



EPAC

The Explorers and Producers
Association of Canada™
L'Association des Explorateurs
et Producteurs du Canada^{MC}

July 28th, 2022

International Sustainability Standards Board (ISSB)
Columbus Building
7 Westferry Circus
Canarary Wharf
London, E14 4HD

commentletters@ifrs.org

Regarding: EPAC Comments on IFRS Exposure Draft – General Requirements for Disclosure of Sustainability-related Financial Information

Dear ISSB and Mr. Faber,

The Explorers and Producers Association of Canada (EPAC) welcomes the opportunity to provide feedback on the IFRS Exposure Draft Disclosure Requirements and acknowledges the efforts of those involved in this important work. EPAC is a Canadian based national advocacy organization that represents a majority of Canadian energy companies (oil, natural gas and renewables). Our combined members represent almost half a trillion dollars (CAD) in market assets and provide the world critical resources during a period of heightened energy security and changing energy use. We are a technical organization focused on supporting all governments in implementing their policy agenda through constructive and informed engagement.

As outlined in the IFRS Exposure Draft, the IFRS has used its discretion to move forward quickly because in their view there is an “urgent need” for them to deliver the Exposure Draft. EPAC recognises the pressure on the IFRS to move forward quickly and defer their usual governance processes. EPAC would also like to acknowledge the IFRS’s reporting relationship into national security regulators given the positive developments to date from several national security regulators on the subject of sustainability disclosure (specifically climate related reporting).

EPAC, along with member companies and their investors (domestic and foreign institutional investors, retail investors and lenders), have concerns with the IFRS Exposure Draft and believe that despite the recognised efforts of those involved in the creation of the draft, the IFRS Exposure Draft is not in a position to be useful for financial regulators or primary users of general-purpose financial reporting.

Unlike the incremental and targeted approaches taken by the *Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD)* and many securities regulators (see Alberta Securities Commission - *Proposed National Instrument 51-107*), the IFRS Exposure Draft

has the potential to create confusion and add significant cost to businesses without obtaining the IFRS's stated benefits to investors.

EPAC and its members support increased clarity and transparency related to financial disclosure provided the value of such disclosure is in-line with associated negative cost impacts on businesses and thus ultimately consumers. The proposed IFRS Exposure Draft does not achieve a balance between value and cost. Concerns relate to:

- A lack of clarity and the subjective nature of the IFRS proposal (especially compared to current security regulators successful activities)
 - For example, it is unclear what level of detail is required within reporting; how company size would impact reporting; what competitiveness problems would result given not all countries would be following the standard (this is especially relevant for commodity-based businesses); and how fair comparative analysis between companies in the same sector could be achieved through the IFRS proposed framework.
- The Metric and Targets section does not assist companies or investors in obtaining an understanding of the standard to be applied for audit purposes. There are concerns with a lack of sufficient objectivity to achieve an auditable, transparent and useful degree of comparative information. The inclusion of scope 3 emissions is unreasonable for a business to produce in most situations within EPAC members. If such an inclusion was to occur, the associated significant costs within the international energy business would result in increased costs to consumers beyond the already challenged energy affordability issues faced in most countries, while at the same time not adding significant value to addressing the ongoing focus on emissions reduction.

We would encourage the IFRS as well as securities regulators within the International Organization of Securities Commissions (IOSCO) to rethink the direct applicability of the IFRS Exposure Draft within a practical setting. EPAC does not support the current draft as proposed and, given the extensive work to fix the current draft, we recommend that other more valuable efforts under securities regulators be pursued.

Sincerely,



Tristan M. Goodman
President and CEO
The Explorers and Producers Association of Canada

CC: Stan Magidson, Chair, Canadian Securities Administrators
Hester M. Peirce, Commissioner, United States Securities and Exchange Commission
Nikhil Rathi, Chair and Chief Executive Officer, Financial Conduct Authority
Robert Ophèle, Chairman, Autorité Des Marchés Financiers

Traduction française jointe les cas échéant [French translation attached as appropriate]