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VIA EMAIL

October 21, 2022

[applicant information]

Re: Request for Records: BCLC File 22-035

British Columbia Lottery Corporation (BCLC) writes further to your September 7, 2022 request under B.C.'s *Freedom of Information and Protection of Privacy Act* (FIPPA), received by BCLC on September 8, 2022, and BCLC's letter dated September 8, 2022.

Your original request was for:

“Executive summaries of all unpublished commissioned reports and external consultant reports – all for the most senior level – from Nov. 15, 2021 until today”

Based on similar requests clarified with you since January 6, 2014, BCLC previously interpreted “the most senior level” of Executive to be the “CEO, President and Vice President levels.”

Since your last request for similar records, the makeup of BCLC's Executive has changed slightly. BCLC's current Executive consists of the President & CEO, four Vice Presidents, one Chief Operating Officer and one Chief People Officer.

Therefore, BCLC has interpreted your current request to be for:

“Executive summaries of all unpublished commissioned reports and external consultant reports, at BCLC's current Executive level, from November 15, 2021 to September 7, 2022.”

BCLC is providing three pages of records in response to your request.

In addition, one responsive record was not published at the time that your request was made; however, this report was published on bclc.com during the processing of your request. The executive summary can be found on page three of the report, which can be found in its entirety at the link below:

<https://corporate.bclc.com/content/dam/bclccorporate/reports/corporate-citizenship/2022/Marketing%20on%20Purpose.pdf>

This response may be published a minimum of five business days after release at:

<https://corporate.bclc.com/who-we-are/corporate-reports/reports-disclosures.html>

If you have any questions or concerns regarding BCLC's processing of your request, please contact me at ksimcoe@bclc.com, via mail or at (250) 852-5228.

Additionally, under section 52 of FIPPA, you may ask the Information and Privacy Commissioner to review this reply to your request for information. You have 30 business days from the receipt of this notice to request a review by writing to:

Office of the Information and Privacy Commissioner for British Columbia
P.O. Box 9038, Station Provincial Government
Victoria, BC V8W 9A4

T (250) 387-5629 F (250) 387-1696
Email info@oipc.bc.ca Online www.oipc.bc.ca

Sincerely,
[original signed by]

Kevin Simcoe
Senior Freedom of Information Analyst

Executive Summary

Purpose and Objectives

This Report sets out the results of the Climate Change Risk Assessment (Risk Assessment) that was carried out during Q4 of fiscal year 2022. Enterprise Risk Management Services (ERMS) was engaged by the Board of Directors (the Board) and BCLC's Executive Management (Executive or Executive Management) to conduct an in-depth assessment of the risks to BCLC of climate change and related developments, in order to provide a baseline understanding of BCLC's current and future risks in this area and to make recommendations that Executive Management can implement to address these risks.

This presents an opportunity for BCLC to develop and implement strategic and operational frameworks, based on the recommendations in this Risk Assessment, to align both senior leadership and organization-wide responses to the growing threat of climate change.

Our Approach

Enterprise Risk Management Services carried out this Risk Assessment using BCLC's risk management process, combined with the risk management framework of the Task Force on Climate-Related Financial Disclosures, and with assistance from Ernst & Young (EY) Climate Change and Sustainability advisory services. This process involved scenario planning workshops with numerous internal BCLC functions to identify impacts of climate change on all aspects of BCLC and strategies to improve the organization's resilience in this area. These workshops and this Risk Assessment are underpinned by in-depth and wide-ranging research to provide a robust foundation.

The potential risks identified through this process have been scored and ranked based on likelihood and severity in the short-, medium- and long-term, as further detailed in this Risk Assessment.

Climate Change

Climate change, the change in long-term weather patterns, is now a scientifically accepted reality. The changing climate generates significantly changing risks to our world, requiring significant and accelerating responses. The World Economic Forum, for example, ranks *climate action failure as its top global risk, with the potential to severely damage societies, economies and the planet* over the next 10 years.

The underlying driver of climate change is increasing levels of CO₂ in the earth's atmosphere since pre-industrial times. This increase is primarily the result of human activity, in particular emissions of carbon dioxide and greenhouse gases (GHGs) into the atmosphere. Average global average temperatures have risen by about 1°C over this period, and over 1.7°C in Canada. Scientists and policymakers have established goals of limiting global temperature rise to 2°C at the most and 1.5°C if possible, in order to avoid a climate catastrophe.

The effect of these global temperature rises is more frequent and more severe extreme weather events. In recent years, BC has suffered these effects. For example, noted in the 2021 was the heat dome and destruction of the town of Lytton, floods that caused widespread damage to infrastructure, as well as with record wildfire seasons, drought, tidal surges and cold snaps. While weather events will necessarily affect different regions differently, all areas are susceptible to climate change; effects in one place may impact communities and organizations elsewhere; and remote and Indigenous communities may be particularly vulnerable.

Government Response and Disclosure

The 1992 United Nations Framework Convention on Climate Change marked the start of broad international cooperation regarding climate change. The subsequent Kyoto Protocol (1997), Paris Agreement (2015) and, most recently, COP26 (Glasgow 2021) build on this UN framework to set targets for national governments in order to limit global temperature increases.

