

Annual Report

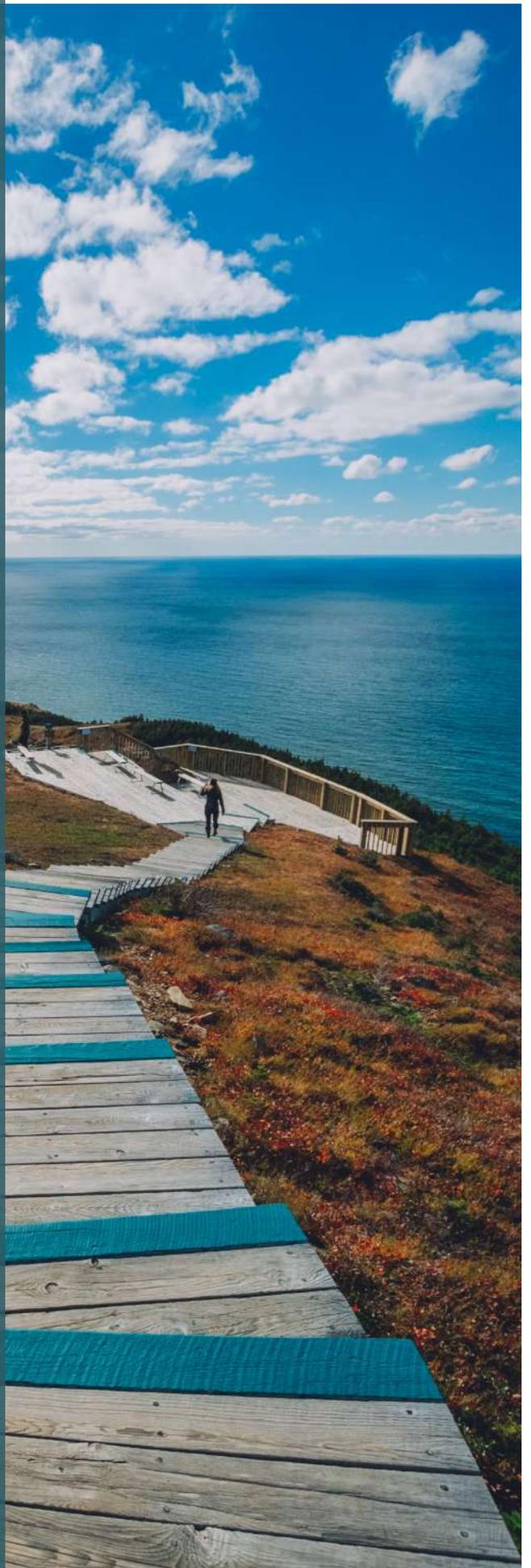
June 2020 - May 2021

Forging Ahead



Canada Climate
Law Initiative

L'Initiative canadienne
de droit climatique





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Law Initiative

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de droit climatique

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The Canada Climate Law Initiative acknowledges that the UBC Point Grey campus is situated on the traditional, ancestral, and unceded territory of the x^wmək^wəyəm (Musqueam Peoples).

Canada Climate Law Initiative

The Canada Climate Law Initiative is a inter-disciplinary research initiative, with principal investigators Dr. Janis Sarra and Dr. Carol Liao, Peter A. Allard School of Law, University of British Columbia and Professor Cynthia Williams, Osgoode Hall Law School, York University. Our mission is to ensure Canadian directors and trustees understand their fiduciary obligations with respect to climate change, and have access to resources to help them govern with confidence in the area of climate-related financial risks and opportunities. CCLI is the Canadian partner of the Commonwealth Climate and Law Initiative in the United Kingdom.

PRINCIPAL CO-INVESTIGATORS

Dr. Janis Sarra, Professor of Law, Peter A. Allard School of Law

Professor Cynthia Williams, Professor of Law, Osgoode Hall School of Law

Dr. Carol Liao, Associate Professor and Director of the Centre for Business Law, Peter A. Allard School of Law

STAFF

Juvarya Veltkamp, Director

Sonia li Trottier, Communications Manager

Niamh Leonard, Climate Governance Community Manager

ADVISORY COMMITTEE

Eli Angen, Principal, Ontario Teachers' Pension Plan

Stefanie Butt, Program Manager, The Jarislowsky Foundation

Roopa Davé, Partner, KPMG Sustainability Services

Gigi Dawe, Director, Corporate Oversight and Governance, CPA Canada

David Estrin, Lawyer, Gowling WLG

Nicolina Farella, Program Director, The McConnell Foundation

Maryam Golnaraghi, Director of Climate Change and Environment, The Geneva Association

Johanna Leffler, Executive Director, Clean Economy Fund

Dr. Carol Liao, Associate Professor and Director of the Centre for Business Law, Peter A. Allard School of Law

Ed Ma Q.C., Senior Strategy Advisor, Energy & Climate Change Policy, Suncor Energy Services Inc.

Catherine McCall, Executive Director, Canadian Coalition for Good Governance

Andrea Moffat, Vice President, Ivey Foundation

Caroline North, Executive Director, North Family Foundation

Poonam Puri, Professor of Law, Osgoode Hall Law School

Peter Rozee, Senior Vice President, Commercial and Legal Affairs, Teck Resources Limited

Dr. Janis Sarra, Professor of Law, Peter A. Allard School of Law

Sylvie Trottier, Board Member, Trottier Family Foundation

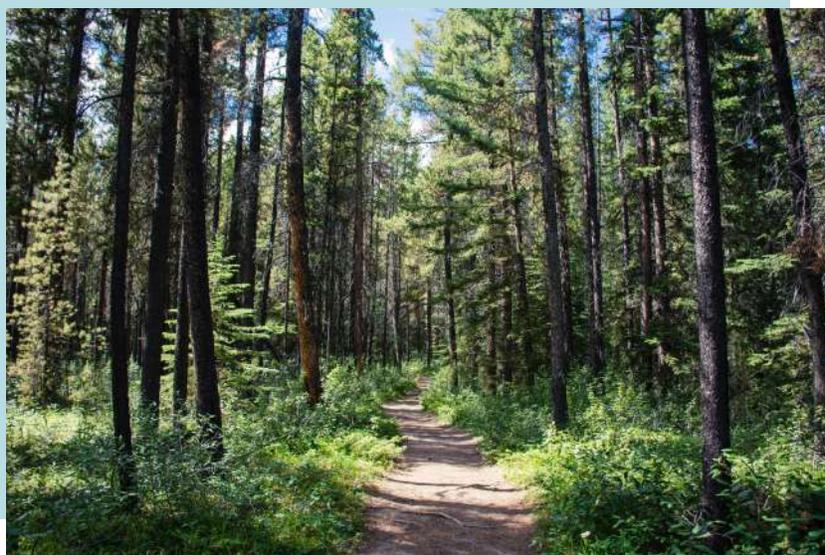
Professor Cynthia Williams, Professor of Law, Osgoode Hall Law School



Message from the Principal Co-Investigators

We are delighted to provide this Annual Report for 2020-2021. It has been an exciting year for the Canada Climate Law Initiative (CCLI) and we appreciate the tremendous support we have received from across the country. June 2020 brought a new three-year funding commitment from five foundations, which has allowed CCLI to scale up our activities and offer more public service to corporate and pension boards, regulators, policymakers, and civil society. We are deeply grateful to the McConnell Foundation, the Jarislowsky Foundation, the Trottier Foundation, the Ivey Foundation, and the North Family Foundation for their generous financial support and sage guidance.

From June to September 2020, our intrepid Program Manager Joanne Forbes worked flat out on delivering virtual webinars and organizing board presentations, including an amazing nine virtual events and four board presentations during her last week of work before retiring. We miss her passion, vision, and commitment, but wish her everything wonderful in her retirement.



We were very excited to welcome Juvarya Veltkamp as CCLI's new Director in August 2020. She arrived with a wealth of experience in green economic activity and is our lead organizer in scaling up presentations to corporate and pension boards, working with industry associations to develop comprehensive new programs on effective oversight by directors and other fiduciaries.



In October 2020, Sonia li Trottier joined as our Communications Manager and has been extraordinary in revamping our media and social media education and knowledge sharing, in creating a fully bilingual website, and developing an exciting new Knowledge Hub as a go-to resource for directors, trustees, and policymakers in Canada. We will continue to build the Knowledge Hub with quality research and best practice reports from organizations across Canada and internationally.

