Questions for Consideration

1. How can the Commission best regulate, monitor, review, and guide climate change disclosures in order to provide more consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them? Where and how should such disclosures be provided? Should any such disclosures be included in annual reports, other periodic filings, or otherwise be furnished?

In the current absence of regulations on reporting there are several reporting frameworks being developed. Industry needs consistency in order to reduce reporting burden and provide investors with consistent, comparable and reliable information.

Climate-related disclosures should be annual – more frequent disclosures will be overly burdensome without adding value. Due to the timing of data collection and verification, including climate-related disclosures in annual 10-K reports is unrealistic. The SEC should use a separate Form SD filing following a specified time period after the financial report (e.g., six months) as the vehicle for climate-related disclosures. Furthermore, each company should be able to determine which indicators are likely to have material financial implications and subsequently include in the disclosure. The SEC should promote climate-related disclosure by providing a safe harbor from private rights of action and SEC enforcement actions, including for disclosure that is based on third-party data.

2. What information related to climate risks can be quantified and measured? How are markets currently using quantified information? Are there specific metrics on which all registrants should report (such as, for example, scopes 1, 2, and 3 greenhouse gas emissions, and greenhouse gas reduction goals)? What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision? Should disclosures be tiered or scaled based on the size and/or type of registrant)? If so, how? Should disclosures be phased in over time? If so, how? How are markets evaluating and pricing externalities of contributions to climate change? Do climate change related impacts affect the cost of capital, and if so, how and in what ways? How have registrants or investors analyzed risks and costs associated with climate change? What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions? How does the absence or presence of robust carbon markets impact firms' analysis of the risks and costs associated with climate change?

The annual reporting should include scope 1 and 2 data. There are debates as to whether scope 3 data should or should not be mandated in SEC reporting due to the lack of consistency and accuracy needed to support meaningful analysis. Scope 3 emissions data are estimated and modeled using a variety of different assumptions left to a company's discretion, andthe boundaries determining which data to include in Scope 3 emissions accounting are inconsistently applied. Lastly, including scope 3 in SEC annual reports may result in double-counting of data since one company's scope 3 is another company's Scope 1 and/or Scope 2 emissions.

However, lifecycle analysis of many electronic products shows significant impact in the manufacturing stages of the product, which would mostly fall under scope 3. With the proper metrics, measuring and mapping all carbon emissions enables companies to understand their footprint, develop strategies to reduce emissions and achieve decarbonization.

Some quantitative metrics related to climate risks that can be measured include:

- Greenhouse gas (GHG) emissions data
- GHG intensity of organization
- Energy intensity of organization
- Percent of operational energy from renewable and zero carbon sources

These disclosures do not need to be tiered or scaled based on the size and/or type of registrant. Likewise, qualitative information should be included in disclosures and can provide valuable information regarding climate risk and/or impacts. Specifically, qualitative information describing the governance of climate risk, how climate risk is integrated into business strategy, as well as management processes to mitigate climate risk can provide valuable information. The Task force on Climate-related Financial Disclosures (TCFD) framework provides guidance on what qualitative information should be included to adequately describe governance, strategy, and risk management.

Reporting the financial impact from climate scenarios should not be included in SEC reporting due to the lack of consistency and accuracy in assessing climate risk. Companies can make a variety of assumptions within the same climate scenarios that will dramatically affect financial outcomes of the analysis. For example, a coal company could model financial impacts for a 1.5C scenario – one scenario with massive deployment of carbon capture and storage (CCS) and another scenario with massive deployment of renewable energy without CCS – and obtain dramatically different results even though both are 1.5C scenarios. Without consistent and standardized assumptions, reporting financial impact from climate scenarios is at best, not informative, and at worst, perpetuates misinformation regarding climate risk. Additionally, the field of assessing climate risk through scenario analysis is nascent and evolving. Currently, registrants frequently evaluate climate risk through linear extrapolation of historical costs. There is also an existing challenge of correctly attributing financial impact due to climate change as opposed to normal disruptions due to weather or other events that companies have historically experienced.

Corporate purchasers with climate goals ask for climate-related information in RFPs or through a variety of engagement mechanisms with potential suppliers. This indicates that customers will begin to use quantified climate information in procurement decisions, although the degree to which ESG performance influences the outcome of procurement decisions is often unknown and varies.

3. What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them? Should those standards satisfy minimum disclosure requirements established by the Commission? How should such a system work? What minimum disclosure requirements should the Commission establish if it were to allow industry-led disclosure standards? What level of granularity should be used to define industries (e.g., two-digit SIC, four-digit SIC, etc.)?

