ALLIANCEBERNSTEIN®

[redacted]

June 9, 2021

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Public Input on Climate Change Disclosures

Dear Ms. Countryman,

I am writing on behalf of AllianceBernstein L.P. ("AB") in response to your March 15, 2021 public request ("Request') for input on climate change disclosures. AB is a global asset-management firm with more than 3,800 employees across 25 countries and jurisdictions. We serve our clients through three core businesses: asset management, independent sell-side research and brokerage services, and wealth management. With $724 billion in assets under management (AUM) as of May 12, 2021, we deliver solutions across the capital structure, from fixed income to equity and from private alternatives to multi-asset solutions. Our broad range of investment expertise spans portfolio construction and management; fundamental, quantitative, economic and multi-asset research; wealth planning; and trading.

Our views and comments below are based on our extensive experience with integrating climate issues, data and information into our investment processes. Climate change poses a pervasive, significant risk to both capital markets and issuers. These include physical risks to real assets and supply chains from severe weather and transition risks from litigation and regulatory, technology, economic changes as economies strive to meet "Net Zero," which means aligning global activities with a temperature increase below 1.5C as prescribed by the Paris Agreement. These risks are often non-linear and subject to unexpected feedback loops that can create disruptive impacts on asset valuations, global financial markets and economic stability. As a global asset manager, we invest in equity, debt and alternative securities globally and it's imperative that we dimension how climate change can affect different geographies, economies, industries and companies, then factor those risks and opportunities into fundamental research and investment decisions.

As a result of these efforts, AB has observed significant challenges in integrating climate change considerations into the investment processes due to severe inconsistencies and weaknesses in corporate disclosures around climate change risks, opportunities and the strategy and management thereof. The variability and gaps in current disclosures frequently fail to capture material, financial climate risks faced by issuers and markets, thereby preventing investors from implementing efficient capital allocation and effective risk management.

To function effectively, capital markets participants need transparent and comprehensive, decision-useful data from all enterprises facing material climate change risks. Reliable, consistent and comparable climate-related disclosure at scale will provide investors and companies the information needed to allocate capital efficiently and in a manner that reduces risk and financial shocks or disruptions. To be clear, AB views the risks and opportunities associated with climate change as fundamental financial factors that impact company cash flows and the valuation investors attribute to those cash flows. Regulatory changes, physical risks, and changing consumer decision criteria and preferences are all factors that asset managers need to understand and integrate into their investment processes to make optimal investment decisions on behalf of their clients.

As investors, we seek to motivate and engage issuers to manage climate change risk and opportunity in their operations, management, strategies, products and services, and to hold boards and management accountable for performance in this area. Climate change disclosures currently do not support, and often undermine, these investor efforts and therefore also the effective functioning of capital markets. To that end, we support the SEC's initiative to evaluate and further enhance disclosure rules to promote the disclosure of consistent, comparable and reliable information related to climate change. The SEC has always supported full and fair disclosure and focused on protecting investors, and we believe the SEC must view climate change as a topic where more disclosure is necessary to ensure investors receive consistent and accurate information from issuers on climate that is material to making investment decisions. Additionally, the SEC is tasked with ensuring effective functioning of capital markets, and we believe robust climate disclosure would further enable regulators to more efficiently address and prepare for emerging climate-related issues that could cause climate-related financial market shocks that may have significant consequences for issuers, investors and shareholders.

AB is affiliated with several organizations which are preparing responses to the Request including the Securities Industry and Financial Markets Association, Ceres, the Investment Company Institute, the UN Principles on Responsible Investment and the Council of Institutional Investors. While we generally support and highly encourage the SEC to consider these organizations' responses, this letter highlights the climate change disclosure elements that AB believes the SEC should, at minimum, include in its requirements:

1) **Focus on quantitative, comparable, material disclosure**. At this stage, AB recommends that the SEC mandate a set of core metrics that are industry and sector agnostic accompanied by additional industry-specific guidance for issuers in emissions intensive sectors, such as energy, transportation and utilities, with a view towards developing guidance for additional sectors over the next three years. Quantitative disclosures should be required to be accompanied by relevant information on methodologies and assumptions, and other relevant contextual information. Useful, financially material core metrics that the SEC should require include:

   a. **Greenhouse Gas ("GHG") Emissions** broken out by Scopes 1, 2 and 3 as defined by the Greenhouse Gas Protocol;

b. **Internal GHG Pricing,** including how this pricing is derived and used in the issuer's strategy, planning, capital allocation and operational decisions. Please see the Ceres response dated June 9, 2021 to the Request for more information and rationale on Internal GHG Pricing.
c. **Carbon Footprint** and **Weighted Average Carbon Intensity.** Please see the Core Metrics Disclosure section of the SIFMA response dated June 11, 2021 to the Request for more information on these metrics.
d. Quantitative information on the company's operations and supply chain, including supplier identification, operational and supplier locations globally and supplier tiering in terms of volumes and priority in the issuer's business.
e. **Scenario Analysis** that standardizes disclosure around the assumptions, parameters and inputs of the analysis and includes analysis of a Net Zero scenario. Please see Ceres' response dated June 9, 2021 to the Request for more information, references and rationale on Scenario Analysis.
f. **Capital Expenditure** disclosure that requires issuers to provide a breakdown of current and planned capital expenditures related to addressing physical and transition risks and opportunities arising from climate change.

