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Mr. Emmanuel Faber, Chair International Sustainability Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Delivered via online portal.

RE: Exposure Draft ISSB/ED/2025/1 - Amendments to Greenhouse Gas Emissions Disclosures

Dear Mr. Faber,

Thank you for the opportunity to comment on the ISSB's Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures (the ED), proposing amendments to IFRS S2, Climate-related Disclosures. We welcome the ISSB's effort to provide clarity and targeted relief while advancing a consistent global baseline for climate-related reporting.

BCI is one of Canada's largest institutional investors, with C\$295 billion in gross assets under management as of March 31, 2025. We generate the investment returns, across a range of strategies and asset classes, to help our institutional clients build a financially secure future. With our global outlook we seek investment opportunities that convert savings into productive capital that will meet our clients' risk and return requirements over time.

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, build on existing and broadly accepted frameworks and standards, such as the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations and the SASB industry-specific standards.

The IFRS standards have been endorsed by the International Organization of Securities Commissions (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 both the climate and sustainability standards, such as permanent carve-outs, introduce the likelihood of reduced comparability and increase the burden and cost on issuers.

Measurement and Disclosure of Scope 3 Category 15 Greenhouse Gas Emissions

We support the ISSB's effort to address application challenges by proposing to permit entities to limit their disclosure of Scope 3 Category 15 GHG emissions related to derivatives and other financial activities including investment bank underwriting activities ('facilitated emissions'). However, we urge ISSB to consider this to be a temporary relief, recognizing that practices and standards evolve and are currently under review. While the temporary relief is in place, we support the requirement for entities to disclose the magnitude of derivatives and financial activities that are excluded from their Scope 3 Category 15 GHG emissions.

Regarding insurance-associated emissions specifically, we believe the proposed permanent relief is unnecessary. Unlike derivatives, where methodological challenges are well-documented and best practice is still evolving, the

insurance sector has made substantial progress in developing workable methodologies through the Partnership for Carbon Accounting Financials (PCAF).

PCAF's Insurance-Associated Emissions Standard (Part C of the Global GHG Accounting and Reporting Standard) was launched in November 2022 following extensive industry consultation¹. While this represents the first version of the standard and is designed to evolve over time, it provides a solid foundation with detailed methodological guidance for measuring and disclosing GHG emissions associated with some insurance underwriting activities. The methodology has been developed through rigorous stakeholder engagement, including public consultation with regulators, the insurance industry, brokers, policymakers, data providers, consultants, academia, and NGOs, with more than 40 stakeholders providing direct feedback².

While we recognize that methodologies continue to evolve and the insurance sector may face implementation challenges, we believe there is sufficient foundation to begin meaningful disclosure with appropriate safeguards for data quality and methodology limitations.

The global insurance industry writes total premiums of close to USD 8 trillion, representing 6.8% of global economic output³. "While insurers' direct emissions (Scope 1 and 2) may be relatively modest, their insurance-associated emissions represent material exposure to climate risks given their enabling role in the broader economy. While certain lines such as health insurance may have limited climate-related emissions exposure, property and casualty insurance directly enables carbon-intensive economic activities and represents material climate risk exposure, making disclosure of these emissions essential for understanding systemic climate risks.

For derivatives and other financial activities, we acknowledge the current lack of robust methodologies and agree with providing relief in the short term. However, regulatory developments are advancing rapidly. The Commodity Futures Trading Commission (CFTC) finalized guidance in September 2024 regarding the listing of voluntary carbon credit derivatives, establishing standards for transparency and liquidity in carbon markets⁴. Additionally, PCAF announced priority areas, including derivatives and undrawn loan commitments⁵, for standard development in 2024, reflecting the expanding needs of the financial sector for GHG methodologies as the international financial sector progresses toward net-zero targets. The Institutional Investors Group on Climate Change (IIGCC) has also published supplementary guidance supporting comprehensive Scope 3 disclosure by investors⁶, emphasizing the importance of understanding value chain emissions for mitigating climate-related financial risks.

We caution that permitting permanent exclusions of these emissions may inadvertently limit the relevance and comparability of these potentially-material disclosures over time. We recommend that the ISSB establish periodic review mechanisms aligned with standard-setting developments.

¹ PCAF (2022). The Global GHG Accounting and Reporting Standard for the Financial Industry - Part C: Insurance-Associated Emissions. Available at: <https://carbonaccountingfinancials.com/files/downloads/pcaf-standard-part-c-insurance-associated-emissions-nov-2022.pdf>

² Ibid., p. 4 ("Throughout the development of this Standard, PCAF has engaged with stakeholders to solicit feedback. More than 40 stakeholders provided direct feedback to the Progress Report.")

³ Ibid., p. 7 ("Total premiums written in life and non-life insurance amount to close to USD eight trillion, or 6.8% of global economic output.") citing Swiss Re Institute sigma No 4/2022, World insurance.

⁴ CFTC (2024). "CFTC Approves Final Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts." Release No. 8969-24, 20 September 2024. Available at: <https://www.cftc.gov/PressRoom/PressReleases/8969-24>

⁵ PCAF (2024). "PCAF announces areas for standard development in 2024." Press Release, 16 January 2024. Available at: <https://carbonaccountingfinancials.com/en/newsitem/pcaf-announces-areas-for-standard-development-in-2024>

⁶ IIGCC (2024). "Supplementary guidance: Scope 3 emissions of investments." September 3, 2024. Available at: <https://www.iigcc.org/resources/iigcc-supplementary-guidance-scope-3-emissions-of-investments>

Industry Classification for Financed Emissions

We support the proposed amendments to permit alternative classification systems to GICS for disaggregation of financed emissions for entities with commercial banking or insurance activities when required by jurisdictional reporting.

Jurisdictional Relief from Using the GHG Protocol Corporate Standard and Global Warming Potential (GWP) Values

We support the amendments to extend jurisdictional relief from using the GHG Protocol Corporate Standard to entities, and alternative GWP values, where required by law or exchange. We recommend that, if deviations from the Intergovernmental Panel on Climate Change (IPCC) GWP (100-year horizon) are applied, the basis and implications should be disclosed to avoid comparability loss.

Conclusion

We thank the ISSB for its consultative approach and commitment to advancing consistent, high-quality sustainability disclosures. However, we encourage the ISSB to differentiate between areas where methodologies are genuinely lacking (derivatives) versus areas where workable standards already exist (insurance-associated emissions). We recommend establishing time-bound reliefs for insurance-associated emissions, while maintaining temporary relief for derivatives where methodologies are developing.

Thank you for your consideration of our comments.

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

Sincerely,



Jennifer Coulson
Senior Managing Director & Global Head, ESG

cc Susan Golyak, Director, ESG