The disadvantage to allowing investors, registrants, and other industry participants to develop disclosures agreed to by them, is that inevitably there will be a proliferation of reporting standards, which will increase the reporting burden on companies . As a result, companies will be required to spend time, resources, and human capital on redundant administrative work that could otherwise be directed toward programs that improve performance and minimize impact. In today's current state, companies have to justify why they choose to disclose according to one standard and not another. In some cases, companies feel obliged to disclose according to multiple standards, which increases reporting burden. Existing disclosure standards with widespread support include the World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol, and a standard could be developed from this. The Intergovernmental Panel on Climate Change (IPCC) has some reporting protocols but does not contain sector specific criteria that would be necessary for companies to report using this. The Commission should create harmonized minimum disclosure requirements, which can be informed by existing reporting standards such as the standards listed above. We believe that any standard will need to include a standard set of cross-industry metrics that are applicable to all sectors, as well as a set of industry-specific disclosures that have evidence of financially material impact

4. What are the advantages and disadvantages of establishing different climate change reporting standards for different industries, such as the financial sector, oil and gas, transportation, etc.? How should any such industry-focused standards be developed and implemented?

Climate impacts and risks differ depending on the industry. Some industries will inherently experience greater financial impact due to climate risk than others due to their operations, products, and services. An industry-focused standard provides the advantage of more specific disclosures on climate risks unique to that industry as well as improved consistency and comparability of disclosures within that industry. The disadvantage is that industry-focused standards will take much longer to develop. Also industry-focused standards may limit the ability to compare disclosures across industries. Standards should be developed using a voluntary consensus standard (VCS) process, preferably an accredited one.

5. What are the advantages and disadvantages of rules that incorporate or draw on existing frameworks, such as, for example, those developed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Climate Disclosure Standards Board (CDSB)?[7] Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

The Commission should evaluate existing frameworks such as the TCFD when developing a disclosure standard. Many companies have started to align climate disclosures according to these frameworks. Aligning the Commission's disclosure standard with existing frameworks will minimize the reporting burden on companies allowing companies to utilize resources and human capital on implementation, rather than the administrative tasks required due to inconsistent or duplicative requirements. In addition, the Commission should collaborate with the IFRS' new Sustainability Standards Board to ensure that any regulations imposed prior to the establishment of a global standard be sufficiently adaptable to a coordinated global disclosure system and that the SEC be mindful of the costs of new climate-related disclosures. Given the U.S. capital markets are the largest in the world, we believe the

SEC needs to take a leading position in influencing these standards and ensuring that reporting frameworks are harmonized.

6. How should any disclosure requirements be updated, improved, augmented, or otherwise changed over time? Should the Commission itself carry out these tasks, or should it adopt or identify criteria for identifying other organization(s) to do so? If the latter, what organization(s) should be responsible for doing so, and what role should the Commission play in governance or funding? Should the Commission designate a climate or ESG disclosure standard setter? If so, what should the characteristics of such a standard setter be? Is there an existing climate disclosure standard setter that the Commission should consider?

Either approach could work if an appropriate process is developed that emphasizes openness, transparency and due process. For example, ENERGY STAR is a government-run program that is successful in developing efficiency criteria and affecting the market. VCSs are typically better for ensuring stakeholder involvement. Most accredited standard development organizations (SDOs) have the necessary procedures in place to ensure a thorough, transparent process. Caution should be exercised when evaluating whether to defer climate disclosure standard setting to some organizations. Some voluntary climate disclosures are created by organizations that are not transparent in the standard setting a process nor in updates to the disclosure.

7. What is the best approach for requiring climate-related disclosures? For example, should any such disclosures be incorporated into existing rules such as Regulation S-K or Regulation S-X, or should a new regulation devoted entirely to climate risks, opportunities, and impacts be promulgated? Should any such disclosures be filed with or furnished to the Commission?

Any process that develops these guidelines needs to be thorough and transparent, and climate reporting guidance should not be overly broad as to be meaningless or so specific as to be burdensome. Most rulemaking processes and accredited VCS processes meet this goal.

Material and financial disclosures should be treated the same. As explained in Question 1, we recommend the SEC use a separate From SD filing following a specified time period after the financial report. Until consensus is reached on how best to measure/calculate certain climate-related disclosures, and taking into account that multinational companies may find it more difficult to obtain accurate, timely information from foreign jurisdictions in which they operate, such disclosures should be furnished to, and not filed with, the SEC. Imposing issuer liability for such disclosures (by having the information filed with the SEC), would likely tend to make companies disclose less supplemental information (i.e., in addition to required disclosures) in order to limit their potential liability for such information and; penalize companies that are unable to obtain accurate, timely information from governmental and regulatory entities in foreign jurisdictions (i.e., where the U.S. government cannot mandate disclosure of the information required to be reported or disclosed by a company in a 10-K). Further, it remains to be seen which of the climate-related information that may be required to be disclosed will be of real value to investors. Companies should not be held liable for information that does not serve a legitimate, worthwhile purpose.

If the SEC decides to incorporate climate-related disclosures into existing rules such as Regulation S-K or Regulation S-X, this should be done incrementally. Additionally, the SEC should promote climate-related disclosure by providing a safe harbor from private rights of action and SEC enforcement actions, including for disclosure that is based on third-party data.

As explained in Question 1, regardless of its location, the SEC should consider permitting companies to publish information in a publicly available manner within a specified period following the filing of the 10-K.

8. How, if at all, should registrants disclose their internal governance and oversight of climate-related issues? For example, what are the advantages and disadvantages of requiring disclosure concerning the connection between executive or employee compensation and climate change risks and impacts?

Companies should report how they manage climate issues and be able to show that climate is integrated into corporate strategy.

