VIA ELECTRONIC SUBMISSION

June 10, 2021

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

Re: Public Company Climate Change Disclosure Request for Public Input

Dear Ms. Countryman:

Invesco Ltd. ("**Invesco**") appreciates the opportunity to provide comments to the U.S. Securities and Exchange Commission (the "**Commission**") on its request for input ("**Request for Input**") on a framework for public company climate change disclosure. Invesco is pleased that the Commission is seeking public input on this important topic with the goal of facilitating the adequacy, consistency and accuracy of public company disclosure on climate and environmental, social and governance ("ESG") disclosure.

Invesco is a leading independent global investment manager with approximately $1.4 trillion in assets under management as of March 31, 2021. Our services are provided through a wide range of strategies and vehicles for a broad client base. Invesco's indirect wholly-owned U.S. registered investment adviser subsidiaries, including Invesco Advisers, Inc. and Invesco Capital Management LLC, advise or sponsor open-end mutual funds, closed-end funds, exchange-traded funds, collective trust funds, separately managed accounts, real estate investment trusts, unit investment trusts and other pooled vehicles.

I. Executive Summary

We are supportive of the Commission's efforts to evaluate the regulatory approach to public company disclosure on climate change and other ESG-related items. As investors, we believe that access to reliable and meaningful disclosures on climate change is becoming increasingly important for investors and asset managers and we welcome the evaluation of ways to enhance the availability, quality and reliability of such disclosures. Invesco's views and suggestions are summarized below:

- *Principles-Based Approach*
    - We support the development of a principles-based approach. Such an approach would enable companies to disclose material, reliable, consistent and comparable information

while allowing the flexibility for views on relevant and identifiable climate-related information and issues to continue to evolve over time.

  - We believe that material climate-related disclosures are appropriate for inclusion in the annual shareholder report and/or 10-K, which provides for auditor oversight of the reporting process.
  - We believe that quantitative metrics should be accompanied by explanation of the underlying methodologies and assumptions.
  - We believe that climate-related disclosure may include forward looking projections. Such inclusion would provide investors with the necessary understanding to appreciate the relevance of data provided in disclosures.
  - The principles-based framework should be complemented with industry specific guidance, given that the availability and relevance of information varies across industries, sometimes significantly.

- *Building on Existing Standards*
  - We encourage the Commission to leverage the experience of existing voluntary standards regimes, such as the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and others. Many companies may be already providing disclosure consistent with these regimes and we welcome the work of these bodies to converge their standards, as exemplified by the recent prototype for climate-related disclosures.[1] We believe that leveraging and building upon these existing regimes can help improve the quality and quantity of comparable ESG data and disclosures.
- *Global Consistency*
  - We support a globally consistent approach to climate-related disclosures, and believe that the Commission should adopt an approach that would not create inconsistencies between existing and developing frameworks. In particular, we recommend that the Commission leverage the ongoing work of the International Financial Reporting Standards Foundation (IFRS Foundation) to ensure that any US framework is consistent with emerging global standards in this space.
- *Setting Roadmap for ESG Disclosure*
  - We support an initiative that begins with a focus on climate-change disclosure; however, we further encourage the Commission to set forth a road map for broader ESG disclosure, as material social and governance risks and opportunities are similarly important to many investors.

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[1] Statement of Intent to Work Together Towards Comprehensive Corporate Reporting, https://29kjwb3armds2g3gi4lq2sx1-wpengine netdna-ssl.com/wp-content/uploads/Statement-of-Intent-to-Work-Together-Towards-Comprehensive-Corporate-Reporting.pdf

II. Principles-Based Approach

We believe that a principles-based disclosure approach would result in meaningful climate-change disclosure and provide the flexibility to incorporate the evolving data and information on climate change. Addressing, we believe, the "box ticking" nature of company disclosures and moving away from boilerplate disclosures is paramount for investors. A principles-based disclosure approach can enable companies to adequately address material climate-related matters in their disclosure, and to tailor such disclosure, instead of merely reporting boilerplate metrics and risk factors. Further, a basis in materiality provides for disclosure of information that would be material to a reasonable investor's informed decision-making, a well-established concept utilized in securities laws[2]. A principals-based approach also will enable views on relevant and identifiable climate-related information and issues to continue to evolve over time. In connection with such an approach, the Commission could periodically provide guidance as to the types of assessments and issues to consider, without imposing prescriptive standards.

