

GLS-CVLS-B000243639

Contacto CONAMER

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Enviado el: jueves, 24 de octubre de 2024 03:06 p. m.
Para: Contacto CONAMER
Asunto: CPP Investments response to CNBV's consultation
Datos adjuntos: CPPIB Response to CNBV - October 2024.pdf

Dear Sir/Madam,

Enclosed please find CPP Investments' response to the CNBV's consultation regarding the amendment of the rules for securities issuers and market participants to follow ISSB guidelines.

Thank you for the opportunity to provide comments.

Regards,

Maria Montero

Managing Director | Office of the Chief Sustainability Officer

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October 25, 2024

Comision Nacional Bancaria y de Valores
Colonia Guadalupe Inn, Alvaro Obregón
Ciudad de Mexico, CP. 01020

Dear Sir/Madam,

Thank you for the opportunity to comment on the National Banking and Securities Commission's (CNBV) proposal to amend rules for securities issuers and market participants to follow International Sustainability Standards Board (ISSB) guidelines.

The Canada Pension Plan Investment Board (CPP Investments) is the professional investment management organization that invests funds not currently needed by Canada Pension Plan (CPP) to pay benefits. Our public purpose is to help provide a foundation upon which the CPP's more than 22 million contributors and beneficiaries can build their financial security in retirement. As at March 31, 2024, we managed C\$646.8 billion (approximately MXN8.7trillion) in net assets globally, in public and private equities, real estate, infrastructure, sustainable energies and credit/fixed income instruments. Headquartered in Toronto and with investment offices in key markets in the Americas, Europe and Asia Pacific, CPP Investments is governed and managed independently of the CPP and operates at arm's length from governments. Our investment strategy is designed to fulfill our legislative mandate of maximizing returns without undue risk of loss. We are a significant, patient capital investor in Mexico, in various asset classes and sectors, with approximately C\$8.5 billion (approximately MXN 114 billion) invested in the country as at June 30, 2024.

As an investor, we accept the division of authority and responsibilities among shareholders, the board of directors, and management. We see a shareholder's right to appoint the board of directors as a foundational pillar of good governance. As investors, we expect boards to consider material business risks and opportunities when setting and implementing strategy. Where investors conclude that boards have failed to discharge this duty, investors retain and regularly exercise the right to withhold support for the directors they deem derelict. Comprehensive, comparable and assurable sustainability-related disclosures by companies is critical to enable boards to deliver on this expectation, and for investors to make informed judgements of whether directors have discharged their duties. In addition to investors, boards of directors will be a primary beneficiary of this information, if used to inform corporate strategy.

We therefore commend the CNBV's proposed amendments aimed to introduce IFRS S1 and S2 for an important share of publicly accountable entities in Mexico as a first step in the jurisdiction's adoption journey. To provide investors with decision-useful information on sustainability-related risks and opportunities for all Mexican entities with public accountability, the IFRS Foundation underscores the benefits of applying the global baseline across all sectors of the economy. We believe these proposed amendments are an important step in Mexico's commitment to provide high quality, consistent and comparable information for users of sustainability information, which includes board directors and investors.

We believe that alignment with ISSB will facilitate global comparability of sustainability-related disclosures of Mexican reporting entities, ensuring Mexican directors have the information they need to appropriately oversee strategy, and will support investors like us to make more informed investment decisions. This will also provide Mexican companies with access to the deepest and most attractive pools of capital and will ensure the efficiency of reporting requirements for Mexican entities that operate or raise capital in multiple jurisdictions by removing the costs of reporting to multiple disclosure frameworks. ISSB Standards also bring a significant advantage to Small and Medium Enterprises through the principle of proportionality embedded in IFRS S1, allowing them to report within their capabilities while striving for incremental enhancements over time. We also note that, while this reporting may represent a considerable lift for some Mexican entities today, significant investment is being made by the IFRS to support capacity building.

We have reviewed the proposed amendments and believe that their broad alignment with the global baseline provided by the ISSB can reduce fragmentation and promotes comparability for boards and investors, but also streamlines and eases reporting needs for companies that may need to comply with multiple reporting requirements. We nevertheless note that the proposed relief that foreign-domiciled entities listed in Mexico be permitted to apply other disclosure requirements instead of ISSB Standards will affect comparability of information. For example, unlike the ISSB Standards, the information may not be designed specifically to meet investor information needs, and the jurisdictional requirements may not provide information on the matters addressed by the ISSB Standards. We also note that the proposed amendments requiring issuers to include sustainability disclosures in notes to the financial statements could be interpreted as misaligned with current the ISSB Standards. We recommend considering all the implications of this location-related requirement ahead of further ISSB guidance.

We again commend the CNBV for its leadership towards global comparability of sustainability-related disclosures. Investors like us will benefit from comprehensive, comparable, assurable reporting of data, but the primary beneficiaries of this data, if used to inform strategy, will be boards of directors and the companies they oversee.

Thank you for your consideration of these comments. We remain available to provide further input or clarification as needed.

Sincerely,



Richard Manley, Chief Sustainability Officer
CPP Investments