

**PROPOSED
NATIONAL INSTRUMENT 51-107
DISCLOSURE OF CLIMATE-RELATED MATTERS**

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**PART 1
DEFINITIONS AND INTERPRETATION**

Definitions

1. In this Instrument

“AIF” has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*;

“asset-backed security” has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*;

“designated foreign issuer” has the meaning ascribed to it in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

“GHG” means greenhouse gas;

“GHG emissions reporting standard” means the GHG Protocol, or a reporting standard for calculating and reporting GHG emissions that is comparable with the GHG Protocol;

“GHG Protocol” means the greenhouse gas reporting standards for calculating and reporting GHG emissions by companies and organizations as developed by the World Resources Institute and World Business Council for Sustainable Development;

“marketplace” has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*;

“MD&A” has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*;

“Scope 1” means all direct GHG emissions by an issuer;

“Scope 2” means all indirect GHG emissions arising from an issuer’s consumption of purchased electricity, heat or steam;

“Scope 3” means all other indirect GHG emissions of an issuer, other than those described in the definition of Scope 2;

“SEC foreign issuer” has the meaning ascribed to it in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

“subsidiary entity” has the meaning ascribed to it in National Instrument 52-110 *Audit Committees*;

“U.S. marketplace” has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*;

“venture issuer” has the meaning ascribed to it in National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

Application

2. This Instrument applies to a reporting issuer other than a reporting issuer that is any of the following:
 - (a) an investment fund;
 - (b) an issuer of an asset-backed security;
 - (c) a designated foreign issuer or SEC foreign issuer;
 - (d) an exchangeable security issuer that is exempt under section 13.3 of National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (e) a credit support issuer that is exempt under section 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (f) an issuer that is a subsidiary entity, if
 - (i) the subsidiary entity does not have equity securities, other than non-convertible, non-participating preferred securities, trading on a marketplace, and
 - (ii) the parent of the subsidiary entity is
 - (A) subject to the requirements of this Instrument, or

- (B) an issuer that has securities listed or quoted on a U.S. marketplace, and is in compliance with the corporate governance disclosure requirements of that U.S. marketplace.

PART 2 DISCLOSURE REQUIREMENTS

Climate-related Governance Disclosure Requirements

3. (1) If management of a reporting issuer solicits a proxy from a security holder of the issuer for the purpose of electing directors to the reporting issuer's board of directors, the issuer must include in its management information circular the disclosure referred to in Form 51-107A.
- (2) A reporting issuer that does not send a management information circular to its security holders must include the disclosure referred to in Form 51-107A in its AIF, or if it does not file an AIF, in its annual MD&A.

Climate-related Strategy, Risk Management and Metrics and Targets Disclosure Requirements

4. (1) A reporting issuer must include the disclosure referred to in Form 51-107B in its AIF, or if it does not file an AIF, in its annual MD&A.
- (2) A reporting issuer that includes the disclosure of GHG emissions referred to in Form 51-107B in its AIF or annual MD&A must use a GHG emissions reporting standard to calculate and report its GHG emissions.

PART 3 EXEMPTION AND EFFECTIVE DATE

Exemption

5. (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions*, opposite the name of the local jurisdiction.

Effective Date and Transition

6. (1) This Instrument comes into force on [●].
- (2) This Instrument applies:
- (a) in the case of a reporting issuer other than a venture issuer, in respect of each financial year beginning on or after [January 1 of the first year after [●]];

- (b) in the case of a venture issuer, in respect of each financial year beginning on or after [January 1 of the third year after [●]].

FORM 51-107A
CLIMATE-RELATED GOVERNANCE DISCLOSURE

1. Governance

(a) Describe the board of directors' oversight of climate-related risks and opportunities.

(b) Describe management's role in assessing and managing climate-related risks and opportunities.

INSTRUCTION:

This Form applies to corporate and non-corporate entities. Reference to a particular corporate characteristic, such as a board of directors, includes any equivalent characteristic of a non-corporate entity. Income trust issuers must provide disclosure in a manner that recognizes that certain functions of a corporate issuer, its board of directors and its management may be performed by any or all of the trustees, the board of directors or management of a subsidiary of the trust, or the board of directors, management or employees of a management company. In the case of an income trust, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

FORM 51-107B

CLIMATE-RELATED STRATEGY, RISK MANAGEMENT AND METRICS AND TARGETS DISCLOSURE

1. Strategy

- (a) Describe the climate-related risks and opportunities the issuer has identified over the short, medium, and long term.
- (b) Describe the impact of climate-related risks and opportunities on the issuer's businesses, strategy, and financial planning.

2. Risk Management

- (a) Describe the issuer's processes for identifying and assessing climate-related risks.
- (b) Describe the issuer's processes for managing climate-related risks.
- (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the issuer's overall risk management.

3. Metrics and Targets

- (a) Disclose the metrics used by the issuer to assess climate-related risks and opportunities in line with its strategy and risk management process.
- (b) Describe the targets used by the issuer to manage climate-related risks and opportunities and the issuer's performance against these targets.

4. GHG Emissions

- (a) Disclose:
 - (i) the issuer's Scope 1 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information,
 - (ii) the issuer's Scope 2 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information, and
 - (iii) the issuer's Scope 3 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information.
- (b) disclose the reporting standard used by the issuer to calculate and disclose the GHG emissions referred to in (a).
- (c) If the reporting standard referred to in (b) is not the GHG Protocol, disclose how the reporting standard used by the issuer is comparable with the GHG Protocol.

As an alternative, the CSA is also consulting on requiring issuers to disclose Scope 1 GHG emissions either a) when that information is material, or b) in all cases. Under this alternative, disclosure of Scope 2 and Scope 3 GHG emissions would not be mandatory. Issuers would have to disclose either their Scope 2 and 3 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information. Text reflecting this alternative disclosure requirement for Scope 1 GHG emissions in all cases is set out below.

GHG Emissions

(a) Disclose:

- (i) the issuer's Scope 1 GHG emissions and the related risks,
- (ii) the issuer's Scope 2 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information, and
- (iii) the issuer's Scope 3 GHG emissions and the related risks, or the issuer's reasons for not disclosing this information.

(b) disclose the reporting standard used by the issuer to calculate and disclose the GHG emissions referred to in (a).

(c) If the reporting standard referred to in (b) is not the GHG Protocol, disclose how the reporting standard used by the issuer is comparable with the GHG Protocol.

INSTRUCTIONS:

(1) This Form applies to both corporate and non-corporate entities. Income trust issuers must provide disclosure in a manner that recognizes that certain functions of a corporate issuer, its board of directors and its management may be performed by any or all of the trustees, the board of directors or management of a subsidiary of the trust, or the board of directors, management or employees of a management company. In the case of an income trust, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

(2) An issuer is not required to disclose information that is not material in respect of items 1 and 3. An issuer must exercise judgment when it determines whether information is material in respect of the issuer. Would a reasonable investor's decision whether or not to buy, sell or hold securities in the issuer likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

(3) An issuer may incorporate information required to be disclosed under Item 4 by reference to another document. The issuer must clearly identify the reference document or any excerpt of it that the issuer incorporates into the disclosure provided under Item 4. Unless the issuer has already filed the reference document or excerpt under its SEDAR profile, the issuer must file it at the same time as it files the document containing the disclosure required under this Form.