CCGG Canadian Coalition for Good Governance
THE VOICE OF THE INVESTOR

September 15, 2025

Alberta Securities Commission
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marches 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 pause on climate-related and diversity related disclosure initiatives

CCGG's Members are Canadian institutional investors that together manage approximately $5.5 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 representative list of our Members is attached to this submission.

GENERAL COMMENTS

One of the essential functions of capital markets disclosure is to enable informed, efficient capital allocation decisions. The information provided in disclosure supports investors in analyzing material risks and making investment decisions that lead to deployment of capital. Institutional investors also have reporting obligations to their own stakeholders that rely on transparent disclosures of material matters from portfolio companies[1]. In light of the importance of disclosure to institutional investors, for the past several years, CCGG has advocated for mandatory disclosures of material climate-related risks and opportunities and consistent disclosures for diversity beyond gender[2].

We were disappointed with the Canadian Securities Administrators' (CSA) decision to pause its regulatory work in both areas[3].

Institutional investors have been asking for clear, comparable and decision useful information on these matters for some time and had anticipated progress this year. Based on the CSA's own communications, investors had, at a minimum, expected a revised rule in respect of climate-related financial disclosures following the Canadian Sustainability Standards Board (CSSB) adoption of Canadian Sustainability Disclosure Standards (CSDS) 1 (General Requirements) and CSDS 2 (Climate-related Disclosures)[4].

We acknowledge the CSA's rationale for the pause which is the rapidly evolving global economic and geopolitical landscape giving rise to increased uncertainty and competitiveness concerns for Canadian public companies, notably as they adapt to changing US economic and trade policies. In addition, we recognize that, while the CSA has characterized the decision as a pause, it appears there is no near term commitment to revisit the integration of CSDS 2 into the CSA's previously proposed climate-related disclosures (originally published for comment in 2021 in National Instrument 51-107- Disclosure of Climate-related Matters) or moving forward with amendments

[1] For example some stakeholders may require information about an investor's total carbon footprint. Such investors cannot give stakeholders the information they need without the emissions data from underlying portfolio companies.

[2] See for example: 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; CCGG_IFRS ISSB Re S2 -Climate-related Disclosures; CCGG Submission to US SEC Re: Enhancement and Standardization of Climate-related Disclosures; CCGG Submission Re: Capital Markets Act Consultation; CCGG Submission to CSA Re: CSA Notice and Request for Comment – Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines; CCGG's Response to the Canadian Sustainability Standards Board (CSSB)'s Consultation on Canadian Sustainability Disclosure Standards.

[3] See April 23, 2025 CSA market update on approach to climate-related and diversity related disclosure projects https://www.securities-administrators.ca/news/csa-updates-market-on-approach-to-climate-related-and-diversity-related-disclosure-projects/

[4] See December 18, 2024 CSA market update on climate-related disclosure project. "The CSA will publish a revised rule for public comment and will encourage interested and affected parties to provide feedback". https://www.securities-administrators.ca/news/csa-issues-market-update-on-climate-related-disclosure-project/

to expand diversity disclosures (originally published for comment in 2023 in proposed amendments to National Instrument 58-101).

We are writing today, however, to urge the members of the CSA to consider an approach that balances the long-term informational needs of Canadian and international institutional investors against the shorter term competitive needs of public companies, as all parties navigate the current uncertainty in order to strengthen the ***global*** competitiveness of Canadian capital markets[5].

SPECIFIC COMMENTS

Climate-related disclosures:

Our sense is that, notwithstanding the externally imposed uncertainty of the current geopolitical climate, the regulatory process for mandating climate disclosures has stalled on questions of how to implement the most complex and technical aspects of CSDS 2 including scenario analysis and Scope 3 GHG emissions. To be clear, this information is needed by institutional investors but we recognize that it remains challenging for Canadian public companies to provide this data and that relevant methodologies are still evolving[6].

Thinking pragmatically, however, methodologies and expertise will not advance if no disclosures are required until all these issues can be finally resolved.

Reframe implementation using a rolling adoption approach

During the CSA's 2021/2022 public consultation on NI 51-107, CCGG advocated for an approach to implementing climate-related disclosures that was premised on the idea of rolling adoption; starting in the short term by mandating disclosures gradually. We recommended that required disclosures first align with the Taskforce on Climate-related Financial Disclosures (TCFD) pillars of governance and risk management, with the more complex components of disclosure, including strategy and metrics and targets to be phased in later. The TCFD's governance and risk management pillars have now been further refined and integrated into the work and standards of the International Sustainability Standards Board (ISSB), which in turn have been substantively adopted as Canadian standards through the CSSB in CSDS 2[7].

