

Friday September 30th, 2022

Environment and Climate Change Canada
867 Lakeshore Rd
Burlington ON L7S 1A1

Re: Comments on Options to Cap and Cut Oil and Gas Sector Greenhouse Gas Emissions to Achieve 2030 Goals and Net-Zero by 2050

Dear Minister Guilbeault,
Dear Minister Wilkinson,

We the undersigned financial institutions, representing more than CAD 841 billion in assets under management, commend the Government of Canada for taking action to reduce greenhouse gas emissions from the oil and gas industry at a pace and scale necessary to achieve Canada's 2030 and 2050 climate targets in a way that allows the industry to compete in a global economy that is transitioning to net-zero.

We agree that the relative importance to Canada's net-zero ambitions of emissions from the oil and gas industry, and the current trajectory of those emissions, warrants a comprehensive approach. Absent further oversight from the federal government, we are concerned that the current path of industry emissions will make meeting Canada's 2030 and 2050 climate goals challenging. Failure to meet our national commitments will not only add to the systemic risks of climate change – a critical risk to investor portfolios – it may also exacerbate the access to capital challenges of the oil and gas industry itself. Critically, we also believe the sector has the capability, and the innovative capacity to meet this time sensitive challenge.

Reducing emissions will help prepare the Canadian economy and the oil and gas industry for the low-carbon future, while protecting the health of the Canadian people and addressing the economy-wide risks and opportunities of climate change. As investors, we believe managing emissions is critical to increasing certainty on carbon pricing and emission pathways, which would enable more informed investment planning and capital flows while limiting risk to our portfolios.

We recognize that the mechanics of the proposed options have advantages and disadvantages, and we are supportive of implementing regulatory changes that are practical, effective at reducing emissions from the sector at the necessary pace and scale, ensure price certainty, are transparent (functionally and financially), are structured to operate in a holistic manner with other policy areas, and are implementable on a reasonable time frame while resilient over time. Importantly, the option chosen should encourage the sector to allocate the necessary capital required to meet the net-zero ambition.

Regardless of which options the federal government chooses to implement, we believe there should be a near-term focus on methane detection, measurement and management. Considerations should be given to how the final regulation can incentivise increased ambition to significantly reduce, and

even eliminate methane emissions from flaring, venting and fugitive sources. We view methane reduction regulation as a cost-effective way to quickly achieve significant emission reductions in parts of the industry that are not currently captured by other regulatory frameworks.

We encourage the Government of Canada to adopt the most practical and effective regulatory changes, in order to incentivize emission reduction innovation and implementation to further limit climate change and to reduce systemic risk in our portfolios.

Thank you for your consideration,

Æquo, Shareholder engagement services

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Beutel, Goodman & Company Ltd.

British Columbia Investment Management Corp (BCI)

Canada Post Corporation Pension Plan

Manulife Investment Management

NEI Investments

Le Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)

SHARE - Shareholder Association for Research & Education

University Pension Plan