More details on governance are provided in existing proxy statements. The Commission should evaluate how existing governance disclosure can be modified to include climate and ESG-related issues such as company executives and committees that oversee climate issues, level of participants in climate activities, and scope of climate actions.

Existing proxy statements provide details on compensation structure. The Commission should evaluate how climate-related compensation disclosure can be integrated into existing framework. Under existing proxy rules, if climate-related metrics are used to determine executive compensation, the proxy statement should explain why the metrics were chosen, how the metrics are measured and the impact of the metrics on compensation.

9. What are the advantages and disadvantages of developing a single set of global standards applicable to companies around the world, including registrants under the Commission's rules, versus multiple standard setters and standards? If there were to be a single standard setter and set of standards, which one should it be? What are the advantages and disadvantages of establishing a minimum global set of standards as a baseline that individual jurisdictions could build on versus a comprehensive set of standards? If there are multiple standard setters, how can standards be aligned to enhance comparability and reliability? What should be the interaction between any global standard and Commission requirements? If the Commission

were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?

The U.S. has a clear policy of pointing to standards rather than developing new processes, and the SEC should continue this. The main disadvantage of a single set of standards is that reporting needs to be relevant to the company's operations. A one-size-fits-all approach may provide clear guidance but will also have many areas that are either not applicable or inadequate for a particular sector. Multiple standards will make individual sector reporting easier, but will make determining conformity more difficult.

10. How should disclosures under any such standards be enforced or assessed? For example, what are the advantages and disadvantages of making disclosures subject to audit or another form of assurance? If there is an audit or assurance process or requirement, what organization(s) should perform such tasks? What relationship should the Commission or other existing bodies have to such tasks? What assurance framework should the Commission consider requiring or permitting?

ITI has no response to question 10

11. Should the Commission consider other measures to ensure the reliability of climate-related disclosures? Should the Commission, for example, consider whether management's annual report on internal control over financial reporting and related requirements should be updated to ensure sufficient analysis of controls around climate reporting? Should the Commission consider requiring a certification by the CEO, CFO, or other corporate officer relating to climate disclosures?

The Commission should not mandate reporting certification by a specific officer or committee. It is possible that while the CFO and CEO would be aware of the company's climate efforts, there may be another "c-level" person specifically assigned to climate reporting. The SEC should strive to be as non-prescriptive as possible while still requiring meaningful reporting.

12. What are the advantages and disadvantages of a "comply or explain" framework for climate change that would permit registrants to either comply with, or if they do not comply, explain why they have not complied with the disclosure rules? How should this work? Should "comply or explain" apply to all climate change disclosures or just select ones, and why?

The "comply or explain" framework is the basis of most environmental standards, showing compliance/conformity or explaining why a particular criterion is not applicable or not conformed to. We are not aware of other approaches that are flexible, yet show conformity where necessary.

A company should determine for itself which indicators are relevant to its business and which associated metrics to report, using a comply or explain basis. Further, we believe that any climate standards must support industry-specific disclosure.

13. How should the Commission craft rules that elicit meaningful discussion of the registrant's views on its climate-related risks and opportunities? What are the advantages and disadvantages of requiring disclosed metrics to be accompanied with a sustainability disclosure and analysis section similar to the current Management's Discussion and Analysis of Financial Condition and Results of Operations?

The SEC rules should include prompts for a company to discuss and report climate issues. The Commission should review guidance provided in the Task force for Climate-related Financial Disclosure (TCFD) for prompts to elicit a meaningful discussion of climate risks and opportunities. The TCFD framework provides guidance on how to discuss integration of climate issues into governance, strategy, risk management, and metrics. Furthermore, the Commission should build upon the prototype climate disclosure standard that is being evaluated by the IFRS Foundation working group in conjunction with CDP, CDSB, GRI, IIRC and SASB (Reporting on Enterprise Value, 2020).

14. What climate-related information is available with respect to private companies, and how should the Commission's rules address private companies' climate disclosures, such as through exempt offerings, or its oversight of certain investment advisers and funds?

ITI has no response to question 14.

15. In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters. Should climate-related requirements be one component of a broader ESG disclosure framework? How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard? How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?

We suggest that the SEC look at a single issue: climate, before attempting to address other ESG measures. However, the approach developed by the SEC to address climate-related disclosures should be adaptable such that it can be subsequently applied to a broader range of financially material sustainability information.

Many companies currently make disclosures in various jurisdictions on the prevention of forced labor and other forms of modern slavery, in addition to disclosures on conflict minerals (if any), in their supply chains. Proposed legislation in other jurisdictions around the world may change these ESG-related disclosure and due diligence obligations. The SEC should ensure that any new ESG disclosure obligations under U.S. regulations take into consideration these and other, such as the E.U., regulatory requirements.

Similar to our response under #5 above, given the U.S. capital markets are the largest in the world, which include many multinational corporations subject to regulations around the world, we believe the SEC needs to take a leading position in influencing these standards, while avoiding inconsistencies with similar frameworks and regulations in other jurisdictions that would be counterproductive to facilitating the disclosure of consistent, comparable, and reliable information.