

December 21, 2022

Ms. Kathryn Royal
Manager, Strategic Planning and Reporting
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, ON M5H 3S8
kroyal@osc.gov.on.ca

Re: OSC Notice 11-797 – Statement of Priorities

Dear Ms. Royal,

With approximately C\$11 billion in assets under management, NEI Investments' approach to investing incorporates the thesis that companies can mitigate risk and take advantage of emerging business opportunities by integrating best Environmental, Social and Governance (ESG) practices into their strategies and operations. We are a Canadian firm, with a long history in responsible investment.

We firstly want to thank the Ontario Securities Commission for the opportunity to comment on Staff Notice 11-797, the Statement of Priorities for the year beginning April 1, 2023. Our comments in this correspondence are specifically related to how the OSC reflects proper consideration of ESG issues, addressing Goal 1 of *Building Trust and Fairness in Ontario's Capital Markets*.

1.1 Advance Work on Environmental, Social, and Governance (ESG) Disclosures for Reporting Issuers

We are encouraged that the OSC is following through with the Capital Markets Modernization Taskforce's (Taskforce) recommendation of mandating material ESG information, beginning with its support of the CSA publication of proposed National Instrument 51-107 *Disclosure of Climate-related Matters*. We support the OSC's action to prioritize its commitment to closely monitor international developments on climate-related disclosures to enhance the recommendations outlined in NI 51-107. Specifically, we strongly encourage the OSC to consider the proposals published by the IFRS International Sustainability Standards Board (ISSB) as the lead in setting international disclosure standards, specifically Exposure Draft IFRS S2 *Climate-related Disclosures* (draft S2).

We support many of the key proposals that the ISSB has put forth, which can be found in our comment letter to the ISSB¹ in response to its consultation on draft S2. We have also submitted a response to the US Securities

¹ <https://www.ifrs.org/content/dam/ifrs/project/climate-related-disclosures/exposure-draft-comment-letters/n/nei-investments-0ab7fb9a-7edf-437d-85a1-a406901c2100/issb-exposure-draft-s2-nei-investments-comments-final.pdf>

Exchange Commission's (SEC) proposal² on *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, that aligns with the views stated in our ISSB comment letter.

While the ISSB's ESG disclosure initially focuses on climate-related disclosure, we believe that the OSC should continue to consider other material ESG disclosure items. To improve access to global capital markets, as stated by the Taskforce, the creation of a uniform standard of disclosure can enable an equal playing field for all issuers and lead to enhanced ESG disclosure. Our view is explained in more detail in our comment letter to the ISSB³ on Exposure Draft IFRS S1, *General Sustainability-related Disclosures*. We encourage the OSC to remain informed of the ongoing updates issued by the ISSB on all sustainability-related disclosures, as it is fast becoming the international standard setter.

We also encourage and fully support the OSC in continuing to consult with relevant organizations and groups as it works to enhance and further develop ESG disclosures.

Finally, we appreciate the transparency offered by the OSC in committing to publish the summary of findings regarding CSA Staff Notice 81-334 *ESG-Related Investment Fund Disclosure*. We have been involved with a working group on the development of the guidance and remain engaged to support the ESG-labelled investment fund disclosure guidelines.

1.3 Consider Broader Diversity on Boards and in Executive Roles at Reporting Issuers

We acknowledge the ongoing work of the OSC to consult with stakeholders on the issue of diversity on boards and in executive roles. We consider diversity, equity and inclusion at reporting issuers to be an important aspect to our approach to responsible investing. As such, we would support the decision of the OSC to publish its proposed changes to disclosure requirements on diversity, board renewal and the director nomination process for feedback by stakeholders. We would encourage the OSC to consider a substantial consultation period that can afford the OSC the opportunity to receive insight from a broad group of stakeholders.

In the process of generating the initial output for stakeholder comment, we would also encourage the OSC to capitalize on the learnings from its current disclosure requirements with respect to gender diversity, so as to accelerate progress with respect to diversity of other underrepresented person groups on boards and executive positions. With this in mind, we would highlight how important diversity disclosure is in informing our voting decisions on issuers' approaches to diversity, equity and inclusion, and how useful it is to understand the robustness of a company's approach by considering, for example, whether the company has set a diversity strategy and diversity related goals and targets. Board renewal is similarly an important element in facilitating

² U.S. Securities and Exchange Commission, March 21, 2022. "[The Enhancement and Standardization of Climate-Related Disclosures for Investors](#)" Release Nos. 33-11042, 34-94478

³ <https://www.ifrs.org/content/dam/ifrs/project/general-sustainability-related-disclosures/exposure-draft-comment-letters/n/nei-investments-7b553502-c290-489a-87b1-e810ea45fcaa/nei-submission-exposure-draft-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information--jul.29.2022.pdf>

diversity on board. We look forward to commenting on the OSC's proposed diversity disclosure enhancements during the appropriate timeframe.

1.4 Incorporate Indigenous Peoples' Issues and Perspectives in CSA Policy Work

We strongly support the CSA's goal of incorporating Indigenous Peoples' issues and perspectives in CSA policy developments and agree that the OSC should likewise prioritize this important work. We believe the CSA's work on ESG disclosure and its consideration of broader diversity at reporting issuers will provide ample opportunities to action this priority area, but there are undoubtedly other areas of policy development that will benefit from a deeper engagement and consideration of Indigenous perspectives. Our only caution is to ensure that Indigenous voices are included from the beginning as part of the policy development process.

The CSA Taskforce on Indigenous Peoples in the Capital Markets (Indigenous Taskforce) appears to be an appropriate venue for this work, though there is very little public disclosure on the Indigenous Taskforce and its mandate, or on the degree to which Indigenous voices have been included in its creation and ongoing functioning. This may be a factor of the relatively recent origin of the Indigenous Taskforce, but we encourage the OSC to strive for transparency in respect of the work of the Indigenous Taskforce, particularly on recommendations that flow from the Indigenous Taskforce, and the degree to which the recommendations end up influencing policy development. We believe the OSC has an important role to play in furthering reconciliation and support the inclusion of this work in the statement of priorities.

We appreciate the opportunity to provide you with our comments. If you would like to further discuss any of our comments, please do not hesitate to reach out to us.

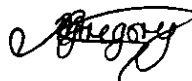
Sincerely,



Adelaide Chiu, CPA CA CFA
Vice President, Head of Responsible Investing & ESG Services
NEI Investments



Jamie Bonham
Director, Corporate Engagement
NEI Investments



Michela Gregory
Director, ESG Services
NEI Investments