[5] Helen Tooze, IFRS S2 Adoption by Jurisdiction, July 30, 2025, Canadian Climate Law Initiative (CCLI). CCLI has published an interactive table highlighting the status of the global adoption and implementation of IFRS ISSB S2. CCLI has found that 36 jurisdictions are in the process of introducing IFRS S2; 67.7% of these have already adopted (17/36) or intend to adopt the standard without amendment. CCLI highlights the adoption statuses/progress/alignment of three key non-US jurisdictions relevant to Canadian competitiveness: Australia, the UK and EU – none of which are paused.

[6] With the caveat that some Members observed that GHG Scope 1 and 2 emissions disclosures are not as complex and the absence of issuer derived disclosures for these metrics leads to estimates being used by investors.

[7] CSSB, Media Release – Canadian Sustainability Standards Board Releases Landmark Standards to Drive Consistency and Comparability in Sustainability Reporting (Dec. 18, 2024).

Although we have not done an exhaustive review, there appeared to be little negative public commentary or feedback on the governance and risk management requirements portions of the proposed disclosures for both NI 51-107[8] and the CSSB's exposure draft for CSDS 2.

As we argued in our 2022 submission to the CSA, governance and risk management disclosures are foundational for the board and management to begin integrating climate-related risks and opportunities into a company's oversight, strategy and business planning[9]. This foundational work builds the capacity and road map needed to facilitate implementation of the more complex components of climate-related disclosures. Additional and more complex disclosures aligned with the strategy, resilience, metrics and targets requirements of CSDS 2 can then be mandated on a rolling basis at a future date as methodologies become clearer, public companies develop expertise over time and the current economic uncertainty resolves[10].

In our view, given the current economic volatility and competitiveness concerns facing Canadian capital markets, a rolling adoption approach to mandating climate-related disclosures strikes the appropriate balance between an extended across the board pause and the regulatory burden of adapting to full implementation immediately:

- Requiring public companies to disclose, in the short term, governance oversight of climate and risk management aligned with the relevant portions of CSDS 2 is consistent with the CSA's current expectations for continuous disclosure requirements in respect of governance and *material* risks including with respect to climate-change related matters[11]. The rolling adoption approach would provide institutional investors with consistent and comparable disclosures as to whether and how material climate change risks are being considered and addressed by the governance structure of an issuer.

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[8] Dr. Janis Sarra, Michael Irish & Jenaya Copithorne, Summary of Submissions to Canadian Securities Administrators on Proposed National Instrument 51-107 Disclosure of Climate-related Matters, March 2022, Canadian Climate Law Initiative: Which found that of the total 131 submissions "51 submissions commented on the CSA's proposal to require disclosure of governance and risk management of climate-related matters regardless of materiality, with 29 (57%) submissions in favour. 88% of investors support the requirement to disclose climate-related governance and risk management regardless of materiality" at pg. 2; and "51 [of total 131] submissions commented on the CSA's proposal to require disclosure of governance and risk management of climate-related matters regardless of materiality, with 29 (57%) submissions in favour and 22 (43%) not in favour" at pg. 3.

[9] CCGG Letter dated January 31, 2022 to CSA Re: CSA Consultation on Climate-related Disclosure Update and CSA Notice and Request for Comment Proposed National Instrument NI 51-107 Disclosure of Climate-related Matters: https://ccgg.ca/download/4608/

[10] Notwithstanding the foundational nature of governance and risk disclosures, absent mandatory disclosures, even basic governance disclosures are not being made to the extent needed by investors. For example, companies engaged by Climate Engagement Canada (CEC) have only achieved partial progress against the CEC benchmark for governance so even those with a sophisticated level of engagement have not yet mastered the foundational pillars; see https://climateengagement.ca/cec-net-zero-benchmark/ only five companies have achieved full implementation of climate governance against the CEC benchmark.

[11] Canadian Securities Administrators, Staff Notice 51-358, Reporting of Climate-Related Risks (Aug. 2019).

- Such disclosures may also contribute to establishing the internal risk controls and due diligence required to defend against greenwashing claims that may arise under the Bill C-59 amendments to the *Competition Act* in the context of environmental benefits claims.