Our Canadian Climate Governance Experts have been a critically important part of CCLI's activities and are at the forefront of advancing effective climate governance in Canada, as this report reveals. This year also saw the creation of the Affiliated Research Scholars program, pulling together the brightest and most thoughtful scholars working on climate governance and sustainable finance in Canada. We are building on these strengths to undertake best practice research across a range of sectors. We have developed six executive education courses on climate governance, including a new mining law and sustainability program at UBC. We also published ten research studies in the past year, with tremendous response from the corporate and pension community and policymakers. Our funding has created capacity to provide research support in bringing innovative regulatory thinking to Canada.

We would like to thank our funders, our amazing Advisory Committee, our Canadian Climate Governance Experts, our Affiliated Research Scholars, and the huge number of professional organizations, corporate, pension, and asset management organizations, and members of civil society for their assistance. Our deepest thanks also to our Climate Governance Community Manager Niamh Leonard and to our PhD students Helen Tooze and Temi Onifade for their invaluable administrative and research support. We hope to continue our service to the community in the coming years.

Sincerely,



Dr. Janis Sarra



Professor
Cynthia Williams



Dr. Carol Liao



Message from the Director



Juvarya Veltkamp

Directrice, Initiative
canadienne de droit
climatique



We are delighted to share our first annual report with you. Over the past year, CCLI has established a stellar track record of helping directors and trustees understand their fiduciary obligations with respect to climate-related risks and opportunities.

As we have gained a reputation as the go-to resource in Canada for information about directors' duties and climate change, Canada has firmly committed to the transition to a net-zero economy, requiring even swifter action from Canadian directors and trustees. Yet most are not yet equipped to oversee such monumental shifts: only 27% of companies listed on the TSX have disclosed a climate target, and of those, only 15% have published any sort of plan to achieve their goals.

In all likelihood, mandatory climate risk disclosure is coming to Canada, and we are stepping up and scaling up to meet the increasing demand for our research and services.

Thank you for being part of this journey with us, and we look forward to supporting Canada's net-zero transformation in the year ahead.



CCLI Team



We have evolved from being a small incubator with contributors to a full team during 2020-2021. Our program manager retired and we welcomed new faces. CCLI team now has two full-time staff and one part-time staff that work to help directors and trustees understand climate-related risks and opportunities.

During the year, we have also enhanced our presence and activities in francophone communities, including Québec. Niamh Leonard, our Climate Governance Community Manager, has worked to increase our visibility in corporate governance networks in Québec. Sonia li Trottier, our new Communications Manager, has bolstered our communications in French, providing a bilingual program. These efforts have been instrumental to being able to serve boards in Québec.

Organizing local and targeted CCLI events and expanding our network to include regional partners such as chambers of commerce, boards of trade, industry and culturally-based business groups allow us to answer specific needs of directors and trustees.



Joanne Forbes
Program Manager
(Retired September 2020)



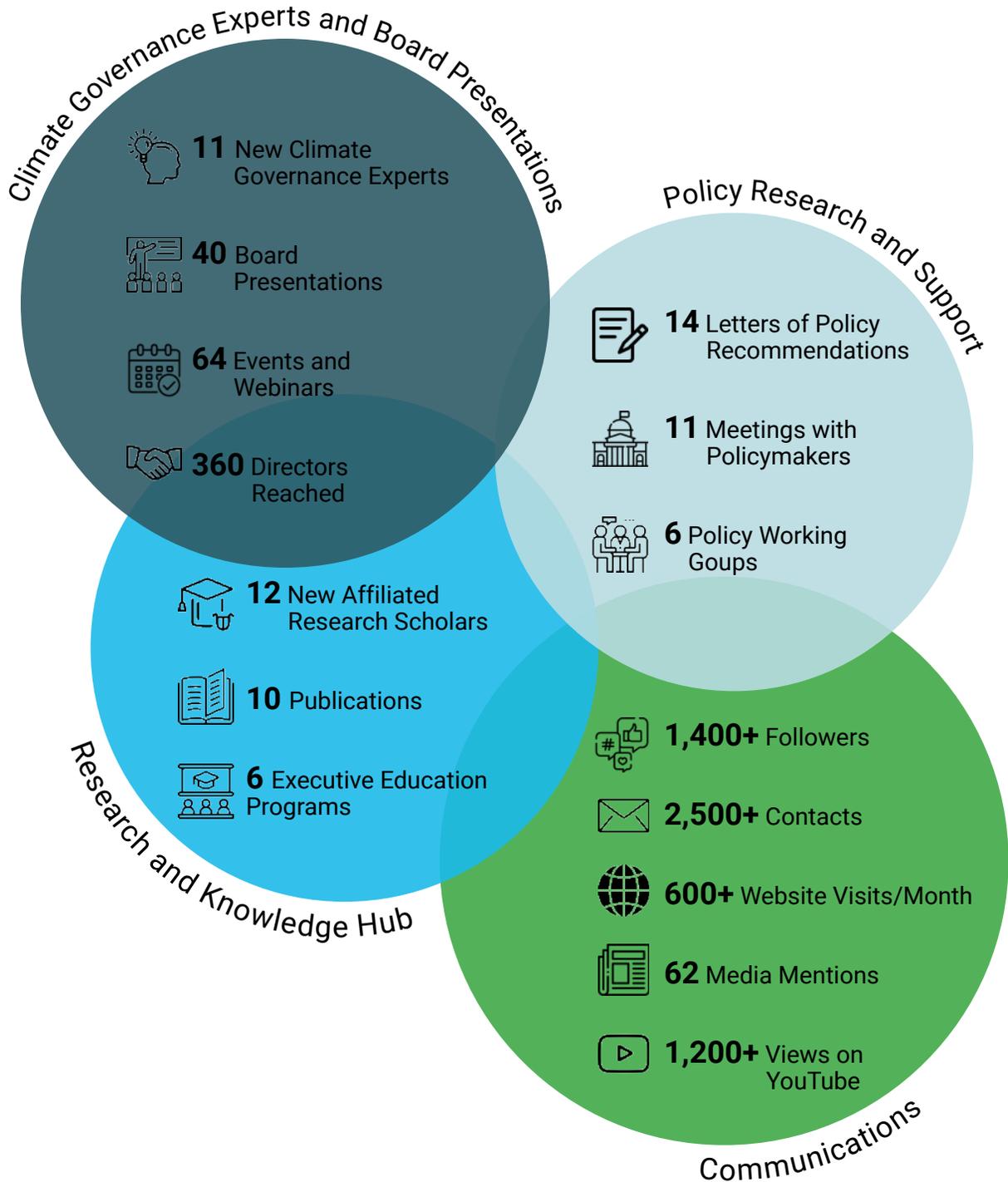
Sonia li Trottier
Communications
Manager



