

February 16, 2022

**Submitted electronically**

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

c/o The Secretary  
Ontario Securities Commission  
comment@osc.gov.on.ca

c/o M<sup>e</sup> Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
consultation-en-cours@lautorite.qc.ca

Dear Canadian Securities Administrators:

**Response to Request for Comment – Proposed National Instrument 51-107 *Disclosure of Climate-related Matters***

The Canadian Public Accountability Board (CPAB) is pleased to respond to the Canadian Securities Administrators (CSA) Request for Comment related to disclosure of climate-related matters.

CPAB is Canada's independent audit regulator responsible for overseeing firms that audit Canadian reporting issuers. Our mandate is to promote high quality, independent auditing that contributes to public confidence in the integrity of financial reporting.

CPAB's mandate as an audit regulator does not extend to all climate-related disclosure considerations, as such we have limited our response to the areas most closely related to our mandate.

CPAB is supportive of the ongoing work of the CSA to advance climate-related disclosures.

## Ensuring reliability of the data

Currently, the majority of climate-related information is disclosed outside the audited financial statements and therefore not subject to procedures by a reporting issuer's external auditor. In reviewing Proposed National Instrument 51-107 we felt that consideration of how climate-related disclosures could be attested to was missing from the analysis. Attest procedures over climate-related disclosures are important to foster confidence in the integrity of financial reporting and ensuring auditability of these should be prioritized.

We recommend issuers provide disclosure about any procedures performed by internal or external parties to improve the reliability of the information and that a requirement for attest procedures over climate-related disclosures be phased in.

## Internal controls

Due to the diverse nature of climate-related disclosures, a significant amount of the information will be sourced from non-financial systems or other areas which may not currently be subject to a robust set of internal controls. This could impact comparability and accuracy of the information disclosed year over year. To ensure the information disclosed is accurate, it is important that reporting issuers have adequate internal control processes in place to support these disclosures.

Many existing internal control and disclosure processes could be adapted to suit upcoming climate-related disclosures. Leveraging existing internal controls could support reporting issuers in more quickly adapting to new requirements and provide consistency in practice over different disclosure areas.

We recommend the CSA consider disclosure by reporting issuers of a description of the internal controls used to prepare the climate-related information and whether internal controls over climate-related disclosures could be incorporated into the certification of internal controls that currently exists.

## Materiality

Since materiality is the determining factor in assessing whether information is required to be disclosed, further clarity on how materiality should be determined in the context of climate-related disclosures should be provided. CSA Staff Notices 51-538 and 51-333 provide a helpful starting point for the determination of materiality in the context of climate-related disclosures; however, as the CSA pursues alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and climate-related disclosures

continue to evolve, we believe the CSA could provide additional detailed guidance to reporting issuers in determining materiality, particularly for qualitative disclosures.

If you have any questions about our response or wish to discuss any of our observations in more detail, please contact me ([carol.paradine@cpab-ccrc.ca](mailto:carol.paradine@cpab-ccrc.ca)).

Yours truly,



Carol A. Paradine, FCPA, FCA  
Chief Executive Officer