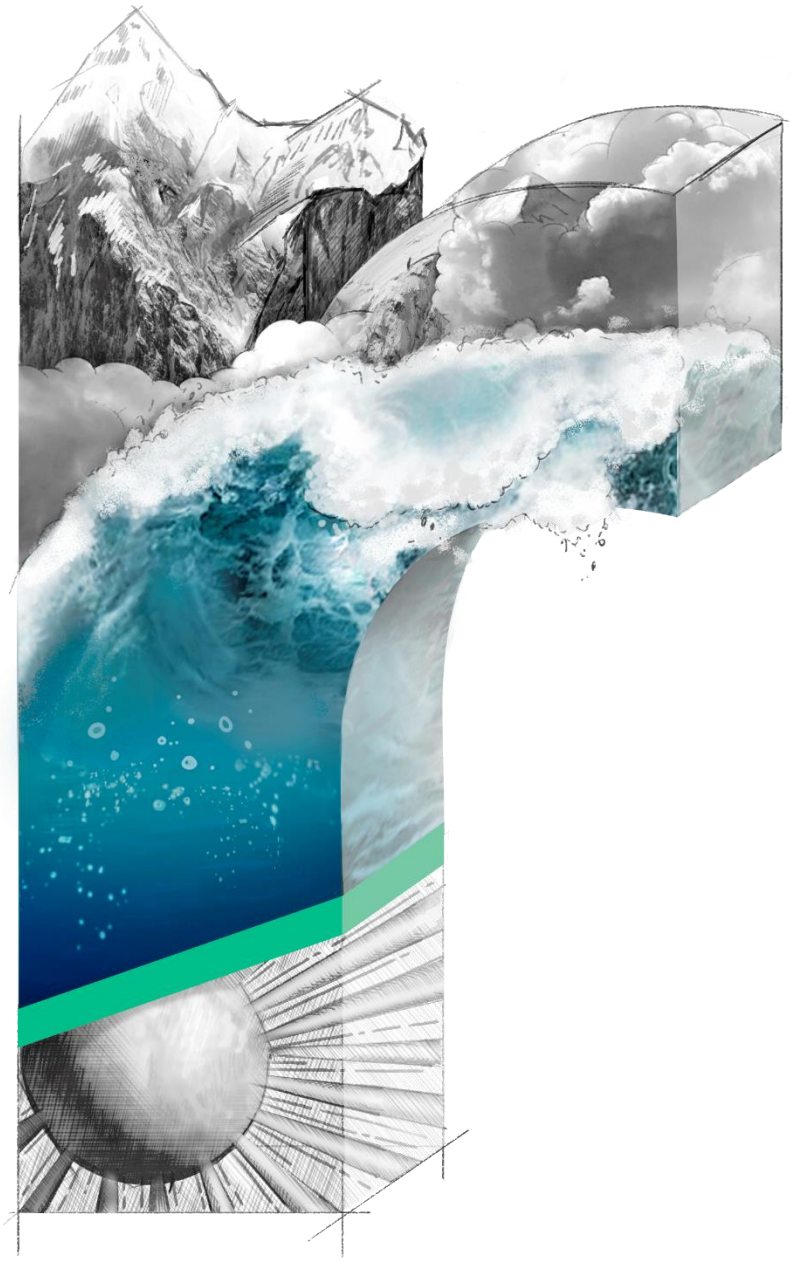

Public Input on Climate Change Disclosures

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Frankfurt, 06/12/2021

Dear Ms. Herren Lee and team,

We welcome the fact that Securities and Exchange Commission (**SEC**) is asking for public input on Climate Change Disclosures.

right. based on science GmbH (**right.**) is a provider of climate metrics and software. Founded in Frankfurt (Germany) in 2016, right. developed the **X-Degree Compatibility (XDC) Model** to calculate the impact a company, a portfolio or any other economic entity has on global warming (Temperature Alignment). The results are expressed as a tangible degree Celsius value. The aim: to bring maximum transparency on climate-related risks and opportunities to the market.

Since 2016, our diverse team of nearly 30 experts on climate science, economics, business, investment, mathematics, data science, design, software development, and law are continuously working to expand and improve our methodology and products. Part of this is our dedication to close collaboration with our customers and strategic partners, as well as academia & research.

Hence, we are pleased to have the opportunity to share our feedback on selected questions with the SEC. Please note that our answers are based on the best of our knowledge and belief. We can however not exclude that information exists which would change our feedback.

Kind regards

Dr. Sebastian Müller LL.M. and the team of right. based on science

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Q2.1: What information related to climate risks can be quantified and measured?