The SEC should incorporate climate-related disclosures rules into Regulation S-K, particularly as they pertain to 10-K disclosures. Please see references to Regulation S-K throughout Ceres' response to the Request for more information.

2) Coordinate globally to ensure consistency with other regulatory regimes and leverage existing, internationally recognized frameworks and standards. Collaborating with regulators and industry bodies that are already developing or implementing climate-related disclosure requirements and using existing frameworks as reference points will allow the SEC to leverage years of research and experience in this area. Specifically, AB encourages the SEC to:

a. Incorporate the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) into its disclosure requirements. The TCFD recommendations have garnered support from more than 2,000 companies and investors, including AB, as disclosure against the recommendations provide critical information for investors that allows us to effectively allocate capital and manage risk. Regulators and government agencies from several major economies have also begun to structure climate disclosure requirements based upon the TCFD recommendations, which address companies' climate risk exposure, scenario analysis, governance, strategies, metrics and targets[1].

b. Coordinate with regulators globally on rapidly evolving regulations around climate disclosures, with a view towards issuers producing information that is consistent and comparable and thus decision useful for investors. Consistency in disclosure requirements and definitions will alleviate compliance costs for issuers, which is also to the benefit of investors. Finally, engagement with other regulators will also provide the SEC with the opportunity to learn from approaches that have not worked, and thus avoid those issues in its own rulemaking.

[1] Task Force on Climate-related Financial Disclosure Overview, March 2021. https://assets.bbhub.io/company/sites/60/2020/10/TCFD_Booklet_FNL_Digital_March-2020.pdf

c. **Leverage the existing work of standard and framework setting bodies** to inform guidance and potential rulemaking at the sector and industry level. In particular, the SEC should review the 77 Industry Standards developed by the Sustainability Accounting Standards Board ("SASB") over several years of industry and investor consultation,[2] as well as the TCFD's sector-specific guidance for financial and non-financial issuers.[3] The SEC should also engage with the five standard setters that are collaborating to develop a comprehensive climate-related reporting system for corporations to understand how the SEC could leverage and integrate this work into its own climate disclosure requirements. The five standard setters are comprised of CDP, the Climate Disclosure Standards Board, the Global Reporting Initiative, International Integrated Reporting Council and SASB.[4]

3) Phase in disclosure and external assurance requirements and provide safe harbor for estimates and data that is outside of issuers' control or is currently unreliable. This approach will encourage issuers to disclose their existing data without penalizing them for the challenges they face in reliability, collection and calculation of climate data from third parties and counterparties. We recognize that collecting and reporting this data is not easy and not costless to companies and other issuers. However, the benefits to investors are greater than that cost, and a phase-in period for disclosure should mitigate the burden to issuers.

Since climate-related disclosure impacts investor voting and investment decisions, the SEC should mandate external assurance of the reliability of such disclosures. However, AB also recognizes that significant progress and expertise in climate change and related disclosure needs to be developed by investors, auditors and issuers and therefore recommends that the SEC phase in an auditing requirement over the next 3 years. Please see section 2, item B of SIFMA's response dated June 11, 2021 to the Request for more information on phase-in recommendations and external assurance.

AB welcomes the SEC's efforts to facilitate useful climate change disclosure, and believes the Commission has a critical role to play in the ongoing global dialogue on this issue as it relates to the efficient functioning of global capital markets. We highly encourage the SEC to continue engaging investors on this issue, as this will help reveal and drive consensus around the critical users of climate change disclosure. AB sincerely appreciate the opportunity to provide our recommendations and your consideration of our perspective. We believe the recommendations above will support the SEC's efforts in this area and would welcome any opportunity to discuss these with the SEC's staff. Please feel free to reach out to Michelle Dunstan at [redacted] or Sara Rosner at [redacted]

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[2] SASB Industry Standards https://www.sasb.org/standards/download/

[3] Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017. https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf

[4] Progress Towards a Comprehensive Corporate Reporting System, September 2020. https://www.sasb.org/blog/progress-towards-a-comprehensive-corporate-reporting-system/

Sincerely,

Michelle Dunstan
Global Head of Responsible Investment

Sara Rosner
Director, Environmental Research & Engagement