

# Canada to Impose Mandatory Climate Disclosures on Banks and Insurers



On April 7, 2022, the federal government of Canada released its [Budget 2022](#) (Budget), which includes significant measures by the Canadian government to build its Net-Zero Economy and to fight climate change. In the Budget, the Canadian government is committed to move towards mandatory reporting of climate-related financial risks across a broad spectrum of Canadian economy, based on the Task Force on Climate-related Financial Disclosures (TCFD) framework. The new reporting requirements will be applicable to, among others, federally regulated banks and insurers, which ‘play a prominent role in shaping Canada’s economy’ ‘ as noted in the Budget.

Highlights of this initiative include:

- The Office of the Superintendent of Financial Institutions (OSFI) will consult federally regulated financial institutions on climate disclosure guidelines in 2022 and will require financial institutions to publish climate disclosures ‘aligned with the TCFD framework’ using a phased approach, starting in 2024.
- Financial institutions are expected to collect and assess information on climate risks and emissions from their clients.
- For federally regulated pension plans, the government will move forward with requirements for disclosure of

ESG considerations, including climate-related risks.

The above measures follow Canadian Prime Minister Justin Trudeau's letter to his cabinet ministers last December, which outlines the objectives to move toward mandatory climate-related financial disclosures based on the TCFD framework and require federally regulated institutions to issue climate-related financial disclosures and net-zero plans, and a wave of new regulations and proposals regarding mandatory disclosure of climate-related matters in other countries including the United States and the United Kingdom. For more information on this evolving regulatory environment, please refer to our [blog post](#) discussing the US SEC's recent proposal on climate change disclosure rules and our [blog post](#) discussing the UK government's requirements on mandatory climate-related disclosure.

In the Budget, the Canadian federal government also welcomed the International Financial Reporting Standards (IFRS) Foundation's selection of Montreal to host one of the two central offices of the new International Sustainability Standards Board (ISSB). The ISSB is developing global sustainability standards to enhance the quality and comparability of international corporate reporting on ESG factors.

Source: [Mayer Brown](#) | [Eyes on ESG](#)

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