

Sent via electronic mail

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Subject: UPP comments on Corporate Sustainability Disclosure Standards - Basic Standards (Draft for Comments)

Dear Yan Wang and Huixin Yang:

Thank you for providing an opportunity to comment on the draft of the *Corporate Sustainability Disclosure Standards - Basic Standards*.

University Pension Plan Ontario (UPP) is a Canadian jointly sponsored defined benefit pension for Ontario's university sector. UPP manages approximately CAD 11 billion in pension assets and proudly serves over 40,000 members across four universities and 12 sector organizations. 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.

We welcome the efforts of the People's Republic of China to develop corporate sustainability disclosure standards based on the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1). As the world's second-largest economy, China exerts significant influence on global policy frameworks, supply chains, and investment flows.

The publication of the Basic Standards marks a pivotal step in China's commitment to provide high quality, consistent and comparable information for users of sustainability information, including investors, lenders and creditors. It lays the foundation for the creation of unified and comparable sustainability disclosure standards across the country and around the world.

We look forward to the publication of specific standards on climate-related financial disclosures. These standards are relevant for enabling the global market to understand how companies in China are managing and reporting on climate-related risks and opportunities. Global alignment is essential for comparability, meeting investor demands to attract capital and enabling a streamlined, cost-effective reporting system for companies facing multiple reporting requirements.

The information below identifies ways the proposed Basic Standards could achieve greater alignment with the ISSB's global baseline for sustainability reporting.

The ISSB's global baseline is focused on the primary users of general-purpose financial reports: The ISSB aims to establish a comprehensive global baseline of sustainability-related financial disclosures for capital markets that delivers comparable, cost-effective, and decision-useful disclosures, meeting the needs of general-purpose financial report users.

We understand that the Basic Standards are trying to achieve China's jurisdictional policy objectives and its aim to satisfy information needs of broader stakeholders. IFRS S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports. To meet the requirements in IFRS S1, sustainability-related financial disclosures material to primary users should be clearly identifiable and not obscured by additional information. For comparability, it is crucial that the information required by ISSB Standards be material to primary users is required to remain visible in sustainability-related financial disclosures. With the view to ensure that information material to each subset of information users remains clearly identifiable and not obscured, the Basic Standards could consider further requirements addressing the presentation of information.

Industry-specific disclosures are critical for investors: Industry-specific disclosures are critical for ensuring comparable disclosures that are decision-useful for investors.

Location and timing of disclosures are important for global standards: The Basic Standards appear to allow sustainability reporting to be separate from general-purpose financial reports. IFRS S1 requires entities to provide disclosures required by ISSB Standards as part of its general-purpose financial reports. Investors could benefit most from sustainability-related information if sustainability disclosures are part of the general-purpose financial reports.

In relation to the timing of disclosures, it is our understanding that the Basic Standards provide entities with the option to publish sustainability disclosures simultaneously with the financial statements or at a date specified by certain regulators. IFRS S1 requires an entity to report its sustainability-related financial disclosures at the same time as its related financial statements. Simultaneous publication provides users of general-purpose financial reports with a coherent, holistic and connected picture of an entity's financial position and performance and provide primary users with a comprehensive set of sustainability-related financial disclosures enabling them to make more informed capital allocation decisions.

Proportionate application of the Basic Standards to private companies and companies of all sizes: We recognize that small and medium companies may not be able to scale existing systems and reporting structures (like larger companies) or otherwise have the capacity to implement the Basic Standards to their full extent; however, to support the growth, strong governance, and investment-attractiveness of Chinese companies of all sizes, small and mid-sized companies must be supported to implement the standards as reasonable and proportionate to their size. The ISSB Standards both provide for proportional application of aspects of the standards by entities of different sizes and capabilities. They refer to "reasonable and supportable information that is available at the reporting date without undue cost or effort" and "the skills, capabilities and resources available to the entity". In addition, the Basic Standards should eventually apply to both privately held companies and those that have publicly traded securities. The Basic Standards will provide investors, boards, and management teams with material sustainability-related and climate-related information to support their management and oversight practices and their usefulness is not limited to publicly traded companies.

Conclusion

UPP strongly supports the development of the Basic Standards and the full adoption of ISSB Standards. It is critically important that jurisdictions around the world adopt a consistent and comparable global baseline of climate-related and sustainability-related financial disclosures to meet the needs of capital and financial markets. UPP applauds the sustainability disclosure standard work of the People's Republic of China, and we look forward to supporting your efforts as you move forward to finalize and implement the standards.

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

Senior Managing Director, Responsible Investing