Niamh Leonard
Climate Governance
Community Manager

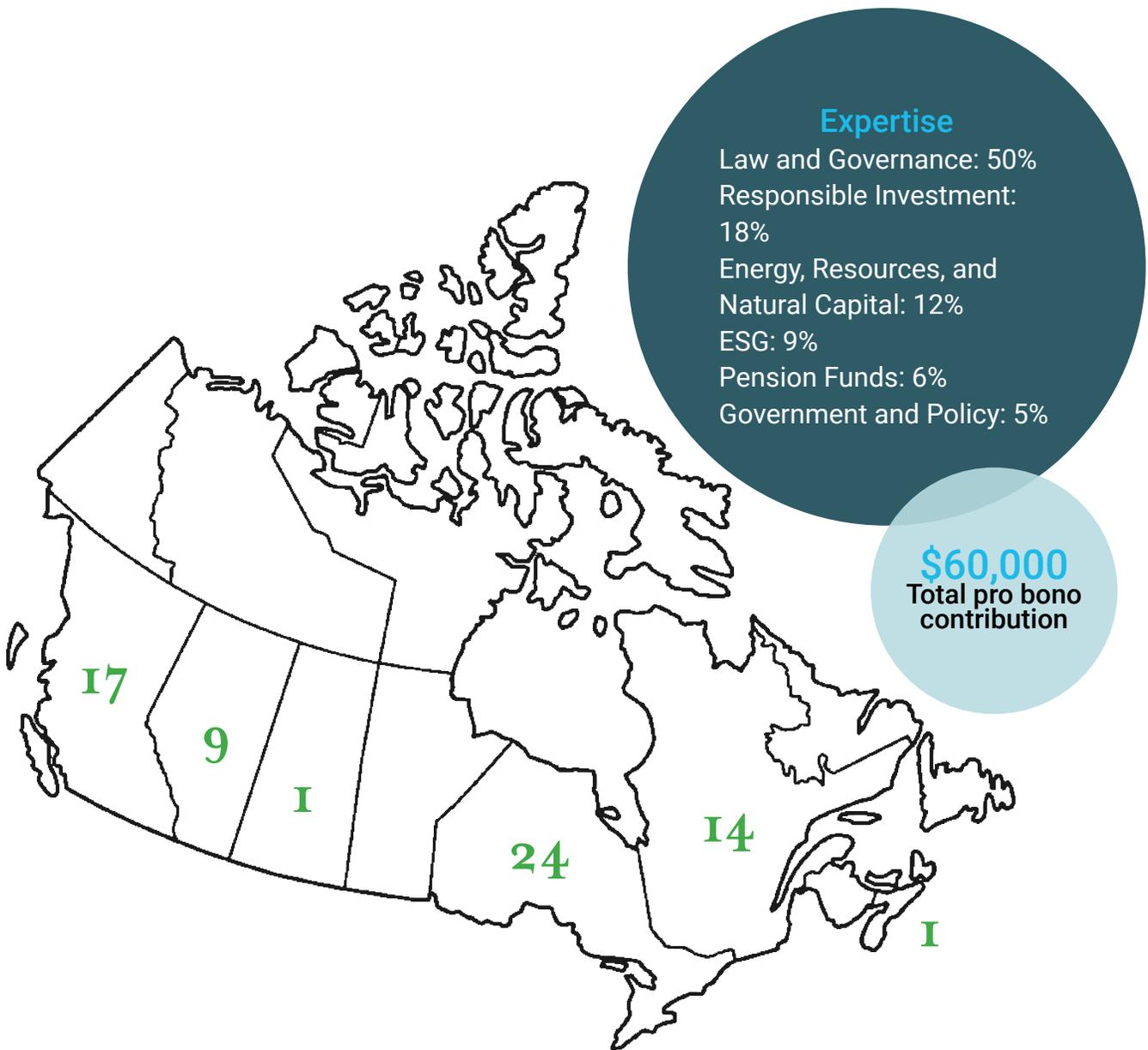


Year at a Glance



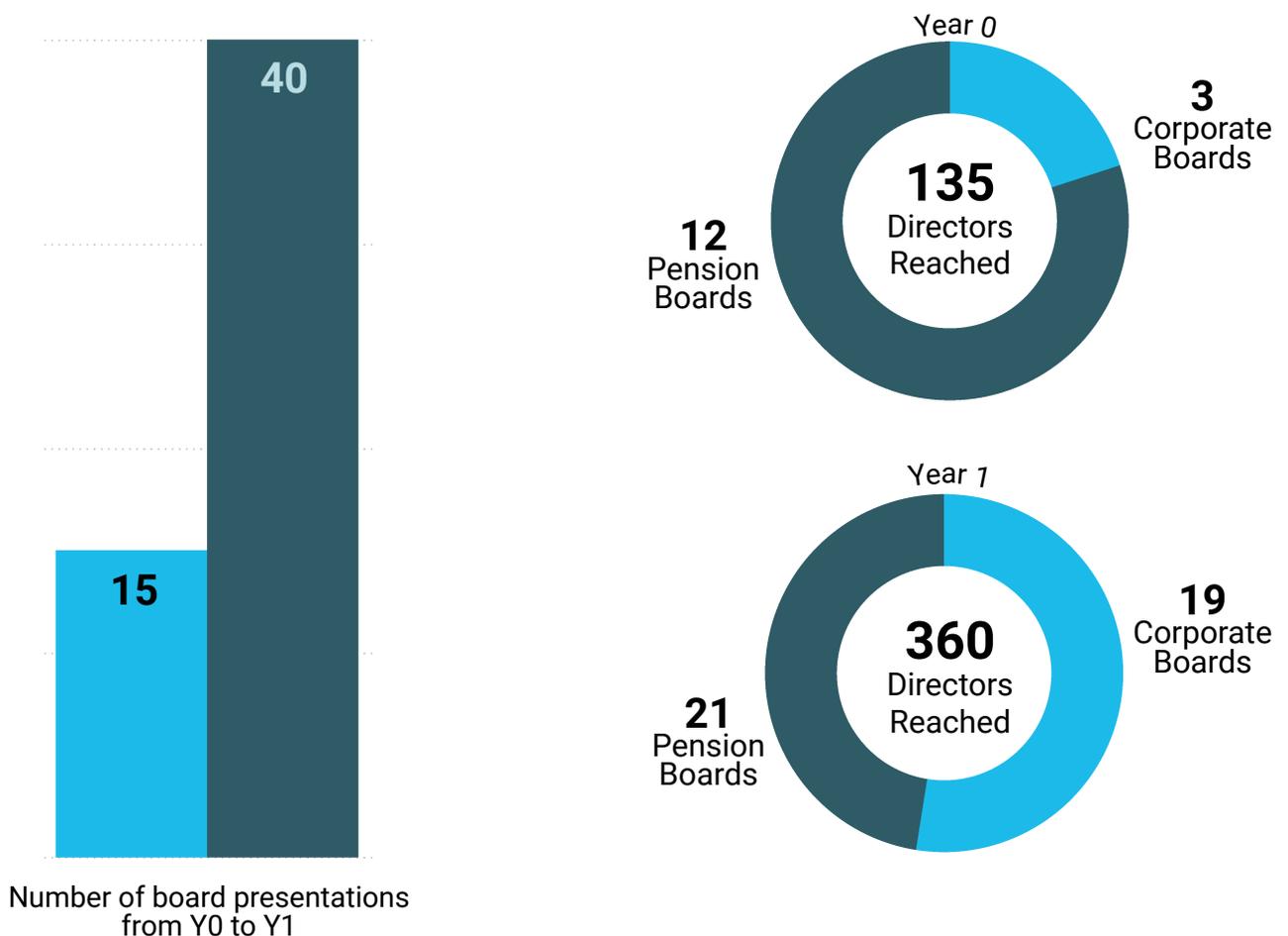
Our Climate Governance Experts

We collaborate with 66 Climate Governance Experts who are some of Canada's leading lawyers, accountants, economists, capital market experts, company executives, and experts in sustainable finance and governance. They help us conduct rigorous research on directors' duties and fiduciary obligations and develop our board education materials. Our Climate Governance Experts support us in shaping our policy work.



Our Board Presentations

Through our Canadian Climate Governance Experts program, we offer free of charge, private and confidential presentations to board of directors, pension trustees and other fiduciaries, sharing insights on the latest developments in sustainable finance, climate disclosure, and corporate governance. We tailor our presentations based on the company's needs and meet with senior executives to discuss issues particular to their boards to enhance the conversation about effective climate governance.

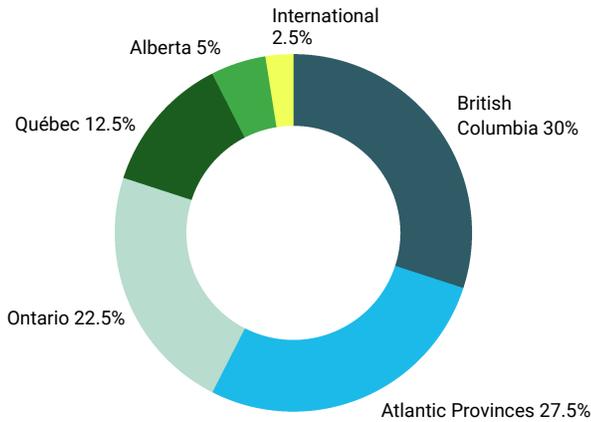


*Y0 is from June 2019 to May 2020 and Y1 is from June 2020 to May 2021.

