



August 30, 2024

Delivered via email [webmaster@kasb.or.kr](mailto:webmaster@kasb.or.kr)

Dear Sir/Madam,

### **Re: Consultation on KSSB Exposure Drafts**

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD \$250 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 Korea Sustainability Standards Board (KSSB) on its Exposure Drafts released in April 2024. This development is a significant milestone in the establishment of a global baseline of climate and sustainability-related financial disclosures for the capital markets in Korea.

### **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 carve-outs, introduce the likelihood of reduced comparability and increase the burden and cost on issuers. We note that the ISSB's approach includes the phasing in of requirements which allow companies time to prepare for the new requirements.

With that view, we are pleased to see the broad alignment between the ISSB standards and the proposed standards from the KSSB. Limiting modification of the IFRS S1 and S2 reduces fragmentation and increases comparability for investors that deploy capital in many jurisdictions. We do, however, note the following areas where the KSSB has chosen to pursue different or incomplete standards which concern us from a comparability and consistency perspective.

#### *Climate First Approach*

While BCI appreciates the importance of climate-related disclosure, we have concerns about the voluntary approach to broader sustainability disclosure being proposed. As investors, we require all relevant material ESG disclosure which includes issues like human capital and supply chain risk. It would be beneficial for the KSSB to provide clarity to the market on when sustainability issues outside of climate would be mandatory, in line with the IFRS S1 approach.

#### *Industry-Based Disclosure*

BCI has long supported the Sustainability Accounting Standards Boards (SASB) efforts to create industry-based disclosure standards so that we can readily compare performance across companies in the same industry. This carve out in the KSSB suggesting companies 'may' refer to SASB is a crucial deviation that will reduce consistency for investors and encourage confusion among issuers. BCI's preference would be to maintain consistency with the IFRS S1 and S2 as it relates to industry-based disclosure as investors overwhelmingly prefer this approach.

#### *Scope 3 Emissions*

BCI recognizes the complexity and many assumptions required to report Scope 3 emissions data. However, the significance of Scope 3 emissions in most entities total GHG emissions inventory is high and this information is critical for understanding an entities exposure to climate-related risks and opportunities in the value chain. By taking steps to track, disclose and ultimately reduce Scope 3 emissions, companies can provide evidence of transition risk management to investors. It can also help companies prioritize emission reduction strategies, encourage product innovation, and identify leaders and laggards in their value chain.

While we share the concerns from preparers about potential uncertainty of Scope 3 GHG emissions measurement and challenges related to capacity, the IFRS S2 requires that entities use "reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort". We believe this proportionality allows entities to reduce the reporting burden of disclosing Scope 3 GHG emissions.

#### *Location and Timing of Reporting*

As users and preparers of this information, we understand the challenges of aligning reporting of sustainability-related impacts with financial statements and support transition reliefs on this matter. We

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emphasize that the end-state should be one of alignment with ISSB and concurrent reporting, and issuers should consider starting efforts to eventually report concurrently. This is most beneficial for companies as they can present both financials and ESG performance together for investors in order to present a complete picture of company performance.

Thank you again for the opportunity to opine on this important endeavour. We appreciate the attention that the KSSB is paying to this with the release of these exposure drafts. Strong alignment between IFRS S1 and S2 and the KSSB Exposure Drafts can place Korea in a leadership position and will be attractive to global investors like BCI.

For any clarifications related to this submission please contact Susan Golyak, Director, ESG at [susan.golyak@bci.ca](mailto:susan.golyak@bci.ca)

Sincerely,

A handwritten signature in blue ink that reads "Daniel Garant". The signature is fluid and cursive, with a long horizontal stroke at the end.

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