



June 4, 2021

Gary Gensler, Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: SEC Request for Public Input on Climate Change Disclosures**

Dear Chair Gensler:

On behalf of Dow Inc. and its consolidated subsidiaries ("Dow"), we thank the Commission for the opportunity to provide a response to the March 15, 2021 request for public input on climate change disclosures. We commend the Commission's focus on addressing climate change reporting and the goal to increase transparency and accountability in public reporting. Dow believes there are three key elements of new climate change disclosures that are important to adhere to:

1. **Leverage existing standards or frameworks.**
2. **Include safe harbor provisions and objective standards of liability.**
3. **Utilize a principles-based approach grounded in clear definitions.**

**A LEADER IN SUSTAINABILITY & DISCLOSURE**

Dow is a materials science company dedicated to giving our customers the solutions they need to both achieve their goals and create a better tomorrow. For more than 120 years, we have continually worked toward designing and producing better products for society and the planet, as well as imagining and implementing better ways to make them. This is central to our business strategy and a priority for our company, which is outlined in our ambition: *"To be the most innovative, customer-centric, inclusive and sustainable materials science company in the world."*

**Not only is sustainability a key element of our ambition, it also has been core to our culture and values throughout our history and is a strategic imperative for Dow to drive long-term value for all stakeholders, including shareholders.** For more than 30 years, Dow has been a leader in our industry establishing and performing against clear sustainability goals. Today, we continue to implement our 2025 Sustainability Goals<sup>1</sup> – our third generation of successful 10-year sustainability goals – as well as our new, progressive, multi-decade sustainability targets focused on advancing a circular economy and climate protection with an ambition to be carbon emissions net-neutral by 2050.

We are collaborating to invest in new technologies and processes that will decarbonize our industry, while also helping our customers reduce their emissions by innovating lower-carbon technologies. Many Dow products lower our customers' emissions more than the carbon emissions used to produce them, such as enabling lighter, safer and more

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<sup>1</sup> <https://corporate.dow.com/en-us/science-and-sustainability/2025-goals.html>

fuel-efficient automobiles; more energy-efficient buildings; and food that stays safe and fresh longer—all critical for a world set to add two billion people by 2050.

Dow is recognized as one of the top companies in the global chemical industry for sustainability performance, as exemplified in achieving our 21<sup>st</sup> year on the prestigious Dow Jones Sustainability Index. We are a leader in voluntary and transparent sustainability reporting, issuing our 18<sup>th</sup> annual comprehensive report in 2021<sup>2</sup> based on the Global Reporting Initiative (“GRI”) Standards Comprehensive option and including references to Sustainability Accounting Standards Board (“SASB”) indicators. We also support the Task Force for Climate-related Financial Disclosures (“TCFD”) and have committed to implementing the TCFD disclosure recommendations by 2022.

Dow’s annual sustainability reporting also serves as Dow’s communication on progress for its commitment to the United Nations Global Compact. We have reported details of our climate governance and performance to the CDP (formerly the Carbon Disclosure Project) since 2009 and were an early adopter of Scope 3 reporting. Dow’s Board of Directors is directly engaged in and provides oversight for Dow’s ESG strategy and performance reporting. As evidence of this, in 2021 Dow is providing a consolidated, comprehensive ESG report, which includes the company’s performance on a variety of environmental/sustainability, social and governance-related matters. Going forward, we are also engaging with the World Economic Forum’s International Business Council’s efforts to support consolidation of reporting frameworks and arrive at a consistent and comparable international reporting standard for ESG matters.

## KEY ELEMENTS FOR CLIMATE CHANGE DISCLOSURE

### 1. The SEC should leverage existing disclosure standards or frameworks rather than create new climate change disclosure standards.

We recommend the Commission leverage an existing climate change disclosure standard or framework rather than creating wholly different regulations to address climate-related disclosures. Additionally, we urge the SEC to support the convergence of various standards into one clear global set of climate-related disclosure rules, leveraging the approach taken by the International Financial Reporting Standards Foundation to create a sustainability standards board.

Companies like Dow have continued to advance climate change reporting with GRI as a leading global standard, which sets out principles and indicators that organizations can use to measure and report their economic, environmental, and social performance, including issues involving climate change. Additionally, Dow has referenced the SASB’s industry-specific standards in our voluntary sustainability reporting since 2019. Sustainability reports based on GRI and SASB standards are used to benchmark results, demonstrate organizational commitment to sustainable development, and compare organizational performance over time<sup>3</sup>.

Dow believes that TCFD, if adhered to by a wide range of companies, would improve consistency, comparability and transparency of climate-related disclosures and provide more decision-useful information for investors and other stakeholders. Dow is a member of TCFD and has employed considerable effort towards principles-based disclosures aligned with the recommendations of the TCFD.

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<sup>2</sup> <https://corporate.dow.com/en-us/science-and-sustainability/reporting.html> (report for 2020 to be published June 2021)

<sup>3</sup> Full text of the 2010 SEC disclosure guidance: <https://www.sec.gov/rules/interp/2010/33-9106.pdf>

**2. Climate change rules and regulations should provide safe harbor provisions and objective standards of liability.**

Dow recommends that any rulemaking should include safe harbor protections and objective standards of liability in the context of forward-looking statements, Management's Discussion & Analysis and risk factors. This is best satisfied by implementing a climate change framework that allows information to be furnished rather than filed with the SEC. Providing furnished disclosures will not impact the availability, accuracy, comparability or usefulness of the disclosures. However, furnished disclosures will not subject companies to strict liability standards, which should encourage disclosure that is prepared using estimates and projections or contains forward-looking information.

The Commission should also include climate-related disclosures in a "furnished" submission on a timeline that extends beyond the Annual Report on Form 10-K deadlines. While many companies like Dow provide extensive voluntary reporting today, that reporting is provided outside of the Form 10-K reporting cycle due to data collection processes used and availability of information. Investment and/or changes in reporting infrastructure will be needed to meet a more accelerated timeline.

**3. The SEC should adopt a principles-based approach to any sustainability disclosure requirements, grounded in clear definitions.**

Dow supports a principles-based approach to climate-related disclosures – including both quantitative and qualitative measures, which are consistently reported and based on science. We strongly support the adoption of the U.S. financial reporting definition of materiality, recognizing that it may be onerous to determine distinct prescriptive, quantifiable climate-related metrics that are material and relevant to all companies. Climate impacts vary significantly by company, industry and geography, and therefore companies should have the flexibility to disclose metrics that are useful to their investors, management and are considered material to the company.

In addition, it is important to establish a common and consistent understanding of definitions for climate-related terminology used in rulemaking. This would produce a more accurate cost-benefit analysis of proposed requirements and allow for more productive feedback from key stakeholders on the appropriate placement and level of assurance for proposed disclosures.

Thank you for the opportunity to provide Dow's perspective in response to the SEC's request for public input on climate change disclosures. Dow supports the Commission's focus on addressing climate change in public reporting and looks forward to working with all our stakeholders on this critical topic.

Sincerely,



Howard Ungerleider  
President and Chief Financial Officer  
Dow Inc.