



June 01, 2023

David Craig (Co-Chair)

Elizabeth Mrema (Co-Chair) Taskforce on Nature-related Financial Disclosures

Dear TNFD Secretariat:

RE: FEEDBACK ON THE TNFD FRAMEWORK V0.4 BETA RELEASE

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD \$211 billion in assets under management, and one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 500,000 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.

BCI appreciates and supports the efforts of the Task Force on Nature-related Financial Disclosures to develop a tool and framework for assessing nature-related risks and impacts (the LEAP approach) and recommendations for setting a disclosure standard for these dependencies and impacts and welcome the opportunity to opine on the recommendations before they are finalized in September 2023. Our comments in this submission come from the perspective of a user of the data as well as a potential preparer.

Feedback from the user perspective

First, we commend the efforts to align with key elements from the global reporting landscape such as the TCFD, IFRS sustainability standards and GRI standards. We think this approach will improve interoperability and contribute to preparer uptake over time. We find the framework to be comprehensive, scientifically robust, and arguably exhaustive. However, this does lead us to have some concerns about the pace of development for the recommendations, the complexity, and broad scope.

Version 0.4 of the recommendations includes helpful standalone sector guidance and specific guidance on metrics for financial institutions. We appreciate the recognition of the differences in how a corporate entity and a financial institution, such as an institutional investor like BCI, would prepare to report against the TNFD recommendations.

Still, BCI feels that there are very few companies that will be able to disclose against all 14 of the global core metrics at this time. As such, we would suggest that all preparers be encouraged to take a phased approach to disclosing these metrics. The comply or explain approach is reasonable here.

We understand the UN PRI has provided some feedback regarding the materiality of the global core metrics. We share the PRI's opinion that there should be more guidance for corporate entities on

defining materiality across all parts of the reporting framework and how to integrate the results from the LEAP approach into the disclosures. We would recommend aligning with the ISSB definitions for material sustainability topics across sectors and industry. The ISSB definitions will be based on the SASB standards which are robust and industry based. While it is reasonable to allow and to expect companies to communicate their own views on materiality based on their unique operations, the amount of discretion currently afforded could simply lead to inconsistent and incomplete data that is not comparable across companies or a portfolio. While we are not convinced that the core global metrics will be material to all companies, some stricter parameters would be useful.

BCI also supports the messages contained within a feedback letter provided by the Sustainable Development Investments Asset Owner Platform (SDI-AOP) regarding the consideration of revenues as a core indicator and consideration for more forward-looking metrics.

Specific Recommendations for Financial Institution Reporting

As an institutional investor, BCI welcomes the stand-alone guidance for financial institutions, however, we question the expectation that financial institutions report against the core global metrics, due to our uncertainty around the universality of these metrics and also because it is simply not feasible without comprehensive and reliable disclosures from the entities in which we invest. We believe a revision or modification of the core metrics such that they are more applicable to the business activities of investors, banks, or insurers would be prudent. Specifically, we think that it would be appropriate to allow financial institutions to provide aggregated disclosure metrics for their dependencies and impacts rather than for each individual impact driver.

Concluding remarks

Overall, BCI is supportive of establishing a standardized framework for reporting on nature-related risks and impacts and we applaud the TNFD for their tremendous efforts so far. Our feedback and recommendations are meant to facilitate timely uptake of the disclosure framework from as many preparers as possible.

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

Sincerely,



Jennifer Coulson
Senior Managing Director & Global Head of ESG
Public Markets

cc Susan Golyak, Director, ESG