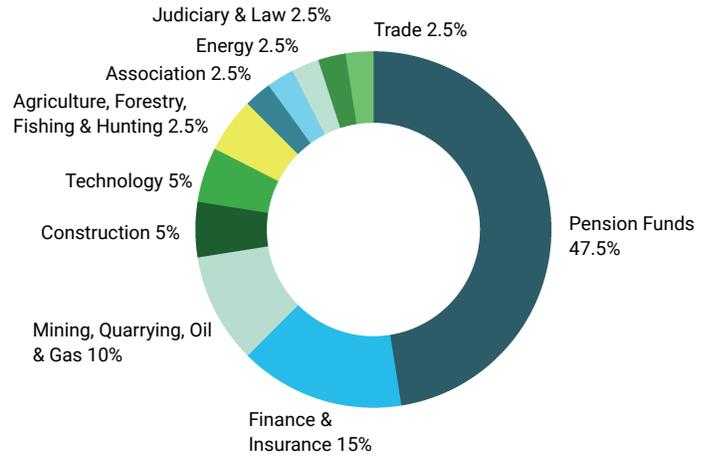


The Breakdown - Year 1

By Province



By Sector



Success Story

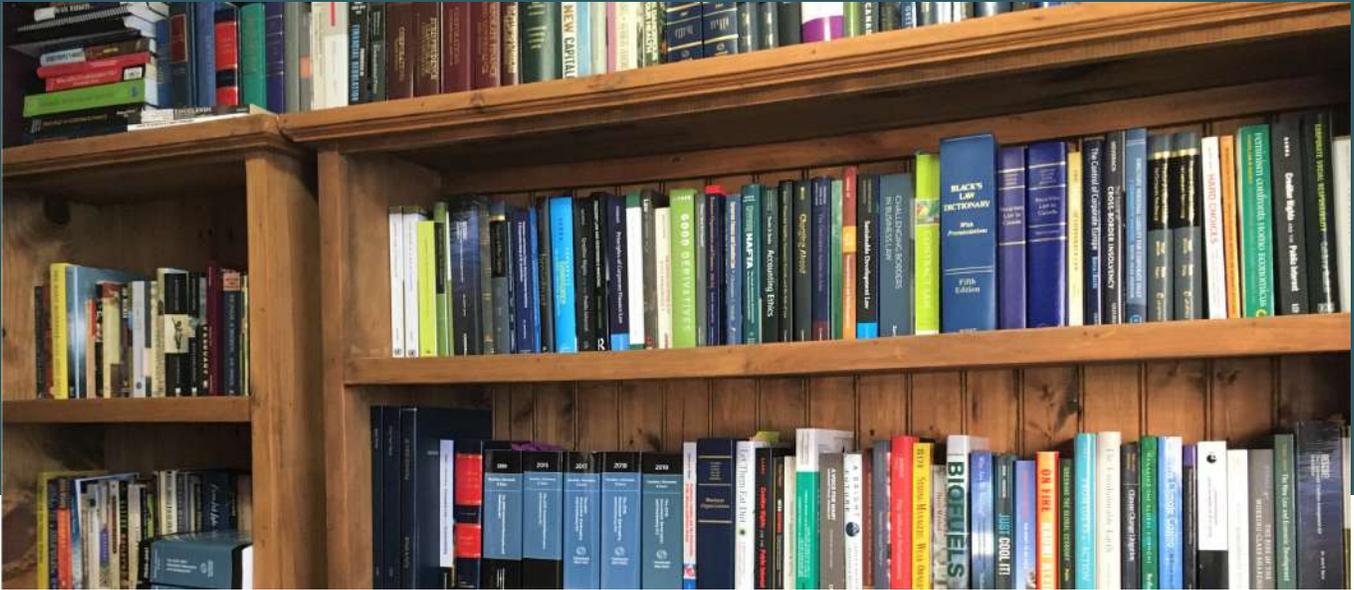
A portfolio management firm approached us to deliver a CCLI presentation to their board. They admitted that they were, until recently, quite skeptical about climate-related issues.

We worked with the senior executives to identify the most appropriate Expert from our list, who the board felt confident to invite in to 'change their mind'.

The firm reached out to their investee companies asking companies to book a CCLI presentation with us, and report back to them on outcomes.



Our Publications



Building on the growing global scientific and policy literature on climate action, we have gained a reputation as the go-to resource in Canada for information about directors' duties and oversight and management of climate-related financial risk, including climate risk disclosure. Our robust knowledge generation is built on the foundation of credible, timely, and accurate legal research and analysis led by CCLI's Principal Co-Investigators, Dr. Janis Sarra, Dr. Carol Liao and Professor Cynthia Williams. We published eight reports, commissioned two prominent legal opinions and developed six executive education courses on climate governance.

Our publications are widely cited in business documents, including a publication from the Climate Disclosure Standards Board, a certificate from the Global Association of Risk Professionals, and a publication from Peter Dey and Sarah Kaplan, Rotman School of Management. CPA Canada is also using our audit committee guide to create a series of web-based tools for their membership.

We also developed a Knowledge Hub on climate governance for Canadian directors, trustees, and policymakers. Our Knowledge Hub is Canada's one-stop-shop for everything related to the governance of climate-related risks and opportunities, sustainable investment, corporate law, and ESG (environment, social, and governance).

All our publications are available to the public on our Knowledge Hub because we believe knowledge-sharing is key to helping directors and trustees understand their duties and fiduciary obligations to consider, manage, and disclose climate risks and opportunities.



Putting Climate Change Risk on the Boardroom Table

We launched the Hansell legal opinion, which clarifies the role of corporate boards with respect to climate change. Ms. Hansell's ground-breaking opinion, given to CCLI, is the first in-depth legal analysis by a senior Canadian lawyer that shed light on the directors' obligations to consider the implications of climate change risks which are grounded in the duties they owe to the corporation they serve.

The opinion received widespread recognition by targeted media and the law community, including the Canadian Corporate Counsel Association, the Canadian Bar Association, and Canadian Lawyer Magazine.

In her analysis, she states unequivocally that corporate directors have a duty to assess the degree to which climate change will impact a company over the long-term, not just its short-term profits or business plans. They must also ensure that, where risks and opportunities are material to the firm's business, management must come up with strategies to address them.

Corporate Knights, 26 June 2020



Carol Hansell is the Senior Partner of Hansell LLP. Over her more than 25 years in practice, she has led major transactions for public and private corporations and governments. She now leads an independent firm dedicated to advising boards, management teams, institutional shareholders and regulators in connection with legal and governance challenges.

Carol currently serves on the boards of Life Storage, Inc., Munich Reinsurance Company of Canada and the American College of Governance Counsel. She chairs the Nominations Committee for the International Corporate Governance Committee as well as the Business Law Modernization and Burden Reduction Council. She is a Fellow of the Institute of Corporate Directors and the American College of Governance Counsel.



Spotlight on the Opinion

We hosted two webinars to launch this game-changing legal opinion. Catherine McCall, Executive Director at the Canadian Coalition for Good Governance, participated in the first event to discuss the opinion with our Climate Governance Experts. Gigi Dawe, Director of Corporate Oversight and Governance at CPA Canada, hosted a public event where she discussed the legal opinion with Ms. Hansell.

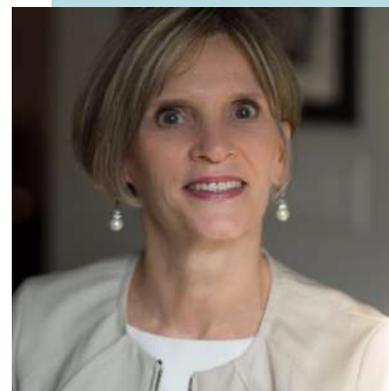


Catherine McCall
CCLI Advisory Member and Climate Governance Expert

As institutional investors increasingly seek to understand how material climate change risks and opportunities impact their investments and inform investment decisions, this opinion provides a welcome clarification of the role of corporate boards in addressing climate change and will serve as a key resource for investors underpinning this essential work.

Gigi Dawe
CCLI Advrsory Member

Directors know banks, investors, regulators and other stakeholders are demanding boards consider climate change as part of their operational oversight.



Carol Hansell
Author of the Legal Opinion

Making room in the board agenda for regular reports from management on climate change risk is an important part of the board's oversight of risk, but also sends a clear message to management that climate change risk is a priority.



The emergence of foreseeable biodiversity-related liability risks for financial institutions: A gathering storm?

Financial supervisors and their regulated entities are under increasing pressure to consider the financial risks associated with the loss of biodiversity and ecosystem services at both a macro- and micro-economic level. Recent economic literature identifies liability as a key category of foreseeable financial risk associated with biodiversity loss. However, it does not provide further guidance on the nature and extent of litigation and legal risks that should be considered in determining the potential materiality of relevant risks for a given financial actor or system.

Co-authored by Sarah Barker, Ellie Mulholland, and Temitope Onifade, this report complements and extends the economic literature by proposing a framework by which biodiversity-related liability risks should be considered by financial sector supervisors and participants in their broader assessment of biodiversity-related financial risks. It also takes a forward-facing view of potential liability exposures. It recognises that biodiversity-related liability exposure is not limited to prevailing categories of 'environmental' law claims. Rather, it draws analogies from legal developments on other dynamic risk issues such as climate change to propose an extended framework of potential exposures under environmental, commercial, tort and other laws.

