UPP UNIVERSITY PENSION PLAN ONTARIO

Submitted via website [form]

March 7, 2025

California Air Resources Board

Subject: UPP comments on public information solicitation to Inform Implementation of California Climate-Disclosure Legislation

Dear members of the California Air Resources Board (CARB),

We appreciate the opportunity to comment on a public information solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219. We recognized the need for sustainability disclosure standards to improve transparency from companies regarding their GHG emissions and climate-related risk management practices to better equip the decision-making of consumers, investors, and members of the public.

UPP welcomes the proposed disclosure requirement that is compatible with International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) Standards. Aligning with ISSB standards ensures regulatory consistency, reduces complexity for preparers, and enhances the comparability of climate-related financial disclosures for investors and other stakeholders.

UPP is a jointly sponsored pension plan created by and for Ontario's university sector with over 40,000 members, and $11.7 billion in assets under management. As a long-term investor, UPP seeks to invest responsibly and promote the health of the financial, social, and environmental systems on which capital markets rely in order to deliver strong, sustainable value to members today and tomorrow. UPP is growing a resilient fund to secure pension benefits for members today and for generations to come and is open to all employers and employees within Ontario's university community.

As an institutional investor we believe that sustainable returns over a long-term horizon can best be achieved with comprehensive integration of sustainability and climate change risks in the investment process. UPP invests across several asset classes globally and we encourage standardized high-quality reporting of sustainability-related information.

UPP strongly supported the introduction of the ISSB-compatible standards. These standards enable the standardized disclosure of standardized sustainability related information worldwide. For UPP and other institutional investors globally, this means a reduction of risk and uncertainty, which in turn affects investment decision-making.

While we generally support the proposal, we would like to provide further comments on selected questions outlined in the Information Solicitation:

> **Question 3.b** – *How could CARB ensure reporting under the laws minimizes a duplication of effort for entities that are required to report GHG emissions or financial risk under other mandatory programs and under SB 253 or 261 reporting requirements?*
>
> We urge CARB to eliminate and avoid conflicts between the ISSB Standards and regulations, requirements or guidance developed to implement the California laws.

Question 7 – *Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, which allows for flexibility in some areas (i.e. boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, reporting by sector vs business unit, or others). Are there specific aspects of scopes 1, 2, or 3 reporting that CARB should consider standardizing?*

The ability for companies to use the same GHG emissions data for reporting under ISSB Standards and under the California law would contribute to efficiencies for companies and more comparable information for users of the information disclosed. While both ISSB Standards and SB 253 require the use of the GHG Protocol, the ISSB determined to specify requirements in IFRS S2 to standardize some aspects of GHG emissions disclosures (for example, see IFRS S2 paragraph 29 (a)). CARB could help to minimize regulatory fragmentation if any standardization of its GHG emissions reporting requirements does not conflict with IFRS S2's requirements.

Questions 10 and 11 – *For SB 261, if the data needed to develop each biennial report are the prior year's data, what is the appropriate timeframe within a reporting year to ensure data are available, reporting is complete, and the necessary assurance review is completed? Should CARB require a standardized reporting year (i.e., 2027, 2029, 2031, etc.), or allow for reporting any time in a two-year period (2026-2027, 2028-2029, etc.)?*

UPP recommends aligning the timing of financial statements with the reporting of sustainability-related information and not providing an opportunity for such reporting to occur at a different time. Timing alignment is essential to investors because it ensures that all material information for decision making is available at the same time. For those entities choosing the law's option to report using ISSB standards, the sustainability-related financial disclosures would be available annually as of the date the entity is required to report its financial statements. Any requirements to report sooner than the entity's applicable financial statement reporting deadline may create a reporting challenge for preparers. Furthermore, both SB 253 and SB 261, as amended by SB 219, allow an entity to present reports consolidated at the parent level. ISSB Standards require sustainability-related financial disclosures to be for the same reporting entity as for the related financial statements. If the implementing CARB guidance or regulation enables the use of available, consolidated disclosures, that would reduce costs of compliance.

<u>Summary</u>

UPP welcomes CARB's proposed California Climate-Disclosure Legislation amendments and its option to allow reporting entities to use the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, as issued by the International Sustainability Standards Board (ISSB). Aligning with ISSB standards helps ensure consistency with global climate-related financial risk disclosure frameworks, reducing regulatory complexity and enhancing comparability for investors and other stakeholders. A standardized approach to climate-related risk reporting supports transparency, facilitates informed decision-making, and strengthens the effectiveness of climate-related financial disclosures.

Do not hesitate to contact me at brian.minns@universitypensionplan.ca or +1 416-417-2587 if you require any additional information.

Thank you,

Brian Minns Digitally signed by Brian Minns
Date: 2025.03.07 15:37:38 -05'00'

Brian Minns

Senior Managing Director, Responsible Investing