- Many Canadian companies already disclose some information in respect of board oversight of climate-related risks and opportunities and related risk management and were expecting some form of regulated disclosures based on the CSA's statements since NI 51-107 was first published. Providing clarity and policy consistency as to what disclosures are required with a reasonable and iterative time frame for implementation prevents an inefficient whipsaw approach to regulation that halts progress and undermines the resources already invested by companies in building internal capacity.

The lack of regulatory clarity is creating confusion for issuers and investors alike. Companies are retreating from or pulling back existing disclosures in the absence of a clear mandatory disclosure regime, which leaves an information vacuum for investors as to whether prior disclosures and commitments can still be relied upon[12].

At their core, CCGG's recommendations in 2022 adopted a 'walk before you can run' iterative approach to implementation which is consistent with the proportionality approach adopted by the ISSB/CSSB and also with the implementation reliefs for GHG Scope 3 and scenario analysis adopted by the CSSB. Such an approach would also provide a degree of comfort to global and domestic institutional investors that Canadian boards of directors and risk management processes remain engaged on this important and enduring systemic risk.

Recommendations:

The CSA should:

1. Mandate governance disclosures followed by risk management in the next two years, both as aligned with CSDS 2. Once those foundational disclosures are underway, the CSA should then "unpause" work and phase in the remainder of what is required under CSDS 2. Venture issuers could be given longer phase in timelines or other appropriate relief.

2. Coordinate with the federal government on its announced intention to introduce climate-related disclosures for federally registered corporations[13] and to provide policy clarity in respect of the liability implications of Bill C-59 for regulated climate disclosures. This will ensure policy consistency across the Canadian economy and minimize the risk of distorting capital markets as a result of policy differences between federal and provincial regulatory oversight mechanisms.

[12]See, Investors for Paris Compliance (I4PC), A Complaint to the Alberta Securities Commission, August, 2025. In bringing a greenwashing complaint to the Commission, I4PC alleges, among other claims, that removal of net-zero disclosures by some companies has left investors with no way to ascertain whether the company stands by its commitments or has withdrawn them, and that this "lack of clarity…is a form of incomplete disclosure disallowed by the *Alberta Securities Act*."
[13] https://www.canada.ca/en/department-finance/news/2024/10/government-advances-made-in-canada-sustainable-investment-guidelines-and-mandatory-climate-disclosures-to-accelerate-progress-to-net-zero-emissions.html

3. Continue meaningful engagement with market participants, including investors, with respect to implementation of Recommendations 1 and 2[14].

Diversity-related disclosure initiatives

As with climate disclosures, our sense is that the CSA had no clear harmonized path forward on expanded diversity disclosures following the 2023 consultation on the proposed Form A and Form B approaches . The recent executive orders and repudiations of diversity, equity and inclusion initiatives in the United States have further cooled regulatory interest in moving forward with expanded domestic regulation in Canada.

We acknowledge that Canadian cross-listed companies in particular and public companies with US government contracts have legitimate and significant questions and concerns about what may or may not attract scrutiny in US capital markets. Institutional investors likewise are considering the implications of new guidance with respect to engagement discussions and topics that may impact regulatory filing obligations in the US.

This uncertainty is real, and at the same time, there continue to exist in Canada (and other countries) disclosure requirements with respect to women and other designated groups[15]. Such disclosures remain important to institutional investors. Companies, investors and regulators need to navigate these disclosures carefully but cannot ignore them.

Continue to collect and publish annual research

In October 2024, the CSA indicated that in anticipation of expected new regulations on expanded diversity it would no longer be collecting and publishing annual research on the number of women on boards and in executive officer positions[16]. In light of the pause on expanded diversity regulations we urge the CSA to reverse the decision to stop data collection and publication in respect of the representation of women. This work contributes to an important body of data indicating trends over a significant period of time and is used by institutional investors to assess board composition in Canadian capital markets. In fact, the significance of this work going forward

[14] Such engagement could include, for example, Continuous Disclosure Review program initiatives focused on climate governance and risk management disclosures.
[15] The CSA requires disclosure regarding women on boards and in executive officer position on Form 58-101F1 *Corporate Governance Disclosure* of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101): https://www.osc.ca/sites/default/files/2024-04/ni_20230609_58-101F1_unofficial-consolidation.pdf. Under the *Canada Business Corporations Act* federally incorporated companies are required to make disclosures about the representation of four designated group on boards and in senior management including women, Indigenous Peoples (First Nations, Inuit and Métis); racialized people and people with disabilities:https://ised-isde.canada.ca/site/corporations-canada/en/business-corporations/diversity-boards-directors-and-senior-management. All disclosures to be made on a comply or explain basis.
[16] https://www.securities-administrators.ca/news/canadian-securities-regulators-announce-results-of-10th-annual-review-of-representation-of-women-on-boards-and-in-executive-officer-positions-in-canada/

will be increasingly important as investors endeavor to understand the impact of shifting policies on board diversity and refreshment.