The emergence of foreseeable biodiversity-related liability risks for financial institutions

A gathering storm?

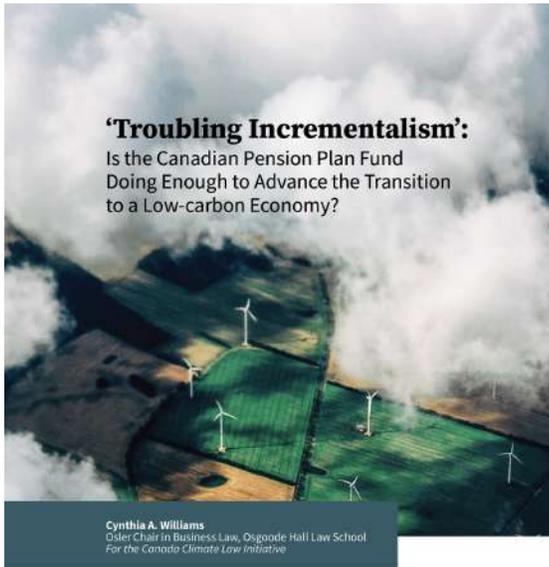
Commonwealth Climate and Law Initiative
Sarah Barker, Ellie Mulholland and Temitope Onifade
AUGUST 2020

Temitope Onifade *Affiliated Research Scholar*

The framework provides a holistic perspective on the spectrum of biodiversity-related liability risks that should be considered as part of a broader analysis of related financial risk exposures.



‘Troubling Incrementalism’: Is the Canadian Pension Plan Fund Doing Enough to Advance the Transition to a Low-carbon Economy?



In this analysis, Professor Cynthia Williams reveals a ‘troubling incrementalism’ in the public plan’s efforts to manage climate-related risks, leaving Canadians’ pension investments exposed to material financial risks. The study reports that the Canada Pension Plan Investment Board (CPPIB) is heavily invested in six high-carbon, billion-dollar investments, both in Canadian oilsands and in hydraulic fracturing in the United States.

We published this report to urge CPPIB to take seriously its power to contribute to the future into which Canadians will retire. The webinar raised awareness on this issue and allowed Canadians to engage on this topic.



Should CPP Investments be making investments that are supporting the Canadian economy as it is now, resource dependent and inconsistent with the low-carbon economy that is needed, with all the financial risks that approach entails?” she wrote in a paper published by the Canada Climate Law Initiative in September.

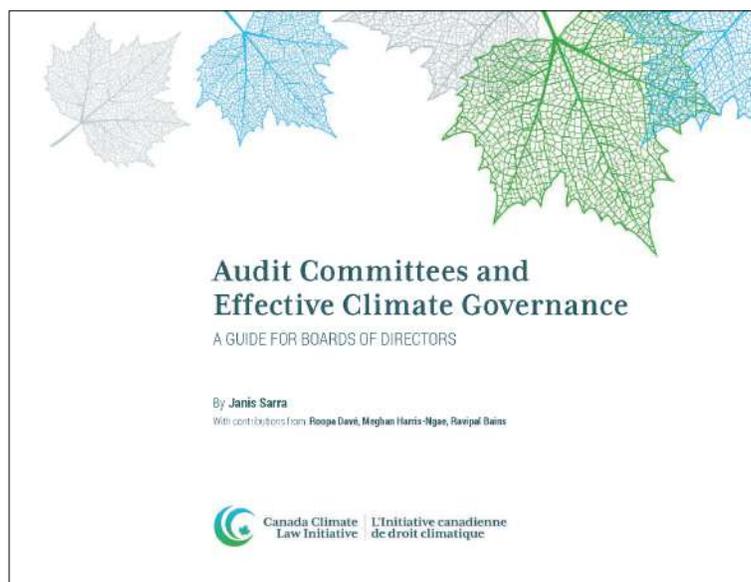
Financial Post, 23 October 2020



Audit Committees and Effective Climate Governance, A Guide for Boards of Directors

Audit committees are commonly delegated responsibility to undertake detailed scrutiny and oversight of financial reporting processes with a key role in determining how the company's strategies and financial results are communicated to investors, regulators, and other stakeholders. Given the growing direct and indirect financial impacts of climate change, boards of directors have a duty to adopt a climate action strategy to tackle what Canadian courts have called "an existential threat to human civilization and the global ecosystem".

Authored by Dr. Janis Sarra, with contributing authors Meghan Harris-Ngae, Ernst & Young, Roopa Davé, KPMG, and Ravipal Bains, McMillan LLP, this guide draws together current legal and best practice guidance for audit committees, to assist them in taking a leadership role in effective climate governance. The guide can also be used by the board, its risk committee or any other committees that the board has assigned oversight to, always understanding that it is the board of directors that is ultimately responsible for oversight and management of climate change in the best interests of the company. External auditors are increasingly integrating climate issues into external audits, and it is only a matter of time before they will raise climate issues as a 'key audit matter' for some entities, so the audit committee must be prepared. The guide offers a series of questions that the audit committee can ask, in terms of assuring itself that financial reporting accurately reflects the company's governance, strategic plan, risk management, and metrics and targets relating to climate change.



The guide, "Audit Committees and Effective Climate Governance, A Guide for Boards of Directors", aims at helping companies disclose climate-related financial risks and opportunities demanded by investors and Canadian securities regulators.

Pension & Investments,
1 December 2020



Spotlight on the Guide

To launch our guide, we partnered with Finance Montréal and CPA Canada to co-host two events to discuss the essential role of audit committees in disclosing climate-related risks and opportunities. The panelists shared their experience as well as the legal, governance, and accounting perspective of the role of the audit committee.

These two events marked the start of the 2021 year at CCLI and we were delighted to host our first webinar in French with renowned experts.

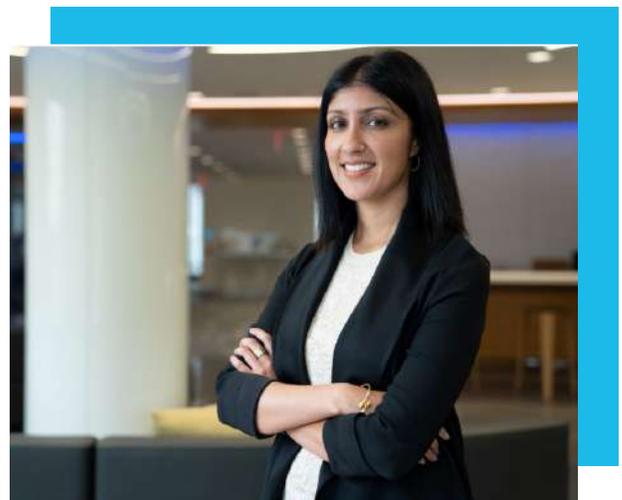


Emmanuelle Létourneau
CCLI Climate Governance Expert

It's the directors' fiduciary duty to act in the best interests of the company and take into account climate risk. Directors need to determine the impact of climate change on the company in the long term.

Roopa Davé
Contributing author of the Guide and CCLI Climate Governance Expert

Having an external eye, whether it'd be the audit committee or external expertise, to review the data to bring some level of comfort for the board that what is being reported is complete, accurate, and consistent with peers. We have seen that having an external eye and auditors improves the disclosures.



Duty to Protect: Corporate Directors and Climate-Related Financial Risk

Dr. Janis Sarra published an e-brief in which she recommends that Canada clarify and adopt mandatory uniform reporting on climate metrics and finance, so that corporate officers and directors can offer investors information that is transparent, comparable year over year, and comparable between companies in a sector.

Dr. Sarra advocates that governments provide more clarity through regulatory reform to further support directors in the transition to a low-carbon economy.

The C.D. Howe Institute hosted an event called The Math of Climate Change: Quantifying Climate-related Risk Disclosures with Dr. Janis Sarra. She discussed her e-brief and managing climate-related risks, improving reporting standards, and what Canadian organizations should be watching as standard setters advance their policies.

The author was joined by Ben Gully, Assistant Superintendent, Regulation Sector, Office of the Superintendent of Financial Institutions (OSFI), and by Alison Schneider, Vice-President, Responsible Investment, Alberta Investment Management Corporation. Ms. Schneider is also a Canadian Climate Governance Expert.



By definition, the sound management of climate-related risks fits clearly within OSFI's objectives. As a result, we are taking a number of actions to look more deeply at the prudential impact of climate change in terms of physical, liability and transition risks.