Through the *Canadian Net-Zero Emissions Accountability Act* and other legislative and regulatory measures, the federal government has set out a commitment to reducing GHG emissions in Canada by 40-45% by 2030. The BC provincial government has undertaken to achieve similar reductions, of 40% by 2030 and 80% by 2050. These climate change targets are specifically identified in ministry, agency and Crown corporation mandate letters, including for BCLC.

In support of these government targets, and in response to public and stakeholder awareness, new climate change disclosure requirements are proliferating. These include new or draft disclosure requirements from organizations at all levels: international (for example, draft International Public Sector Accounting Standards Board disclosure guidelines, EU Corporate Sustainability Reporting Directive, US Securities and Exchange Commission disclosure for listed companies), through national (mandatory disclosure for Canadian Crown corporations), to provincial (BC's Climate Action Accountability Report).

BCLC Current State

The Board and Executive Management has set in place the initial components of a larger response to this fast-developing area. The Governance & Social Purpose sub-committee of the Board has been established and delegated oversight of Environmental, Social and Governance (ESG) matters, which includes climate change. BCLC is developing an ESG framework that will prioritize environmental and social matters, create a governance framework, and set priorities, goals and metrics to track and report. Under its Environmental pillar, this ESG framework will specifically identify environmental goals, risks and opportunities.

In the BCLC Climate Change Accountability Report 2020, the organization has clearly and publicly declared its commitment to meet and exceed provincial climate targets, align with social justice and equity practices, and establish itself as a key provincial climate change stakeholder. BCLC also reports its current and future climate change efforts in its annual Sustainability Report.

Risk Assessment Findings

Overall, BCLC is at a low climate maturity level as regards the risks to the organization of climate change but has set in motion the steps needed to progress in this area. This Risk Assessment is considered an initial assessment, to provide the basis for future developments and further risk assessments on this and related subjects in the future.

At a high level, this Risk Assessment has identified a new strategic risk of ***"BCLC may lack sufficient preparedness to manage and respond to climate-related risks"*** which will need to be addressed in order to set the direction and momentum for BCLC to address the sub-risks related to climate change that feed into this new strategic risk.

The following significant climate change sub-risks are identified in this Risk Assessment:

1. ***Extreme weather events, such as forest fires, heat waves, flooding, landslides and coastal storm surges.*** The likelihood of one or more of these risk events affecting BCLC is considered a near certainty in the short-term, with potentially catastrophic effects
2. ***Sea level rise.*** This risk is expected to be material to BCLC in the long-term, with a major impact rating, especially for service providers and BCLC office and warehouse locations in Vancouver

3. ***Extreme drought.*** This risk is considered almost certain to occur in the short-term, especially in interior BC, with a moderate effect on BCLC's operations and with the potential for catastrophic effects in the long-term
4. ***Emerging regulations related to emissions reduction.*** This risk relates primarily to BC emission targets for buildings, energy and transport, which is considered a near-certainty in the short-term with a moderate impact for BCLC
5. ***Stricter climate risk reporting standards.*** Increased and stricter reporting standards are almost certain in the short term, with unknown implications at this time as many enforcement provisions have not been enacted
6. ***Increase in carbon prices and cost of imports.*** Increasing carbon pricing is already implemented in Canada and B.C. It is expected to have moderate impact on BCLC in the medium term, and a major impact in the long-term
7. ***Increasing pressure to adopt clean technologies.*** BCLC will be required to adopt and accommodate new technologies to achieve provincial emission targets and align with consumer expectations, with a short-term impact rating of moderate, increasing to major in the long-term
8. ***Consumers moving away from traditional gaming offerings.*** A move away from traditional retailers to online platforms will continue into the future and is expected to have a moderate to major impact on BCLC gaming offerings.

Each of these risks have been considered and ranked with reference to BCLC's priorities of Public, Player, Profit and People, to provide a wholistic understanding of the risk landscape and provide guidance to the Board and Executive Management.

Full discussion of these risks, their context, potential effects on BCLC, and mitigation and adaption strategies are set out in this Risk Assessment.

Recommendations

In light of the identification of the new strategic risk, "Lack of sufficient preparedness to manage and respond to climate-related risks", it is recommended that BCLC carry out following essential strategic steps as a priority:

- Formalize a comprehensive climate change governance structure
- Develop and implement a climate change strategy
- Set robust targets and reporting metrics
- Integrate climate change into its Enterprise Risk Management process, and
- Consider strategic opportunities associated with climate change.

This Report contains the background, investigations, scenario planning, risk analysis and detailed recommendations for consideration by the Board and Executive Management.

Reader's Guide

This Risk Assessment performs the hybrid function of informing and advising the Board and also creating a template for Executive Management and the business to address the risks that are already identified. For ease of reference, the Principal Risks are discussed at sections [Climate Change Risks](#) and [Summary of Risks and Sub-Risks](#), BCLC's current state of climate change preparedness at [BCLC Current State View](#), and a Summary of Immediate-term Treatment Strategies appears at [Summary of Immediate-term Treatment Strategies](#). Comprehensive risk assessment results based on the business scenario planning sessions begin at [Appendix D – Impact ranking of extreme weather events](#).