

**July 29, 2022**

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

**Submitted via email to:** [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Re: Request for Comment on Exposure Drafts for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures**

Dear Chair Faber and Vice-Chair Lloyd,

OMERS welcomes the invitation to comment on the International Sustainability Standards Board's (ISSB) Exposure Drafts of the IFRS Sustainability Standards (the "Standards"): *IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1); and *IFRS S2 - Climate-related Disclosures* (IFRS S2), collectively known as the "Exposure Drafts".

As a fiduciary investing on behalf of our members, OMERS commends the ISSB's steps towards the creation of a comprehensive global baseline of sustainability disclosures and believes the ISSB is well-positioned to do so.

## About OMERS

Founded in 1962, OMERS is one of Canada's largest defined benefit pension plans, with C\$121 billion in net assets as of December 31, 2021. OMERS is a multi-employer, jointly-sponsored pension plan, with over 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred, and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services, and children's aid societies across Ontario. OMERS teams work in offices around the world – serving members and employers – and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure, and real estate.

## OMERS Climate and Sustainability-related Advocacy

OMERS has previously expressed our support for the ISSB's development of the Standards as a comprehensive global baseline of sustainability-related disclosures<sup>1</sup>. Earlier this year we also responded to the Canadian Securities Administrators<sup>2</sup> and the U.S. Securities Exchange Commission<sup>3</sup> in favour of mandatory climate-related disclosure.

<sup>1</sup> [http://eifrs.ifrs.org/eifrs/comment\\_letters/570/570\\_27604\\_KatharinePrestonOMERS\\_0\\_IFRSConsultation\\_SSB\\_OMERSresponse.pdf](http://eifrs.ifrs.org/eifrs/comment_letters/570/570_27604_KatharinePrestonOMERS_0_IFRSConsultation_SSB_OMERSresponse.pdf)

<sup>2</sup> [https://www.osc.ca/sites/default/files/2022-02/com\\_20220202\\_51-107\\_kellym.pdf](https://www.osc.ca/sites/default/files/2022-02/com_20220202_51-107_kellym.pdf)

<sup>3</sup> <https://www.sec.gov/comments/s7-10-22/s71022-20131944-302400.pdf>



In a joint statement by the CEOs of eight large Canadian pension plan investment managers, we also expressed our view that globally comparable industry-specific disclosure provides decision-useful information, focusing on the most relevant and material information for a given industry<sup>4</sup>. As such, we support the recent amalgamation of the ISSB with the Value Reporting Foundation and the Sustainability Accounting Standards Board (SASB), as well as the continued harmonization of existing sustainability frameworks and standards that have been widely adopted by reporters and stakeholders, such as the Task Force on Climate-related Financial Disclosures (TCFD). We believe this convergence will expedite global adoption and enhance reporting consistency.

Furthermore, OMERS has committed to a Net Zero 2050 emissions goal for our portfolio, has endorsed the TCFD<sup>5</sup> and has been disclosing in line with this framework in our annual reporting since 2019.

### OMERS Support of the Exposure Drafts and Response Summary

Overall, we are supportive of the direction the ISSB has put forward in the Exposure Drafts. OMERS has participated in a joint response to the Exposure Drafts representing the views of nine of Canada's largest pension plan investment managers. Collectively, we believe that consistent, comparable, and high-quality disclosures, provided by companies globally on an annual basis, are critical for investors to better assess sustainability risks and opportunities and make informed decisions. Furthermore, we believe these disclosures will motivate and differentiate companies that are working towards decarbonization and other sustainability imperatives.

We are encouraged that many of the governance requirements set out in the Exposure Drafts are consistent with best practices. As a member of the Canadian Coalition for Good Governance (CCGG), OMERS supports CCGG's recommendations regarding board oversight of material Environmental, Social and Governance (ESG) matters as set out in their Directors' E&S Guidebook.

In response to the Exposure Drafts, we offer the following comments, presented by key theme, for your consideration:

#### **A. We support the Exposure Drafts building on the recommendations of the TCFD and encourage further alignment in the following specific areas:**

- we believe governance and risk management disclosures should be a requirement, irrespective of materiality considerations. This is consistent with the TCFD recommendations. **(IFRS S1 & S2; Q1)**
- we recommend that the disclosure of transition plans be made a requirement for material sectors, consistent with the TCFD recommendations. Additionally, we suggest that if an entity has not disclosed its transition plan, this should be accompanied by an explanation, taking a comply or explain approach. Similarly, we suggest a comply or explain approach for scenario analysis. We believe that scenario analysis requirements should be phased-in as data and methodologies converge and that entities should include a 2°C or lower scenario in their analysis, as recommended by the TCFD. **(IFRS S2; Q5, Q7, Q10)**

