

June 24, 2025

International Sustainability Standards Board (ISSB)
The International Financial Reporting Standards Foundation (IFRS Foundation)
Columbus Building, 7 Westferry Circus
Canary Wharf, London E14 4HD
United Kingdom

Dear ISSB Board,

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately \$16.7 billion in assets under management.¹ 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 all relevant 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 full market cycles.

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 applaud the ISSB for its responsiveness to market feedback following the issuance of the ISSB Standards and welcome the opportunity to comment on the proposed amendments to IFRS S2 to provide additional relief and clarify existing relief from specific greenhouse gas emissions disclosure requirements. In response to the Exposure Draft, Boston Trust Walden offers the following points for consideration:

We support efforts to bring necessary clarity to the required extent of Scope 3 emissions disclosure for entities in the financial sector but note the landscape for greenhouse gas (GHG) emissions measurement methodologies has significantly evolved (Question 1[a]).

We acknowledge the potential application challenges cited in paragraphs BC9-BC13 of the *Basis for Conclusions on Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures* necessitated additional guidance by the ISSB. Recognizing that this exposure draft is *not* an attempt to dilute the original intent of IFRS S2 (which was informed by substantial market feedback provided during the initial consultation period) but instead serves to refine the Standard for the purpose of driving global uptake and reducing reporting burdens, we are supportive of the proposed amendments.

That said, the landscape for GHG emissions measurement methodologies has significantly evolved since the summer of 2022 when the ISSB held its initial consultation period for the IFRS Sustainability Disclosure Standards. The Partnership for Carbon Accounting Financials (PCAF) published its first methodology for insurance-associated emissions in November 2022² (with further methodological development initiated in 2024³), an accounting methodology for facilitated emissions in December

¹ AUM as of March 31, 2025, includes AUM of wholly-owned subsidiary Boston Trust Walden Inc.

² <https://carbonaccountingfinancials.com/en/newsitem/pcaf-launches-the-global-ghg-accounting-and-reporting-standard-for-insurance-associated-emissions>

³ <https://carbonaccountingfinancials.com/en/newsitem/pcaf-announces-areas-for-standard-development-in-2024>

2023,⁴ and in 2024 began exploratory work on derivatives as an area for future standard development.⁵

While both the facilitated- and insurance-related emissions methodologies from PCAF were only published within the past three years, a handful of leading global entities have already adopted and published initial disclosures utilizing those methodologies. For example, NatWest Group⁶ includes facilitated emissions data in their annual reporting, and HSBC⁷ and Citibank⁸ both calculate and include facilitated emissions within their sectoral GHG emissions reduction targets. In addition, leading insurers such as Allianz⁹ and SwissRE¹⁰ are among the entities that have published GHG emissions data aligned with PCAF's insurance standard.

Regulators are beginning to point to these methodologies in their own jurisdictional disclosure requirements. For example, the Canadian Office of the Superintendent of Financial Institutions (OSFI) published Climate Risk Management guidance in March 2025 that instructed federally regulated financial institutions to “use the latest Partnership for Carbon Accounting Financials’ (PCAF’s) Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF Standard), or a comparable industry-accepted approach.”¹¹

- ***In recognition of the significant maturation of GHG emissions measurement methodologies since 2022, we encourage the ISSB to explicitly reference an intent to revisit the requirement for disclosures related to facilitated-, insurance-, and derivative-related emissions as the methodologies continue to mature.*** This approach would appropriately recognize the dynamic nature of emissions methodology development and send a necessary market signal that entities in the financial sector should continue to align internal tracking mechanisms with internationally recognized standards such as PCAF.

We encourage the ISSB to provide additional guidance regarding how entities should measure and convey the “amount of derivatives” to better ensure comparability and consistency in disclosures (Question 1[b]).

While we support the requirement for entities to provide additional information to enable users of general purpose financial reports to understand the magnitude of the derivatives and financial activities associated with the Scope 3 Category 15 greenhouse gas emissions that are excluded, we believe the lack of explicit guidance for *how* entities should provide this information could lead to disparate and incomparable disclosures. For example, one entity could frame the magnitude of excluded business activities in the context of annual turnover whereas another could frame these activities in the context of net income or total assets.

In addition to providing specific guidance for the measurement and disclosure of the “amount of derivatives,” we encourage the ISSB to further compel information regarding the end markets or sectors for the related derivatives and financial activities. In the absence of GHG emissions data, such information would be useful in understanding the magnitude of associated climate-related

⁴ <https://carbonaccountingfinancials.com/en/newsitem/pcaf-launches-a-new-accounting-and-reporting-standard-for-capital-markets>

⁵ <https://carbonaccountingfinancials.com/en/newsitem/pcaf-announces-areas-for-standard-development-in-2024>

⁶ https://investors.natwestgroup.com/~/_media/Files/R/RBS-IR-V2/results-center/14022025/nwg-annual-report-and-accounts-2024.pdf

⁷ <https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2023/annual/pdfs/hsbc-holdings-plc/240221-financed-emissions-methodology-update-published-february-2024.pdf?download=1>

⁸ <https://www.citigroup.com/rcs/citigpa/storage/public/2023-Citi-Climate-Report-Supplement-Net-Zero-Metrics-Methodology.pdf>

⁹ https://www.allianz.com/content/dam/onemarketing/azcom/Allianz.com/sustainability/documents/Allianz_Group_Explanatory_Notes_2023-web.pdf

¹⁰ <https://www.swissre.com/dam/jcr:b17dff9d-c026-46e6-b3f9-a0839fb5ed65/2024-sustainability-report-en.pdf>

¹¹ <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/climate-risk-management>

impacts from those financial activities. Users of general purpose financial reports may need more nuanced information beyond the significance of these activities to the business to help contextualize the risk exposure of those assets.

We support the proposed amendments to provide jurisdictional reliefs from using the GHG Protocol Corporate Standard (Question 3) and for global warming potential (GWP) values (Question 4).

We believe the proposed amendments appropriately reduce the complexity, risk of potential duplication of reporting, and related costs associated with applying specific requirements of IFRS S2. Further, we believe allowing this degree of flexibility at the subsidiary level is critical to incentivize completeness of disclosures for entities applying IFRS S2 on a voluntary basis.

These proposed amendments rightly recognize that global regulators have introduced varied GHG emissions accounting standards and GWP values in their jurisdictional-specific regulations. As jurisdictions seek to concurrently adopt the ISSB standards and advance climate-related policymaking, they need confidence that the ISSB's guidance provides alignment – or at least space for relief – and does not complicate climate policymaking efforts.

We appreciate the ISSB's consideration of our feedback, namely:

- While we are supportive of the additional clarity provided in the proposed addition of paragraph 29(A)(a), we encourage the ISSB to explicitly reference an intent to revisit the requirement for quantitative disclosures related to facilitated-, insurance-, and derivative-related emissions as nascent but credible methodologies continue to mature.
- Additional guidance regarding *how* entities should measure and convey the “amount of derivatives” within the business, as well as compelling information regarding the end markets or sectors for related derivatives and financial activities, would better ensure comparability and consistency in disclosures.
- We support the proposed amendments to provide jurisdictional reliefs from using the GHG Protocol Corporate Standard and for GWP values, as such reliefs may be critical to drive further uptake, including on a voluntary basis.

Should it be helpful to discuss further, we can be reached at aaugustine@bostontrustwalden.com and jfernandez@bostontrustwalden.com.

Sincerely,

Amy D. Augustine

Amy D. Augustine
Director of ESG Investing



Jared Fernandez
Senior ESG Analyst & Manager, Proxy Voting