commentary related to these emerging international disclosure requirements which the CSA received in response to its own proposed climate-related disclosures.

Our support, however, is not unqualified. The urgency for Canada to have internationally competitive and TCFD aligned climate-related disclosure regulation is both real and increasing. Significant delays to implementation have the potential to push regulated disclosures in Canada out to 2026 and beyond. Such a lag would have real time consequences for Canadian issuers as global investment regulators move toward entrenching climate-related disclosures into their own oversight regimes. In the UK, for example, the largest pension plans have been required to make disclosures aligned with the Taskforce on Climate-related Financial Disclosures (TCFD) since October 2021, which requirement was extended to smaller plans as of October of this year.⁴ If such global investors cannot obtain the climate data, they require from the companies in which they are invested, they will simply move capital elsewhere or not invest at all.

¹ Canadian securities regulators consider impact of international developments on proposed climate-related disclosure rule | OSC.

² Ibid.

³ See: <https://www.newswire.ca/news-releases/accounting-audit-and-assurance-standards-oversight-councils-announce-canadian-sustainability-standards-board-826484041.html>. Also see: IFRS - ISSB Updates. We note that the ISSB has indicated its goal is to release the first sustainability standards as early as possible in 2023 and the CSSB is actively recruiting its first Chair.

⁴ TCFD disclosures for pension schemes - KPMG United Kingdom (home.kpmg)

Further, as we noted in our submission to the CSA in response to the proposed NI 51-107⁵, the norms, data, methodology and expectations with respect to climate-related disclosures are evolving quickly and given the pace of the ISSB and the planned establishment of the CSSB, we do not see this continuing evolution ceasing in the near term. As a result, the CSA should not let the perfect stand in the way of the good. There should be an expectation that climate-related disclosure regulation may be more iterative than typical capital markets regulation and will require a greater degree of responsiveness and innovation from regulators and market participants to adapt to changing circumstances.

We urge the CSA not to lose the window of opportunity with respect to ensuring that Canadian climate-related disclosure requirements are established as soon as possible such that Canadian standards remain relevant, responsive and consistent with emerging international standards. CCGG also continues to encourage Canadian collaboration with the ISSB through participation in continued dialogue through the Canadian regulatory members of IOSCO.

Finally, Canadian institutional investors stand ready to support CSA in its assessment and review and would welcome any opportunity for continued participation or consultation to support the CSA as it moves toward a final climate-related rule for Canadian companies.

We thank you for your review of this notice and if you have any questions regarding the above, please contact our Executive Director, Catherine McCall, at cmccall@ccgg.ca or our Director of Policy Development, Sarah Neville at sneville@ccgg.ca.

Yours truly,

'Bruce Cooper'

Chair
Canadian Coalition for Good Governance

⁵ January 31, 2022, CCGG Letter to CSA RE: CSA Consultation Climate-related Disclosure Update and CSA Notice and Request for Comment Proposed National Instrument 51-107 – Disclosure of Climate-related Matters (online at: <https://ccgg.ca/download/4608/>)

CCGG MEMBERS 2022

- Alberta Investment Management Corporation (AIMCo)
- Alberta Teachers' Retirement Fund (ATRF)
- Archdiocese of Toronto
- BlackRock Asset Management Canada Limited
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- Caisse de dépôt et placement du Québec
- Canada Pension Plan Investment Board (CPPIB)
- Canada Post Corporation Registered Pension Plan
- Capital Group Canada
- CIBC Asset Management Inc.
- Colleges of Applied Arts and Technology Pension Plan (CAAT)
- Connor, Clark & Lunn Investment Management Ltd.
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Forthlane Partners Inc.
- Fondation Lucie et André Chagnon
- Franklin Templeton Investments Corp.
- Galibier Capital Management Ltd.
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- Hillsdale Investment Management Inc.
- IGM Financial Inc.
- Investment Management Corporation of Ontario (IMCO)
- Industrial Alliance Investment Management Inc.
- Jarislowsky Fraser Limited
- Leith Wheeler Investment Counsel Ltd.
- Letko, Brousseau & Associates Inc.
- Lincluden Investment Management Limited
- Manulife Investment Management Limited
- NAV Canada Pension Plan
- Northwest & Ethical Investments L.P. (NEI Investments)
- Ontario Municipal Employee Retirement System (OMERS)
- Ontario Teachers' Pension Plan (OTPP)
- OP Trust
- PCJ Investment Counsel Ltd.
- Pension Plan of the United Church of Canada Pension Fund
- Provident10
- Public Sector Pension Investment Board (PSP Investments)
- QV Investors Inc.
- RBC Global Asset Management Inc.
- Régimes de retraite de la Société de transport de Montréal (STM)
- RPIA
- Scotia Global Asset Management
- Sionna Investment Managers Inc.
- SLC Management Canada
- State Street Global Advisors, Ltd. (SSgA)
- Summerhill Capital Management
- Teachers' Pension Plan Corporation of Newfoundland and Labrador
- TD Asset Management
- Teachers' Retirement Allowances Fund
- UBC Investment Management Trust Inc.
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