Expand the collection and publication of annual research to capture broader diversity

We would further encourage the CSA to expand this data collection to incorporate research on disclosures of expanded characteristics of diversity that are already being disclosed in regulatory filings in compliance with the requirements of the *Canada Business Corporations Act* (CBCA) or voluntarily. This information, while not mandated by capital markets regulators, is required to be disclosed by approximately 30% of Canadian public companies incorporated under the CBCA or is being voluntarily disclosed by other companies[17] and is useful to institutional investors' investment decision-making and when applying proxy voting policies and voting decisions.

Recommendations:

The CSA should:

1. Reverse the decision to stop data collection and publication of its annual report in respect of the representation of women in boards and executive positions.

2. Extend data collection to disclosures of expanded characteristics of diversity to the extent that they are already being disclosed in regulatory filings in compliance with the requirements of the *Canada Business Corporations Act* (CBCA) or voluntarily.

CONCLUSION

While institutional investor preference would be that the CSA move forward with climate-related and diversity disclosure regulations as initially planned, we appreciate it may be viewed as impracticable to immediately mandate full implementation of CSDS 2 and move forward with comprehensive enhanced diversity disclosures. We believe, however, that it remains essential to continue to take some actions now, in order to ensure that Canadian capital markets are progressing towards meeting the information needs of domestic and global investors.

[17] See Andrew MacDougall, John M. Valley, Joanna Cameron and Jessie Armour, 2024 Diversity Disclosure Practices, Diversity and leadership at Canadian public companies, 2024 Osler, Hoskin & Harcourt LLP. We acknowledge that the Federal government provides an annual summary report for CBCA aligned disclosures but this includes a different sub-set of companies than available to the CSA through securities disclosures and does not capture voluntary disclosures: https://ised-isde.canada.ca/site/corporations-canada/en/data-services/diversity-boards-directors-and-senior-management-federal-distributing-corporations-2024-annual?utm_campaign=ised_isde_cc_diversity_report_2024&utm_medium=cbca&utm_source=lyris&utm_cont.

We thank you for your consideration of our comments and we welcome any opportunity for dialogue with you on these important initiatives. If you have any questions regarding the above, please feel free to contact our CEO, Catherine McCall at cmccall@ccgg.ca or our Director of Policy Development, Sarah Neville at sneville@ccgg.ca.

Yours truly,

Amit Prakash

Amit Prakash, Chair of the Board of Directors
Canadian Coalition for Good Governance

CCGG MEMBERS 2025*

- Alberta Investment Management Corporation (AIMCo)
- Archdiocese of Toronto
- BlackRock Asset Management Canada Limited
- BMO Global Asset Management Inc.
- Burgundy Asset Management Ltd.
- Caisse de dépot et placement du Québec (CDPQ)
- Capital Group Canada
- CIBC Asset Management Inc.
- Colleges of Applied Arts and Technology Pension Plan (CAAT)
- Connor, Clark & Lunn Investment Management Ltd.
- CPP Investments
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Fondation Lucie et André Chagnon
- Foyston, Gordon & Payne Inc. (FGP)
- Galibier Capital Management Ltd.
- Healthcare of Ontario Pension Plan (HOOPP)
- Hillsdale Investment Management Inc.
- Investment Management Corporation of Ontario (IMCO)
- iA Financial Group
- Jarislowsky Fraser Limited
- Leith Wheeler Investment Counsel Ltd.
- Letko, Brousseau Global Investment Management
- Lincluden Investment Management Limited
- National Bank Investments
- NEI
- 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
- Provident[10]
- Public Sector Pension Investment Board (PSP Investments)
- Qube Investment Management Inc.
- 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
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- Teachers' Pension Plan Corporation of Newfoundland and Labrador
- TD Asset Management
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- UBC Investment Management Trust Inc.
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- Vestcor Inc.
- York University Pension Fund

*As a coalition, CCGG strives to build and reflect a consensus but, while supportive of CCGG's mission and mandate, CCGG's Members are not individually bound by CCGG's position.