Assistant Superintendent Ben Gully,
Office of the Superintendent of Financial Institutions
28 January 2021



Directors' Duties Regarding Climate Change in Japan

In collaboration with our global partner, the Commonwealth Climate and Law Initiative, we published a report called *Directors' Duties Regarding Climate Change in Japan*.

Japanese regulatory bodies, including the Bank of Japan, have widely recognized that climate change is a material issue affecting the sustainability of almost all companies. In December 2020, Japan's financial watchdog, the Financial Services Agency (FSA), established its Expert Panel on Sustainable Finance to discuss possible issues and policy approach related to the challenges associated with achieving carbon neutrality by 2050. The government has mandated the FSA to push banks and companies to accelerate decarbonization. Corporate directors therefore need to recognize their obligation to address climate-related risks and opportunities.

Authored by Dr. Yoshihiro Yamada, Vice Dean of College of Law at the Ritsumeikan University, Dr. Janis Sarra, Professor of Law at the University of British Columbia, and Dr. Masafumi Nakahigashi, Vice-President at Nagoya University, the report outlines the three primary duties of directors of Japanese companies: duty of loyalty; duty to be compliant with all laws, regulations, and ordinances, and the company articles; and the duty of care. These duties to the corporation ground the obligation of corporate directors and officers to act in their company's best interests by developing a plan to tackle climate change. The report also highlights how directors and their companies are impacted if they fail to fulfill these obligations.



COMMONWEALTH
Climate and Law Initiative

**Directors' Duties
Regarding Climate
Change in Japan**

February 2021

by
Dr. Yoshihiro Yamada
Dr. Janis Sarra
Dr. Masafumi
Nakahigashi

Company directors in Japan are legally required to provide adequate management of climate risks and seek out green business opportunities, according to a new report by the Commonwealth Climate and Law Initiative (CCLI).

Responsible Investor, 24 February 2021



Spotlight on the Report

We were very pleased to collaborate with the Japan Climate Leaders' Partnership (JCLP) to co-host this bilingual event. It was our first collaboration with Japanese partners and we were honoured to start this important conversation with esteemed Japanese scholars and experts.

Mr. Yusuke Matsuo, Director of Business Task Force, Institute for Global Strategies, Chair of the event, was joined by panelists Mr. Satoshi Ikeda, Chief Sustainable Finance Officer, Financial Services Agency of Japan, and Mr. Masami Hasegawa, Director, Environment & Energy Bureau, KEIDANREN.



Dr. Masafumi Nakahigashi
Co-author of the Report

The report sets out the direction that by incorporating climate change issues into the company's articles of incorporation, it will be an obligation of directors to comply with the law and the articles of incorporation.

Dr. Yoshihiro Yamada
Co-author of the Report

It's part of the duties of directors to establish a risk management system for climate change and to seize opportunities to develop businesses that respond to climate change.



Dr. Janis Sarra
Co-author of the Report

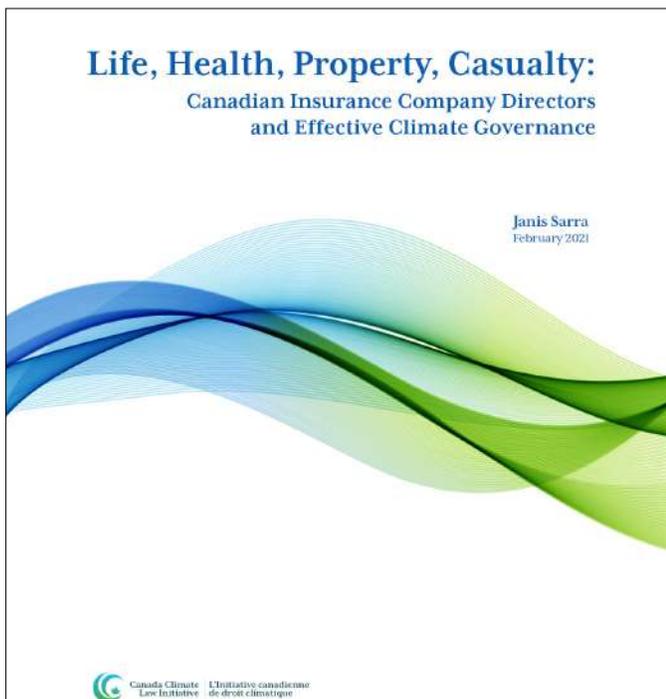
Our report will serve as a guide to directors to take action to implement effective governance, risk management, and strategic business plans that will effectively navigate climate change risks and help companies benefit from the many opportunities.



Life, Health, Property, Casualty: Canadian Insurance Directors and Effective Climate Governance

Written by Dr. Janis Sarra, with input from insurance sector experts from across Canada, *Life, Health, Property, Casualty: Canadian Insurance Company Directors and Effective Climate Governance* offers a detailed analysis of the risks to insurance companies from increasing severity and frequency of climate-related events.

This guide discusses what directors in the Canadian insurance sector should be considering as they engage with climate-related risks and opportunities and develop strategic plans to address climate change. It offers an overview of the risks that insurers face due to climate change on both the liability and asset sides of the balance sheet, separated into a discussion of the different types of risks for P&C, non-life, and life and health insurers. It sets out the legal duties of directors of insurers in terms of their obligations to engage in effective oversight and disclosure of material climate-related financial risks. It offers insights into best practices in climate governance, including offering guidance as to how directors of insurance companies can begin to implement effective governance, strategies, risk management, and targets and metrics, aligned with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. The board should develop an action plan to decarbonize, setting clear goals that can be immediately acted on and that will have measurable results over the next five years.



The guide says an insurer's overall risk framework and mitigation mechanisms should be reviewed to incorporate climate change, and directors should ensure that management is assessing climate-related risks and opportunities across all product lines, services and operations. Risk reports, actuarial reports, financial statements, compliance reports and investment policies should be adapted to recognize, assess and disclose long-term climate-related risks.

The Lawyer's Daily, 8 April 2021



Haida Law of Gina ‘Waadluxan Gud Ad Kwaagiida and Indigenous Rights in Conservation Finance

Terri-Lynn Williams-Davidson, CCLI Affiliated Research Scholar and lawyer, White Raven Law Corporation, and Dr. Janis Sarra, published a report titled Haida Law of Gina ‘Waadluxan Gud Ad Kwaagiida and Indigenous Rights in Conservation Finance. The report highlights three significant examples of Indigenous partnership in conservation finance. In sharing the successes of co-management of landscapes and marine spaces and protection of biodiversity, the report draws on Indigenous laws and rights to conclude with several recommendations to underpin partnerships in conservation finance going forward.

Globally, we are facing an existential threat to biodiversity from human activities that have intruded into terrestrial, aquatic, and aerial ecosystems, exacerbating global warming. One strategy to protect and enhance biodiversity is conservation finance, which is an emerging set of tools to develop public-private partnerships that create environmentally sustainable financial products and investment strategies that can generate returns for investors while safeguarding ecosystems and offering co-benefits to people and the planet. Conserving biodiversity can be informed by the Haida law of gina ‘waadluxan gud ad kwaagiida, which translates as ‘interconnectedness’, recognizing that everything depends on everything else.

Haida law of *gina ‘waadluxan gud ad kwaagiida* and Indigenous rights in conservation finance

Terri-Lynn Williams-Davidson and Janis Sarra | March 2021



aking adang, Robert Davidson, 2018, Painting on canvas, 30" x 60"

Terri-Lynn Williams-Davidson *Gid7ahl Gudsllaay Lalaxaaygans*

In the Haida world view, the natural, human, and supernatural worlds are deeply interconnected and proper management considers all of these realms; in this respect, it is essential for companies and investors to consider the impacts of their activities on Indigenous Peoples, laws, and rights.



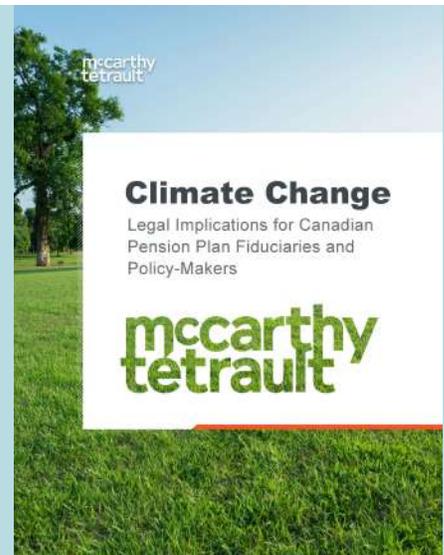
Climate Change: Legal Implications for Canadian Pension Plan Fiduciaries and Policy-Makers

We launched a legal opinion from one of Canada's most respected pension lawyers, Randy Bauslaugh of McCarthy Tétrault LLP, on the legal implications for Canadian pension plan fiduciaries and policy-makers with respect to climate change. In his opinion, Mr. Bauslaugh concludes that pension fund trustees have obligations to consider climate change as part of their fiduciary duty. Pension fund fiduciaries who fail to consider or manage climate-related financial risks and opportunities, may find themselves personally liable for economic, reputational or organizational loss resulting from that failure.

