British Columbia Investment Management Corporation
750 Pandora Ave / Victoria BC / V8W 0E4 CANADA
T +1 778 410 7100 communication@bci.ca **BCI.ca**

March 1, 2024

Australian Accounting Standards Board
Via email: **standard@aasb.gov.au**

Dear Sirs/Mesdames,

Re: AASB Sustainability Reporting Exposure Draft

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD $233 billion in assets under management, and one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 725,000 people in our province, including university and college instructors, teachers, health care workers, firefighters, police officers, municipal and other public sector workers. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will deliver strong and stable financial returns.

As a long time supporter of the Sustainability Accounting Standards Board (SASB), and subsequently the International Sustainability Standards Board (ISSB), BCI welcomes the opportunity to provide feedback to the AASB on the Sustainability Reporting Exposure Draft.

Global alignment of sustainability-related financial disclosures

As a large institutional investor, with a globally diversified portfolio, BCI strongly believes in the benefit of globally consistent, comparable, and reliable sustainability-related financial disclosures. This information is crucial to support investment decision making and allows investors to confidently assess and manage associated risk exposure. BCI believes the best way to achieve the desired global baseline across jurisdictions is through full alignment with the ISSB's standards. These standards, IFRS S1 and S2 specifically, consciously build on existing and broadly accepted frameworks and standards, such as the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations and the SASB standards. The IFRS standards have been endorsed by IOSCO enhancing the prospect of global consistency, and success hinges upon the extent to which global jurisdictions adopt the standards as they are. Deviations from the standards, such as carve-outs, introduce the likelihood of reduced comparability and increase the burden and cost on businesses. We note that the ISSB's approach includes the phasing in of requirements which allow businesses time to prepare for the new requirements.

With that view, we encourage closer alignment to the ISSB standards than is currently proposed by the AASB. Specifically, we note that the scope of *ASRS 1 General Requirements for Disclosure of Climate-related Financial Information* is limited to climate-related risks and opportunities and excludes references to any other sustainability related risks and opportunities. We understand this to be an effort to address the Australian Treasury's climate-first policy goal. BCI believes that, as written, IFRS S1 provides sufficient flexibility and transition relief for reporting on additional and important sustainability risks and opportunities beyond climate, and that a better approach would be to extend the transition period to report on all relevant sustainability topics rather than limiting the scope. This is a future-proof approach that will reduce costs and disruption associated with ongoing regulatory consultations when expansion of the rules is contemplated.

Industry specific disclosures

Additionally, we note that references to industry specific disclosure items, are absent from ASRS 1 and *ASRS 2 Climate-related Financial Disclosures,* despite their inclusion in IFRS S1 and S2. We believe this will significantly impair the information derived from ASRS 1 and ASRS 2 as compared with the global baseline. Investors have consistently expressed our need to receive consistent sustainability-related information on an industry specific basis. This need was clearly demonstrated in 2020, when the CEOs of Canadas's eight largest pension plans and pension plan investment managers **publicly expressed** their expectation that companies measure and disclose their performance on material, **industry-relevant** ESG factors by leveraging the SASB standards and the TCFD recommendations.

BCI feels strongly that one of the strengths of the IFRS standards is the inclusion of industry-specific disclosures and would recommend the AASB reconsider the decision to omit them from its standards.

Interoperability and Comparability

Finally, BCI recommends that ASRS 2 require the use of the GHG Protocol Corporate Standard for the measurement and disclosure of GHG emissions. We recognize that IFRS S2 provides some flexibility for the use of other measurement methodologies in certain instances, however, it requires that the preparer discloses material Scope 3 emissions on the 15 categories listed in the GHG Protocol Value chain Standards. We fear the omission of the GHG protocol will erode the comparability of Australian preparers' data with data coming from other jurisdictions that will follow the GHG protocol.

We also advocate for the requirement, not merely consideration, of financed emissions disclosure for asset managers, banks, and insurance preparers. A mere consideration is likely to reduce the usefulness and comparability of disclosures relating to climate-related transition risks in financial institutions and may not address related disclosure requirements such as those proposed by the Basel Committee on Banking Supervision.

Thank you again for the opportunity to opine on this extremely important endeavour. We appreciate the prompt attention that the AASB is paying and quick move to adoption of mandatory reporting standards. We believe Australia can demonstrate leadership by adopting a fully IFRS-aligned approach to sustainability disclosure.

For any clarifications related to this submission please contact Susan Golyak, Director, ESG at **susan.golyak@bci.ca**

Sincerely,

Daniel Garant
EVP & Global Head, Public Markets
cc Susan Golyak, Director, ESG