

Legislative  
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of Ontario



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# Bill 294

## **An Act to amend the Securities Act with respect to the disclosure of climate-related risks**

### **Co-sponsors:**

Ms J. Bell

Mr. I. Arthur

### **Private Members' Bill**

1st Reading      May 17, 2021

2nd Reading

3rd Reading

Royal Assent



#### EXPLANATORY NOTE

The Bill amends the *Securities Act* to require issuers and reporting issuers to conduct climate-related risk assessments in order to identify material facts and material changes for the purposes of the Act. A climate-related risk assessment involves an analysis of the risks stemming from the impact of climate change, as they relate to the issuer or reporting issuer, in the context of various scenarios.

**An Act to amend the Securities Act  
with respect to the disclosure of climate-related risks**

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

**1 (1) Subsection 1 (1) of the *Securities Act* is amended by adding the following definition:**

“climate-related risk assessment” means a risk assessment conducted in accordance with section 51.1; (“évaluation des risques liés au climat”)

**(2) Clause (a) of the definition of “material change” in subsection 1 (1) of the Act is amended by striking out “or” at the end of subclause (i) and by adding the following subclause:**

- (i.1) the identification, through a climate-related risk assessment, of new or increased risks that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or

**(3) Clause (b) of the definition of “material change” in subsection 1 (1) of the Act is amended by striking out “or” at the end of subclause (i) and by adding the following subclause:**

- (i.1) the identification, through a climate-related risk assessment, of new or increased risks that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or

**2 The Act is amended by adding the following Part:**

**PART XIV.1  
CLIMATE-RELATED RISK ASSESSMENTS**

**Climate-related risk assessment**

**51.1** (1) In order to identify material facts and material changes, an issuer or a reporting issuer, as the case may be, shall conduct an assessment of the climate-related risks referred to in subsection (3), as they relate to the issuer or the reporting issuer, in each of the scenarios described in subsection (4).

**Timing of assessment**

(2) An issuer or a reporting issuer, as the case may be, shall complete an assessment before preparing a prospectus, or a short form prospectus referred to in subsection 63 (1), and shall update the assessment annually.

**Climate-related risks**

(3) The following are climate-related risks for the purposes of this section:

1. Risks stemming from the physical impacts of climate change, such as risks arising from climate and weather-related events that directly impact on physical assets or on the productivity of businesses and human labour.
2. Risks stemming from non-physical changes occurring in response to climate change, such as reasonably foreseeable changes to climate policy, technology or market sentiment which could result in the devaluation of assets.
3. Risks of potential legal liability resulting from the impacts of climate change, such as any loss incurred, due to the impacts of climate change, by a third party who may reasonably hold the issuer or reporting issuer responsible for the loss.

**Scenarios**

(4) The following are the scenarios referred to in subsection (1):

1. A scenario in which the issuer’s or reporting issuer’s operating practices and policies at the time of the assessment are to remain the same in the future.
2. A scenario that assumes that the Government of Canada will implement the measures and achieve the greenhouse gas reductions most recently communicated in accordance with the Paris Agreement adopted by Canada on December 12, 2015 in the context of the United Nations Framework Convention on Climate Change.

3. A scenario that assumes that the parties to the United Nations Framework Convention on Climate Change will meet their targets respecting reduction in greenhouse gas emissions communicated in accordance with the Paris Agreement such that the increase in the global average temperature will be limited to 1.5 degrees Celsius above pre-industrial levels.
4. A scenario that assumes that the parties to the United Nations Framework Convention on Climate Change will fall short of their targets respecting reduction in greenhouse gas emissions communicated in accordance with the Paris Agreement such that the increase in global average temperature will gradually increase to 4 degrees Celsius above pre-industrial levels.
5. Any other scenario prescribed by regulations made by the Lieutenant Governor in Council.

**Regulations, climate-related risk assessment**

- (5) The regulations may set out assumptions, data or methodologies to be used in conducting a climate-related risk assessment.

**Regulations, scenarios**

- (6) The Lieutenant Governor in Council may make regulations prescribing scenarios for the purposes of paragraph 5 of subsection (4).

**3 Subsection 56 (2) of the Act is amended by adding “a climate-related risk assessment completed within six months before the date of filing of the prospectus and by” after “accompanied by”.**

**4 Subsection 143 (1) of the Act is amended by adding the following paragraph:**

9. Governing any assumptions, data or methodologies to be used in conducting a climate-related risk assessment.

**Commencement**

**5 This Act comes into force six months after it receives Royal Assent.**

**Short title**

**6 The short title of this Act is the *Securities Amendment Act (Climate Risk Financial Disclosure), 2021*.**