Boston Trust Walden
Principled Investing.

September 24, 2024

The Financial Market Commission (CMF) of Chile
Teatinos 120, Piso 12
Santiago, Chile

Dear Chair Jáuregui,

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately $15.8 billion in assets under management[1]. Our firm has been integrating environmental, social, and governance (ESG) factors into investment decisions since 1975 — one of the longest track records of any institutional investment manager.

At Boston Trust Walden, we seek to invest in enterprises with strong financial underpinnings, sustainable business models, prudent management practices, and a governance structure that supports these objectives. Consideration of ESG factors is part of our fiduciary duty to ensure client assets are invested in a set of securities well situated to produce attractive risk-adjusted returns over a long-term investment horizon.

Since 2017, Boston Trust Walden has served as a member of the Sustainable Accounting Standards Board (SASB) Investor Advisory Group, now the ISSB Investor Advisory Group, to support the development of a globally recognized framework for consistent, comparable, and reliable disclosure of financially material, decision-useful sustainability-related information.

We support jurisdictional efforts to adopt disclosure requirements in full alignment with the IFRS Sustainability Disclosure Standards (IFRS S1 & S2) and welcome the opportunity to comment on the ongoing consultation. As the Financial Market Commission of Chile considers market feedback, we want to underscore our support for the CMF's proposal for full adoption of the IFRS Sustainability Disclosure Standards through the amendment of Norm 461 and offer the following points for consideration:

1) **Maintaining faithfulness to IFRS S1 & S2 fulfils the promise of a global baseline for material sustainability disclosures and reduces the reporting burden for issuers with cross-jurisdictional reporting requirements.** Jurisdictional fragmentation of sustainability disclosure requirements can add costs and complexity to corporate reporting efforts. We recognize the critically influential role that the Chilean market plays in the advancement of a global baseline in Latin America and note that this normative project is aligned with official roadmaps for ISSB adoption in Bolivia, Brazil, Costa Rica and El Salvador. Further, multiple regulators and standard setters have already cited alignment with IFRS S1 & S2, or have developed resources to enhance interoperability, to streamline reporting requirements. For example, California's Climate-Related Financial Risk Act and Climate Corporate Data Accountability Act, the Basel Committee on Banking Supervision's proposed Pillar 3 disclosure framework for climate-related financial risks, and the Office of the Superintendent of Financial Institutions' (OSFI) update to Guideline B-15 are all grounded in the reporting requirements of IFRS S2. In addition, the ISSB has published guidance to aid issuers in meeting disclosure requirements through the European Financial Reporting Advisory Group's (EFRAG) Corporate Sustainability Reporting Directive (CSRD).

[1] AUM as of June 30. 2024, includes AUM of wholly-owned subsidiary Boston Trust Walden Inc.

2) **Investors need consistent and comparable information to determine if and how effectively issuers are managing financially material sustainability risks and opportunities over time and in relation to global peers.** As an investor that has been considering the impact of ESG risks and opportunities in investment decision-making for nearly fifty years, we are keenly aware of the challenges posed by a fractured and voluntary global disclosure landscape. In recent years we have experienced efficiency gains in our processes and analysis driven by the advent of reporting frameworks such as SASB and the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), among others. As a result, we are greatly encouraged by the prospects of the IFRS Sustainability Disclosure Standards to further improve the consistency and comparability of global sustainability disclosures.

3) **IFRS S1 & S2 are designed to meet the needs of investors.** Informed by a thoughtful comment period with substantial market participation, the IFRS Sustainability Disclosure Standards uniquely support the information needs of investors by taking an industry-based approach, focusing on potentially material sustainability risks and opportunities, leveraging existing voluntary disclosure frameworks embraced by the global market, and prioritizing connectivity of sustainability disclosures to an entity's financial statements.
    - An **industry-based approach** is important as it rightly reflects the fact that sustainability-related risks and opportunities vary between and within sectors. For example, the sustainability-related risks and opportunities for the financial sector are generally distinct from those within the consumer staples or healthcare sectors. In addition, an industry-based approach to sustainability-related financial information is consistent with the approach taken by investment professionals when analyzing the quality and business model strength of issuers by evaluating companies relative to sector peers, often utilizing distinct financial markets and metrics.
    - IFRS S1 & S2 ensure that disclosures address **material aspects of a company's business** by instructing reporters to consider the industry-based SASB Standards when identifying sustainability-related risks and opportunities. The SASB Standards are unique in that they were designed to focus on potentially material sustainability risks and opportunities, thereby addressing the need for ESG disclosures tailored to investors and other providers of financial capital.
    - IFRS S1 & S2 are reliant on **globally recognized frameworks and concepts**, such as the TCFD and SASB Standards, in guiding the format and content of disclosures. As a result, the IFRS Standards lessen the adoption burden for thousands of global issuers who have already aligned disclosures with the TCFD and SASB Standards, while also providing disclosures in a manner that investors have become accustomed to integrating into their investment decision making processes.
    - IFRS S1 & S2 require issuers to demonstrate the **connectivity** between sustainability risk and opportunity management and long-term value creation, further aiding investors in the integration of such information in the investment decision making process. Explaining connections between sustainability-related risks and opportunities and enterprise value creation should also benefit issuers by enhancing management's analysis, decision-making, resource allocation, strategy, and response to external factors such as regulation and consumer trends.

As a growing number of markets actively consider the adoption of sustainability disclosure standards based on IFRS S1 & S2, it is critical that all jurisdictions maintain faithfulness to achieve the market efficiencies cited above. These benefits will only be realized if individual jurisdictions adopt the requirements of the IFRS Standards in full, prioritizing any use of temporary reliefs over the omission of certain disclosure requirements. We applaud the leadership demonstrated by the CMF, particularly via proposing amendments to Norm 461 that reflect evolutions in the global sustainability reporting landscape.

We encourage the CMF's consideration of our feedback and are available to discuss further, if helpful. We can be reached at aaugustine@bostontrustwalden.com and jfernandez@bostontrustwalden.com.

Sincerely,

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