



July 21, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100F Street, NE
Washington, DC 20549-1090

Via Email: rule-comments@sec.gov

Dear Mr. Fields,

Re: Concept Release: Business and Financial Disclosure Required by Regulation S-K (File No. S7-06-16) (“The Concept Release”)

British Columbia Investment Management Corporation (bcIMC) is an investment manager with over CAD \$121 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 Canadian 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 provide strong and stable financial returns.

We welcome the opportunity to provide feedback on the Concept Release. We have focused our comments on the disclosure of sustainability matters but have included comments to select questions from other sections of the Concept Release.

As a large institutional investor with a long term perspective, bcIMC is supportive of improved reporting on environmental, social and governance (ESG) factors or sustainability factors. Our organization has a firm commitment to integrate ESG into our investment decision-making processes. To fulfill this commitment, we require **credible, comprehensive** and **comparable** company data across relevant peer groups. Despite advancements in ESG reporting, our experience shows that companies are still providing inconsistent and incomplete ESG information to the investor community. For example, a recent survey of Canadian institutional investors found that only 30% of investors find the ESG information companies provide good enough to help them assess materiality to the company’s business.¹

bcIMC is of the view that disclosure of ESG-related information is already required in Regulation S-K where the ESG issues are likely to be material to a company’s business. However, due to a lack of guidance and standardization, many issuers tend to rely on boilerplate disclosures that are not decision-useful, leaving investors with the task of searching for material information in voluntary disclosures or relying on information from third parties.

¹ 2016 Canadian Investor Survey: New Insights Into What Investors Want From Disclosure, <http://www.simple-logic.com/wp-content/uploads/2016/06/2016-Canadian-investor-study.June2-2016.pdf>

We will make reference to providing guidance to issuers in several of our answers to the questions posed in the Concept Release. Where it comes to providing guidance to issuers on the materiality of ESG issues, we suggest that the Commission consider the work of the Sustainable Accounting Standards Board (SASB) in creating materiality maps² that would be useful for identifying which ESG issues are material to a specific industry and the metrics that may be used for reporting purposes. We believe the SASB standards are an appropriate framework because the standards are informed by industry, anchored in materiality, consistent with existing securities laws in the U.S., designed to meet investor needs and are cost effective for issuers. Where it comes to climate-specific disclosures, we suggest that the Commission look to the future recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures³.

Principles-based and Prescriptive Disclosure Requirements (Question 6)

The Commission is seeking feedback on whether to use principles-based or prescriptive disclosure requirements. We believe that there are advantages to both approaches. The principles-based approach is flexible and provides a quicker mechanism to respond to changing expectations and evolving best practices, while prescriptive, rules-based disclosure lends itself to more precise information gathering. We believe using a mix of approaches is appropriate and allows investors to gather consistent and comparable information as well as any necessary context.

Furthermore, bcIMC believes that the Commission should continue to anchor its rules to a materiality standard and that the current definition of materiality is appropriate and should not be lowered.

Management Discussion & Analysis (Question 103)

bcIMC feels the Commission should require companies to disclose performance metrics, and other key variables that are important to their business, in their MD&A. This is meaningful information that would provide investors greater understanding of drivers of performance for the company. The disclosure should include metrics related to ESG factors. The Commission should provide issuers some guidance on identifying industry-specific ESG issues that are likely to be material.

Risk Factors (Question 145)

It is essential that investors have the information they need to understand the risks affecting a company or its industry, and data to assess the company's performance relative to peers. We believe that it is important that companies disclose these risks and would support rules requiring them to describe any accompanying efforts to mitigate key risks. We feel such a requirement would vastly improve risk factor disclosure from issuers and reduce their reliance on boilerplate disclosure which reveals very little. However, bcIMC does not feel that it is necessary for companies to provide an exhaustive list of all their potential risk factors; this disclosure should also be viewed under a materiality lens.

² SASB Materiality Map (2016):<http://materiality.sasb.org/>

³ <https://www.fsb-tcfd.org/>

Disclosure of Information Relating to Public Policy and Sustainability Matters (Question 216)

bcIMC believes that sustainability issues are important to informed voting and investment decisions and we believe that any new disclosure requirements should be anchored in materiality. Meaningful disclosure would include information that allows investors to first understand which issues are likely to be material; then the metrics that can be used to evaluate performance; and finally, how the company performs against those metrics. We are supportive of a framework that will result in standardized information that ties sustainability or ESG factors to the company's business strategy and operations. Standardization would allow us to compare company performance and conduct benchmarking exercises, making the disclosures decision-useful. This is another area where we believe the Commission should provide the necessary guidance.

Line item requirements (Question 217 and 220)

We are of the view that most sustainability or ESG issues are sector, industry and potentially even company-specific. For that reason, bcIMC believes that generally, line item requirements are not appropriate for ESG issues and may result in the disclosure of information that is immaterial.

However, where it comes to climate change and the reporting of carbon emissions, there may be opportunities to use line item disclosure. Following the outcome of the COP21 meeting in Paris, and the regulatory responses contemplated in several jurisdictions, investor interest in assessing the impacts and risks related to climate change is greater than ever. bcIMC encourages the commission to look at the future recommendations of the FSB Task Force for opportunities to align and standardize the disclosures.

Voluntary disclosure (Question 218)

We do not think that allowing issuers to use the information on their public websites to satisfy future ESG disclosure requirements would be sufficient. While many issuers provide thoughtful and thorough disclosure in their CSR or Sustainability reports, these reports are meant for a broader group of stakeholders and usually contain information that is not immediately relevant for investors. Investors need comparability and consistency in ESG disclosure. These characteristics are not evident in the current voluntary disclosure environment where the information can be promotional and overly qualitative rather than focused on how a company measures value creation over the long-term. For example, in 2015, researchers at the Harvard Business School in 2015 found that only 20% of items disclosed items by companies in the MSCI KLD Social 400 index were material by SASB standards.⁴ bcIMC believes that investors would be better served by mandatory disclosure in public filings. This is not to say that issuers should stop providing voluntary CSR or sustainability reporting to their broader stakeholders. These can be viewed as complementary to any mandatory ESG filings the Commission may require.

⁴ 2016 Canadian Investor Survey: New Insights Into What Investors Want From Disclosure, <http://www.simple-logic.com/wp-content/uploads/2016/06/2016-Canadian-investor-study.June2-2016.pdf>

Sustainability Frameworks (Question 219)

We again suggest the Commission consider the SASB standards as an appropriate framework for identifying industry-specific material ESG issues that should be included in mandatory disclosures. It is appropriate for public filings because it is anchored in materiality, consistent with existing U.S. securities law and specifically designed for an investor audience.

We also again note that the FSB Task Force on Climate-Related Financial Disclosures will soon be providing their recommendations. We would suggest that the Commission ensure that any new requirements include or align with those recommendations.

Reporting Burden (Question 221)

As pointed out by the Concept Release, most issuers are already compiling ESG data for CSR or sustainability reports, for the CDP, for other stakeholders or investor surveys, or when necessary to comply with certain regulatory requirements. We do not believe the obligation to include this information in SEC filings to be overly burdensome, particularly if the requirements are based on materiality assessments.

Thank you for this opportunity to provide our views on the Concept Release. Please do not hesitate to contact Susan Golyak, Manager, ESG Integration at susan.golyak@bcimc.com if you wish to discuss any aspect of this letter in further detail.

Regards,

A handwritten signature in blue ink, appearing to read 'Bryan Thomson', with a stylized flourish at the end.

Bryan Thomson
Senior Vice President, Public Equities