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<sup>4</sup> <https://www.omers.com/news/ceos-of-eight-leading-canadian-pension-plan-investment-managers-call-on-companies-and-investors-to-help-drive-sustainable-and-inclusive-economic-growth>

<sup>5</sup> <https://www.omers.com/news/omers-commits-to-net-zero-2050-emissions-goal-building-on-its-sustainable-investing-program>

- B. We support an industry-specific materiality approach that considers impacts to enterprise value and broad stakeholder needs.** We recommend the ISSB adopt an industry-specific approach to materiality, that is aligned with the approach developed by SASB, in order to establish a baseline of shared sustainability risk and opportunities by industry group. This will enhance the consistency and comparability of sustainability-related disclosures. For the Standards to be successful, materiality guidance will need to be clear in its application. We suggest that the ISSB provide illustrative guidance to assist preparers in applying materiality practicably and to promote further consistency. Finally, we believe there could be factors, other than those impacting enterprise value, which could be considered material to primary users. We recommend that the Standards allow for further entity-specific judgement for materiality considerations beyond enterprise value to ensure the needs of all stakeholders can be met. **(IFRS S1; Q8)**
- C. We agree that sustainability disclosures should be for the same reporting period as the financial statements, however, recognize entities may be at different maturity stages of reporting.** We recommend a phased-in approach for the requirement to align the reporting period with the financial statements in order to encourage quick adoption of the Standards while allowing entities sufficient time to establish systems, internal controls, and coordinate with third parties without materially compromising the quality of reporting. In the end, we are supportive of sustainability-related financial information being ultimately reported at the same time and for the same reporting period as the financial statements to provide users with timely reporting. **(IFRS S1; Q9)**
- D. We recommend clearly distinguishing restatement of comparative figures between “errors” and “changes in estimates” so to allow users more visibility into nature of the restatement and to manage the typically negative market perception/reaction to restatements.** We support restating, where material, in order to provide useful comparative information to the user and would not want the preparer to be penalized for such. **(IFRS S1; Q11)**
- E. We ask the ISSB to consider its role in collaborating with policy makers and regulators to limit the reporting liability of entities to encourage the adoption of the Standards.** We recognize the inherent risk of including sustainability disclosures in the general purpose financial reporting – alongside other financial reporting disclosures which are at a distinctly more advanced maturity than the new and developing sustainability disclosures. We believe there is a risk users will view and judge them with the same lens, which will discourage or delay entities from disclosing. We encourage the ISSB to promote sustainability reporting progress over perfection and work with endorsing bodies of the Standards to align and limit the liability exposure to entities. **(IFRS S1; Q17)**
- F. We support the mandatory disclosure of Scope 3 Greenhouse Gas (GHG) emissions, where material.** We acknowledge the data challenges associated with both calculating and aggregating Scope 3 emissions. However, we support moving forward with disclosure when material as this information will improve data quality for all market participants, providing decision-useful disclosure across an entity’s value chain. **(IFRS S2; Q9)**
- G. We support the integration of the industry-specific disclosures as leveraged from the SASB Standards.** We consider the SASB Standards an important and informative resource, and strongly support an industry-based approach to materiality. In addition, we support increasing the international applicability of the SASB Standards to increase the consistency and comparability of climate disclosure for all users. **(IFRS S2; Q11)**

## Conclusion

We continue to encourage ongoing coordination efforts between the ISSB and domestic regulators (e.g., Canadian Securities Administrators, Office of the Superintendent of Finance Institutions, U.S. Securities and Exchange Commission, etc.) to harmonize sustainability-related disclosure requirements. We also welcome the efforts of the ISSB to engage with the TCFD, domestic regulators and domestic standard setters that influence, implement, and enforce sustainability standards. Finally, we encourage the ISSB to continue to expedite the development of new standards, moving quickly on to other sustainability disclosure topics.

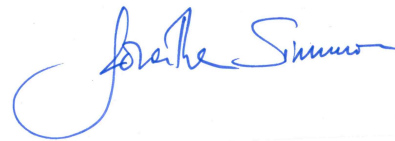
Thank you for the opportunity to provide our response. We would be pleased to discuss the foregoing comments further with you.

Sincerely,



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Michael Kelly  
Chief Legal & Corporate Affairs Officer  
OMERS Administration Corporation



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Jonathan Simmons, FCPA, FCA  
Chief Financial and Strategy Officer  
OMERS Administration Corporation