Randy Bauslaugh, co-Chair of McCarthy Tétrault's Pension Funds Group, on Wednesday said in a new paper that pensions have a legal responsibility to take into account the risks of climate change.

"Pension fund fiduciaries who fail to consider or manage climate-related financial risks and opportunities, may find themselves personally liable for economic, reputational or organizational loss resulting from that failure," he wrote.

Reuters, 26 May 2021



Randy Bauslaugh is co-Chair of McCarthy Tétrault's national Pensions, Benefits & Executive Compensation practice, and co-Chair of its 45-lawyer national Pension Funds Group. Randy has been involved in many of the leading pension and benefit cases over the past 35 years.

As a professional trustee of one of Canada's largest ELHTs and as a corporate director, he understands the need for diligent, practical and comprehensible legal advice when advising or representing decision makers and in-house counsel. He is a member of the Pension Policy Council of the C.D. Howe Institute, the editorial advisory board of Benefits and Pensions Monitor and a former Chair of the International Pension and Employee Benefits Lawyers Association.



Spotlight on the Opinion

We hosted a webinar to launch the legal opinion, the first one in Canada to analyze the legal implications of pension funds with respect to climate change. Randy Bauslaugh was interviewed by Catherine McCall, Executive Director at the Canadian Coalition for Good Governance whose members have approximately \$5 trillion in assets under management.



Randy Bauslaugh
Author of the Legal Opinion

The legal opinions and recommendations do not arise from any ethical, moral, environmental, cultural or social desire to address climate change, or to save the planet. They arise out of a basic application of fiduciary obligation imposed by minimum pension standards legislation, the common law and civil law, to widely accepted evidence of the economic consequences of climate change.

Professor Cynthia Williams
Principal Co-Investigator at CCLI

There are so many developments in the climate governance space, including the recent executive order from the White House on climate risks across financial institutions and insurance companies in the U.S. These developments can impact pension fund trustees and it is important that pension trustees understand their fiduciary obligations.



Following the Footpath to Mandatory TCFD Disclosure in the United Kingdom: Lessons for Canadian and Other Regulators

Regulators in Canada and elsewhere are considering regulatory changes to accelerate the transition towards net-zero carbon emissions. Part of that consideration is whether to adopt the Taskforce on Climate-related Financial Disclosures (TCFD) four pillar framework of governance, strategy, risk management, and metrics and targets.

We can learn from regulators that have already adopted measures, in particular, the recent activities of the United Kingdom (UK) Government. The UK Government is committed to mandatory climate-related TCFD-aligned disclosures across the UK economy over a five-year period, including: listed commercial companies, UK-registered companies, banks and building societies, insurance companies, asset managers, and Financial Conduct Authority (FCA)-regulated pension schemes.

This briefing note, current to May 2021, highlights the policy rationales for moving to mandatory TCFD-aligned disclosure, sets out the paths the UK Government is taking to make disclosure mandatory across the economy, and raises important considerations for regulators in Canada and elsewhere.



The Right Honorable Rishi Sunak *Chancellor of the Exchequer, United Kingdom, November 2020*

The UK will become the first country in the world to make Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures fully mandatory across the economy by 2025, going beyond the 'comply or explain' approach.

Developing Executive Education Programs

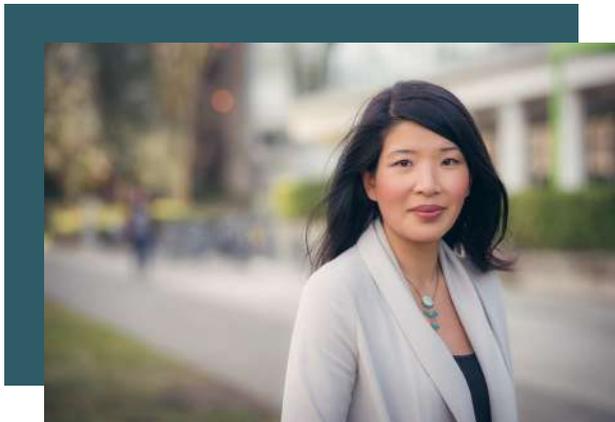
Along with our publications, we also developed six executive programs for directors and trustees. Among the organizations that have integrated our board education materials into their executive education programs include the Osgoode Hall Law School, UBC Sauder School of Business, and UBC Peter A. Allard School of Law.

Dr. Carol Liao, CCLI Principal Co-Investigator, Associate Professor, and Director of the Centre for Business Law at Peter A. Allard School of Law, was one of the program advisors of the new executive learning program in Mining Law and Sustainability from Allard School of Law.



The program is particularly distinctive in Canada because of its focus on sustainability and Indigenous issues. It provides mining industry and other professionals the literacy and knowledge of legal and regulatory instruments that govern sustainable practices of mines throughout a mine's lifecycle.

We believe knowledge-sharing is key to help directors and trustees understand their duties and fiduciary obligations.



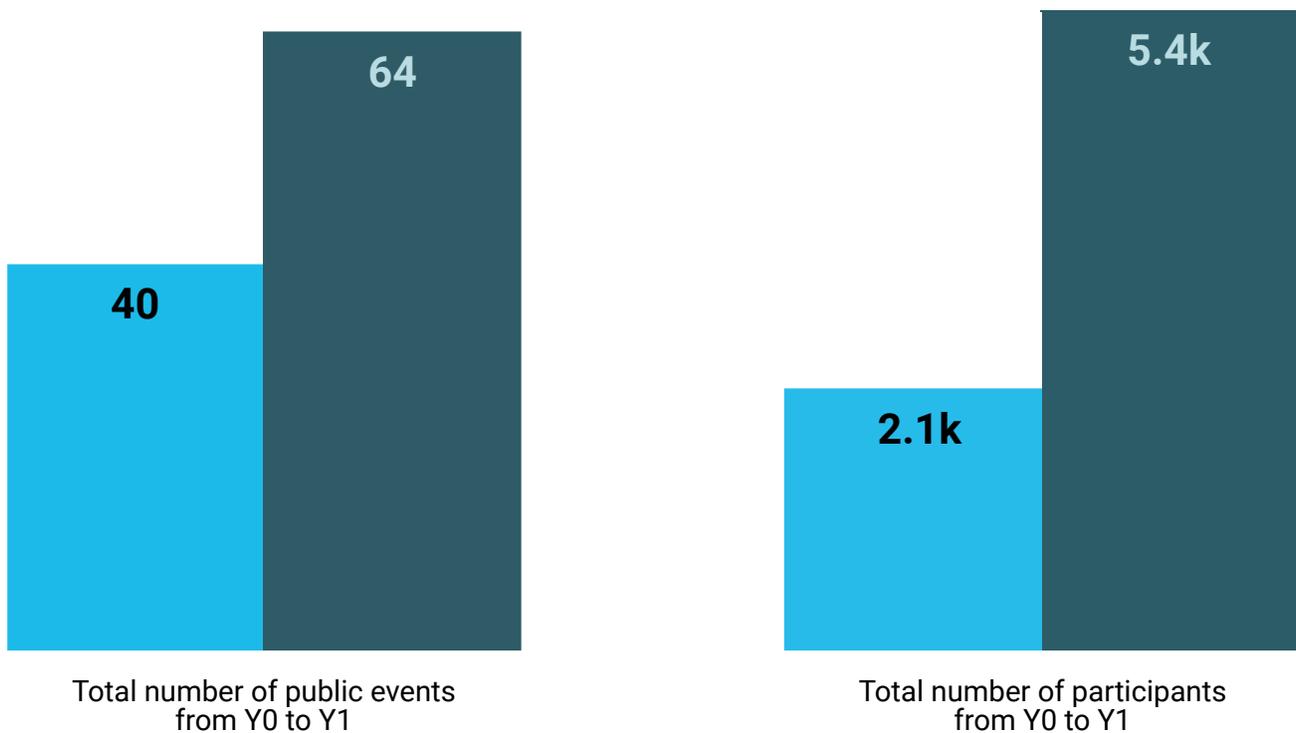
Dr. Carol Liao
Program Advisor

Sustainability is the next big business megatrend that is forcing companies to adapt under our climate emergency. Companies must uphold Indigenous rights, respect the environment, and help ensure a sustainable future for us all.