Access to reliable and high-quality climate-related disclosure from companies is key for investors. We believe that the 10-K filing is an appropriate place for the disclosure of climate-related information by companies on the basis that, among other things, the auditor, as part of the annual company audit, is required to advise on whether this information has been prepared in accordance with the applicable standards and requirements. However, we do not feel that any separate "sustainability discussion and analysis" requirement should be imposed specifically for climate-related disclosure, as we believe that a discussion regarding the climate-related information included in the 10-K can be provided as part of the current "management's discussion and analysis of financial condition and results of operations" (the "MD&A"), which includes an assessment of relevant risks and trends. We support the notion that supplemental information may be included on a website or in other public documents. This would provide investors with additional information that may not be included in the 10-K, but is nonetheless relevant to investors, to be disclosed in such supplemental sources of information.

When disclosure includes quantitative metrics, we believe that such disclosure should be accompanied by explanation of the underlying methodologies and assumptions. The availability and quality of climate-related information is improving. Quantitative metrics, particularly for environmental factors such as greenhouse gas emissions, energy use and water use, are widely available. However, the methodologies for calculating data are not always clear or aligned with investor needs (for example, data may lag in time sequence). In addition, beyond standard metrics, investors are increasingly calling for companies to report more advanced metrics, such as targets for climate change and plans of how to reach stated targets, and current assessment and scenario

[2] Section 11 of the Securities Act of 1933, provides investors with the ability to hold issuers, among others, liable for damages caused by a registration statement that "contained an untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading." See 15 U.S.C. § 77k.

analysis for climate-related transition and physical risks. It is important for investors to understand the methodologies that have been used and to ensure that the methodologies are consistent over time in order to identify trends in the data.

We encourage disclosure that goes beyond backward-looking metrics and high-level narrative to include forward-looking information with documented methodology. Investors increasingly have a desire to see beyond core metrics and to understand how the information reported connects with real world application.

We believe that any climate-related disclosure framework would be best tailored by industry, with a clear focus on those sectors where climate risks are likely to be material. There may be a baseline set of data that all companies should consider disclosing, such as their GHG emissions split by Scope 1, 2 and 3; however, with respect to certain industries and sectors, there are often additional metrics and indicators that would be relevant. Therefore, addressing disclosure on an industry-specific basis would enable guidance to be adapted to the level and type of information that would be the most relevant in a given industry.

III. Building On Existing Standards

Remarkable progress has been made on voluntary disclosure standards across the world. Many public companies are utilizing voluntary standards, such as the SASB standards, Global Reporting Initiative (GRI) and TCFD. We note that in September 2020, five leading framework and standard-setting organizations – SASB, the International Integrated Reporting Council (IIRC), GRI, CDP and the Climate Disclosure Standards Board (CDSB) — put forth joint statements outlining the intent to work together to foster convergence between their respective existing standards and create a comprehensive corporate reporting system.[3] We support such initiatives and we encourage the Commission to consider the already well-developed disclosure standards, as well as any new standards put forth by the recent collaboration of the organizations referenced above, in developing its climate-change related disclosure approach.

In building on existing voluntary standards, we commend the Commission's efforts to receive input from industry participants and encourage utilizing a committee or group of market participants across various fields and expertise to serve as a resource in the development of a reporting framework.

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[3] *Id.*

IV. Global Consistency

The Commission's request for input comes at a time when significant efforts are currently underway across the globe to improve climate and ESG-related information. It is therefore important that companies seeking to provide climate-related disclosures be able to comply with regulations in different jurisdictions in a consistent manner. Navigating and trying to comply with inconsistent regulatory frameworks could introduce investor confusion and Regulatory compliance complexity.

We support the Commission's engagement with the IFRS and the International Organization of Securities Commissions (IOSCO) in its consideration of a disclosure framework and we believe that any disclosure framework developed in the US should not create inconsistencies with international standards that may emerge under the Sustainability Standards Board.

V. Setting the Roadmap for ESG Reporting

We recognize the timeliness and urgency of introducing climate-related disclosure; however, we also encourage the Commission to consider developing its approach to corporate disclosure on broader ESG matters. Social and governance matters may be just as important to investors as climate-related matters, and it is essential to consider the full range of sustainability issues that are considered increasingly important by investors but currently exhibit lower convergence levels than climate-related matters. We would welcome the Commission setting out its thinking in relation to ESG disclosure, particularly given the broader sustainability reporting requirements with which many companies will have to comply under the proposed EU Corporate Sustainably Reporting Directive.[4]

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Invesco appreciates the opportunity to comment on this important matter and the Commission's consideration of our comments. We are available to discuss our comments or provide any additional information or assistance that the Commission might find useful.

Sincerely,

Invesco Ltd.

[4] Proposal for a Directive of the European Parliament and of the Council Amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting COM/2021/189 final, *available at* https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189

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CC: Chair Gary Gensler
Commissioner Hester Peirce
Commissioner Elad Roisman
Commissioner Allison Herren Lee
Commissioner Caroline Crenshaw
Securities and Exchange Commission