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SEC Headquarters
100 F Street, NE
Washington, DC 20549-0609

Submitted via email to: rule-comments@sec.gov

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors
Subject: File Number S7-10-22

Dear Chair Gensler,

We appreciate the opportunity to comment on the SEC's Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors (the "Proposed Rule"). As a fiduciary investing on behalf of our members, OMERS commends the Securities and Exchange Commission's (SEC) effort to propose rules that would facilitate the disclosure of consistent, comparable, and reliable climate change-related information. We encourage the SEC to push forward with the implementation of enhanced climate-related disclosures.

About OMERS

Founded in 1962, OMERS is one of Canada's largest defined benefit pension plans, with C$121 billion in net assets as at 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 endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and has recently committed to a Net Zero 2050 emissions goal for our portfolio[1]. We have 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. We therefore support the Sustainability Accounting Standards Board (SASB) Standards[2] and recommend that the SEC reference industry-specific guidance to support companies in identifying relevant material issues. OMERS also supports the International Sustainability Standards Board's (ISSB) development of the forthcoming IFRS Sustainability Disclosure Standards as a comprehensive global baseline of sustainability-related disclosures[3]. We therefore strongly encourage the SEC to align its disclosure requirements with the IFRS Sustainability Disclosure Standards.

2021 Statement of Support for SEC Climate Change Disclosures Regulation

In June 2021, as part of a group representing Canada's ten largest pension plan investment managers, representing over C$1.9 trillion in assets under management, OMERS responded to the SEC's request for public input on climate-related financial disclosures issued by Acting Chair Allison Herren Lee[4].

Our letter described our commitment to creating more sustainable and inclusive growth by integrating environmental, social and governance (ESG) factors into our strategies and investment decisions. By doing so, we aim to unlock opportunities and mitigate risks, supporting our mandates to deliver long-term risk-adjusted returns. We shared our support for the TCFD framework and the work of the Value Reporting Foundation – including the SASB Standards – as a strong basis for standardized ESG-related reporting.

We also collectively noted that our ability to deliver on our mandates requires transparency from companies in disclosing their material business risks and opportunities to financial markets, and consistency in providing financially relevant, comparable, and decision-useful information. The timely development of disclosure guidance is critical considering the potential material financial risks and long-term implications of climate change-related risks.

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[1] https://www.omers.com/news/omers-commits-to-net-zero-2050-emissions-goal-building-on-its-sustainable-investing-program
[2] 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
[3] http://eifrs.ifrs.org/eifrs/comment_letters/570/570_27604_KatharinePrestonOMERS_0_IFRSConsultation_SSB_OMERSresponse.pdf
[4] https://www.sec.gov/comments/climate-disclosure/cll12-8906827-244153.pdf

Our Response

We are responding to select areas of the Proposed Rule where we have a specific view. We have summarized our responses by theme, while incorporating the corresponding question number(s) from the Proposed Rule for reference.

A. Overview of the climate-related disclosure framework (Q1-7)

TCFD Alignment:

In 2020, OMERS, along with Canada's leading pension funds, issued a joint statement, which publicly encouraged companies to disclose climate-related information in line with TCFD and SASB[5]. We note that companies have an obligation to disclose their material business risks and opportunities to financial market participants and we believe that these frameworks can facilitate the disclosure of comparable, financially relevant, and decision-useful information. OMERS continues to advocate for, and support regulators who enact, mandatory climate-related disclosure aligned with the TCFD. Most recently, in February 2022, OMERS submitted a formal response to the Canadian Securities Administrators (CSA) in favour of mandatory climate-related disclosure aligned with the TCFD and SASB[6]. Our response included, among other things: (i) support for mandatory disclosure of Scope 1 and Scope 2 GHG emissions, along with Scope 3, where material; and (ii) the phasing-in of GHG emissions reporting assurance, climate scenario analysis, and venture issuer compliance.

In response to question 3 of the Proposed Rule, we recognize the SEC's efforts to model its climate-related disclosure framework in part on the framework recommended by the TCFD. Our comments below support harmonization with the recommendations of the TCFD and with the evolving IFRS Sustainability Disclosure Standards.

Disclosure Location:

In response to questions 1, 5, 6 and 7, we support including climate-related disclosures within a registrant's general purpose financial reporting. We believe climate-related disclosures should be included in the annual 10-K filings. This will allow investors to find disclosures related to climate-related risks in a central location, subject to the same level of oversight and scrutiny by the board and senior management. Our view is consistent with the TCFD recommendations and the proposed IFRS Sustainability Disclosure Standards. We further support requiring the information to be "filed" rather than "furnished" to the SEC.