Our Events and Presentations at a Glance

In June 2020, we received funding from five foundations, which has allowed us to scale up our activities, including offering more services like public events to enhance the comprehension of directors' duties and fiduciary obligations with respect to climate change. We were able to host our own events, and contribute to events organized by other organizations. We were also able to increase the promotion of our public events and grow our community.



*Y0 is from June 2019 to May 2020 and Y1 is from June 2020 to May 2021.

I thought the webinar was great and I will share it widely. I look forward to more.

Catherine McCreary, Director at BC Council of Administrative Tribunals (BCCAT)



The Breakdown - Year 1



- A Transition Financing Taxonomy for Canada- Insights from the Global Climate Bond Initiative
- Post-Pandemic Opportunities for a Sustainable Society
- Audit Committees and Climate-related Financial Risk: Do you know your role as an audit committee member?
- Conservation Finance and Effective Governance
- North-South, Arts, Business, and Governance
- Guider les conseils d'administration pour mieux soutenir les comités d'audit dans leur rôle pour une gouvernance climatique efficace
- Helping audit committees navigate the changing climate governance landscape
- Connecting Canada's Climate Policy Network
- The imperative for decision-useful corporate climate disclosures



Spotlight on an Event

6 Months to COP26: Celebrating 26 Climate Champions

With the British High Commission, we announced 26 ‘Canadian Climate Champions’ to mark six months to UK hosted COP26 Climate Change Conference due to take place in Glasgow. The 26 Canadian Climate Champions identified are working in many different sectors and industries across the country, coming from many different generations and lived experiences, all with a common goal to lower carbon emissions and drive forward a clean energy future. They offer a snapshot of the growing number of Canadians, and people around the world, working to help protect our planet.

**6 MONTHS TO COP26:
CELEBRATING 26 CLIMATE CHAMPIONS**

Join us for a virtual event to hear how the UK and Canada are working together to address climate change as we unveil 26 Climate Champions in Canada

Including a keynote address from
The Hon. Catherine McKenna, Minister of Infrastructure and Communities and
Susan Le Jeune d'Allegreshecque, British High Commissioner to Canada

Tuesday 04 May
12:00 - 13:00 EDT | 09:00 - 10:00 PDT

NICOLE DAVIDSON
Consul-General, British High Commission in Canada
Welcoming note

THE HONORABLE CATHERINE McKENNA
Minister of Infrastructure and Communities,
Government of Canada

**6 MONTHS TO COP26:
CELEBRATING 26 CLIMATE CHAMPIONS**

“ Meeting the challenge of anthropogenic climate change must transcend political partisanship and economic barriers and we have very little time. ”

DAVID SUZUKI
Co-Founder, David Suzuki Foundation
Host, The Nature of Things, CBC

DAVID SUZUKI
Co-Founder, David Suzuki Foundation
Climate Champion Speaker

**6 MONTHS TO COP26:
CELEBRATING 26 CLIMATE CHAMPIONS**

“ My vision of a net-zero world is one where Canada respects and upholds the sovereignty and knowledge of Indigenous peoples. Implementing a Just Transition and committing to UNDRIP are essential to a net-zero pathway. Prioritizing Indigenous communities who bear the brunt of environmental contamination in their homelands is critical. A net-zero future means we no longer have sacrifice zones or sacrificed communities. It is with these justice tenets in mind that I accept this nomination. ”

MELINA LABOUCAN-MASSIMO
Founder, Sacred Earth Solar
Just Transition Director, Indigenous Climate Action

MELINA LABOUCAN-MASSIMO
Founder, Sacred Earth Solar
Climate Champion Speaker



Our Policy Hub

Engaging with Policymakers to Curb Climate Change and its Impacts



Canadian regulators and other institutions are actively working with various partners to better understand the implications of climate change for the economy and the financial system. For example, Tiff Macklem, Bank of Canada Governor, launched the pilot project on climate risk scenarios with the Office of the Superintendent of Financial Institutions (OSFI) in November 2020.

With our national network of Climate Governance Experts and Affiliated Research Scholars, we make informed policy recommendations to support regulators and other institutions to create structural changes. Our in-depth research and ongoing consultations with our Experts and Scholars allow us to make policy recommendations at the provincial and federal levels that will benefit Canadians.



Developing Policy Recommendations

In September 2020, we held three roundtables with CCLI Climate Governance Experts in partnership with the Peter Wall Institute for Advanced Studies to develop policy recommendations. We also held two meetings focused on the British Columbia context and one focused on the Alberta context.

These meetings helped us refine our 22 policy recommendations to serve our various policy efforts at the federal and provincial levels.



3
Roundtables with
national and
international Climate
Governance Experts

Working Group
Meetings

2 British Columbia

1 Alberta

In November 2020, we submitted a letter to the Honourable John Horgan, Premier of British Columbia, and a letter to the Honourable Scott Moe, Premier of Saskatchewan, to offer five recommendations to help mobilize key provincial ministries and crown corporations in pursuit of net-zero emissions and help both provinces rapidly transition to a sustainable economy.

We received two letters of support for our letter to Premier Horgan; one from Morningstar Financial Research, and one from Shareholder Association of Research & Education (SHARE) on behalf of a group of institutional investors with \$55 billion in assets. Following our letter of recommendations, Dr. Janis Sarra met with Jeremy Hewitt, Assistant Deputy Minister, Climate Action Secretariat.



Participating in Public

From June 2020 to May 2021, we participated in three consultations; one with the Office of the Superintendent of Financial Institutions (OSFI), one with the Innovation, Science, and Economic Development Canada (ISED), and one with the Financial Sector Policy Branch, Department of Finance Canada. All our submissions can be found on our website under Policy Recommendations.



We support OSFI efforts to embed climate-related financial risk in its prudential oversight of federally-regulated financial institutions (FRFI) and federally-regulated pension plans (FRPP). We proposed four recommendations that are within OSFI's legislative mandate and will enhance public confidence in Canada's financial system.



We support ISED efforts to bring transparency and more effective governance to federally-regulated companies. We proposed specific recommendations and commented on the draft regulations for amendments to the Canada Business Corporations Act (CBCA), aimed at encouraging corporate directors to take a comprehensive approach to oversight of the long-term interests of the corporation.



In January 2021, we submitted policy recommendations to the Financial Sector Policy Branch, Department of Finance Canada as part of its public consultation on Strengthening Canadian's Retirement Security – Proposals to Support the Sustainability of and Strengthen the Framework for Federally Regulated Private Pension Plans.



Supporting the Federal Government Efforts to Achieve Net-Zero Greenhouse Gas Emissions by 2050



The House of Commons of Canada introduced the Bill C-12 in November 2020. The proposed Canadian Net-Zero Emissions Accountability Act, which if enacted, will set a strong pathway for Canada to reduce its greenhouse gas emissions by legally binding the government to achieve net-zero emissions by 2050.

In response to the Bill C-12, we published a press release titled Canada’s net-zero roadmap is an important alignment with the investment community’s thoughts: We need better reporting, disclosure and accountability to achieve our low carbon economy objective.

This legislation aligns government action with what the investment community has already publicly stated: we need better data and more quality disclosures in order to better understand the material environmental, social, and governance risks and opportunities to companies and investors, including those risks and opportunities from climate change. Only then, companies and investors will be able to take meaningful actions.



Collaborating with the United States to improve reporting and disclosure of climate risks

En February 2021, Prime Minister Justin Trudeau met with President Joe Biden during a bilateral meeting. CCLI welcomed the commitment of the two leaders for Canadian and American public and private financial institutions to work together to advance the adoption of climate-related financial risk disclosure, including the achievement of a net-zero emissions economy.

The bilateral announcement reinforces CCLI's view that disclosure of climate-related financial risk is a necessary and urgent imperative for Canadian businesses to remain competitive, and to continue to attract capital as global investor sentiments and regulatory regimes shift towards a net-zero economy.



Our Principal Co-Investigators are working closely with U.S. organizations to support policy changes on climate disclosure and governance that will align both countries' regulatory frameworks.





Canada Climate
Law Initiative

L'Initiative canadienne
de droit climatique

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