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[5] 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

[6] https://www.osc.ca/sites/default/files/2022-02/com_20220202_51-107_kellym.pdf

B. Disclosure of Climate-Related Risks (Q8-18)

Materiality: We agree with the proposal that registrants discuss and disclose their assessment of the materiality of climate-related risks. In addition, we support the requirement to disclose material impacts of climate-related risks over the short, medium and long-term and with the proposed provision requiring a company to specify how it determines and defines short, medium and long-term.

C. Disclosure Regarding Climate-Related Impacts on Strategy, Business Model, and Outlook (Q19-33)

Scenario Analysis: In response to question 30, consistent with the position we took in our response to the CSA, we encourage the SEC to consider requiring scenario analysis on a comply or explain basis[7]. Furthermore, we believe that scenario analysis should be phased-in as data and methodologies converge and that registrants should include a 2°C or lower scenario in their analysis, as recommended by the TCFD. We caution that the SEC's proposed "if/then" approach to scenario analysis, which requires registrants to provide disclosure only if they have actually conducted or created such analysis, could disincentivize issuers from undertaking these initiatives.

E. Risk Management Disclosure (Q42-51)

Transition Plan Disclosure: In response to question 46, in addition to what the SEC has proposed, we recommend that the disclosure of transition plans and interim targets be mandatory for material sectors, consistent with TCFD guidance. As part of the transition plan disclosure, we support the disclosure of key metrics and progress towards targets, plans to mitigate or adapt to any material physical or transition risks, as well as any plans to capitalize on identified climate-related opportunities. Furthermore, we recommend that the SEC consider strengthening its definition of a transition plan. The TCFD's definition notably includes the transition toward a low-carbon economy.

[7] https://www.osc.ca/sites/default/files/2022-02/com_20220202_51-107_kellym.pdf

G. GHG Emissions Metrics Disclosure (Q93-134)

GHG Emissions Disclosure:
We strongly support the disclosure of Scope 1 and Scope 2 GHG emissions, along with Scope 3, where material, in line with the GHG Protocol. As an investor seeking consistent, comparable, and decision-useful climate information, we strongly support the SEC's efforts to align issuers around a consistent GHG emissions reporting framework. We use GHG emissions information to make evidence-based investment decisions in the context of climate change risks and opportunities. This includes calculating the carbon footprint of our investee companies in support of our Net Zero 2050 commitment.

We do not agree, however, with the exemption of Scope 3 emissions disclosure for smaller reporting companies (SRCs). We recommend that SRCs also be required to provide disclosure of Scope 3 emissions, where material. Our recommendation is aligned with the TCFD, which, in 2021, recommended that all organizations disclose Scope 3 GHG emissions, where material.

Forward Looking Information and "Safe Harbors":
In response to question 133, we agree with the approach taken by the SEC to not introduce any new liability protection measures for climate-related disclosures except for those related to Scope 3 emissions. We expect non-forward-looking information such as scope 1 and 2 emissions to be accurate and do not believe that liability protection is appropriate for these types of disclosures. The existence of a safe harbor for forward-looking information encourages issuers to provide more detail on risks and opportunities and avoid reducing disclosures to "boilerplate" messages that provide little information to investors.

H. Attestation of Scope 1 and Scope 2 Emissions Disclosure (Q135 – 167)

Attestation Requirements:
We agree with the various GHG emissions disclosure attestation requirements, moving from limited assurance towards reasonable assurance over time. However, we would like to see climate-related transparency across companies of all sizes and therefore do not support attestation exemptions for SRCs and non-accelerated filers. We believe independent assurance on the accuracy, completeness, and consistency of GHG emissions data would benefit the decision-making of investors and stakeholders of all registrants.

Global Harmonization: In response to question 189, we strongly encourage the global alignment of sustainability disclosure standards. We supported the formation of the ISSB and the development of the IFRS Sustainability Disclosure Standards as a global baseline. To the extent disclosure can coalesce around a common, standardized set of disclosures, this will facilitate comparability, and support climate-related analyses for investors. We acknowledge that the SEC is actively engaged in these global developments and there is strong, albeit not complete, alignment between the SEC's proposal and the direction of travel indicated in the IFRS Exposure Draft on Climate-related Disclosures.

M. Compliance Date (Q194-201)

Effective Date: With respect to the implementation timeframes for Accelerated and Non-Accelerated Filers and SRCs, we believe that the proposed approach, which allows two- and three-year periods before any disclosures are required, could be modified. We suggest that governance and risk management disclosures be required from all registrants within one year of the effective date.

Conclusion

We thank you for the opportunity to provide these comments. We would be pleased to further address any questions you may have and appreciate the time you are taking to consider our responses.

Sincerely,

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