With regards to quantifiable and measurable information on climate-risk, we recommend use of the so called "double-materiality concept" for reporting organizational impacts, as described in the Guidelines on Non-financial Reporting[1] by the EU Commission in June 2019: Complementary to the **outside-in** perspective (left side of Figure 1), the **inside-out** perspective (right side of Figure 1) describes the influence of a company on the climate, which can be financially material and therefore also has to be reported.[2]

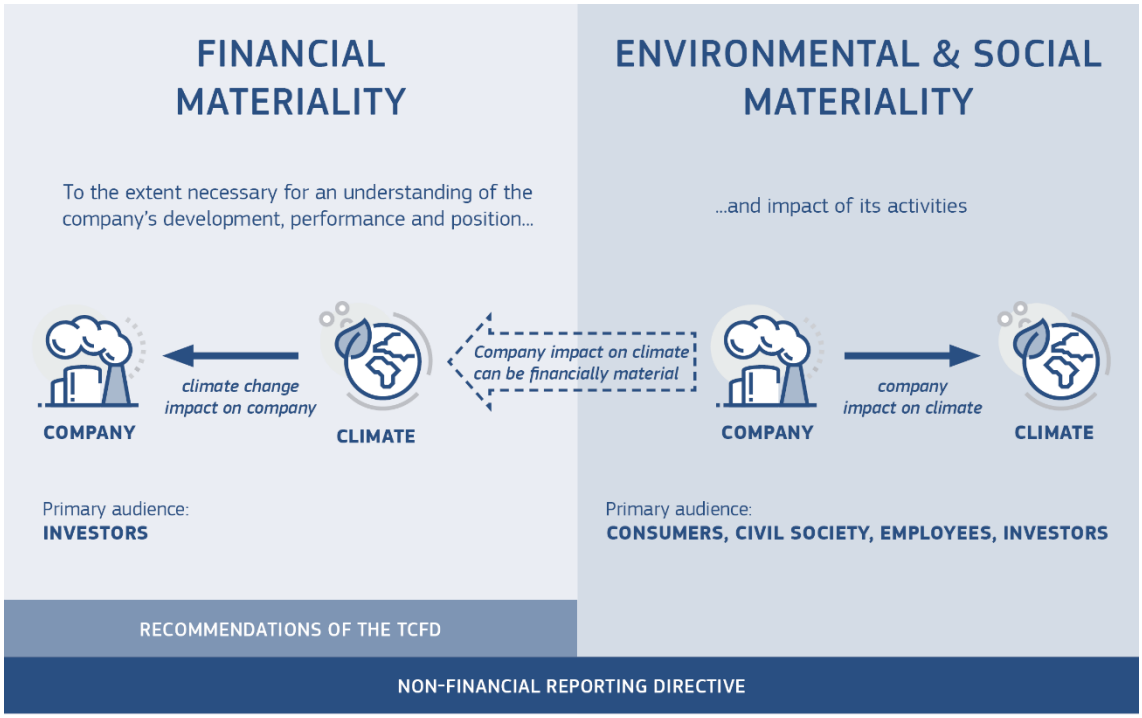

Figure 1 - Double Materiality of Climate Change[3]

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN (accessed 06/06/2021)
[2] https://www.globalreporting.org/media/jrbntbyv/griwhitepaper-publications.pdf
[3] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN (last access 06/09/21

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Even though the EU Commission's CSR Directive[4] and the aforementioned Guidelines have been in effect for several years, double materiality is often skipped over in reporting.

Measurement and disclosure of **outside-in** risk remain crucial for understanding a company's resilience towards climate change. Following the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**)[5] (see left side of Figure 1), it is already possible to quantify potential financial impacts arising from different categories of **outside-in** risk:

Now, measurement and disclosure of **inside-out** risk is coming into focus. Since beginning of June 2021, the TCFD is conducting a public consultation to inform its **Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans**, including the associated **Portfolio Alignment Technical Supplement** developed by the Portfolio Alignment Team (**PAT**).[6] According to TCFD forward-looking metrics can measure the alignment of financial portfolios with climate goals. According to our understanding, responses to this consultation aim to address the inside-out perspective. The TCFD commissioned the PAT to conduct further analysis and to develop technical guidance on emerging best practice as it relates to building portfolio alignment tools and producing forward-looking measurements of financial portfolio alignment with the goals of the Paris Agreement. It is our point of view that "implied temperature rise" (**ITR**) models are suited to quantify and measure the inside-out perspective of climate risks (and opportunities).[7] Such ITR models go one step beyond benchmark divergence models, translating an assessment of alignment / misalignment with a benchmark into a measure of the consequences of that alignment in the form of a temperature. This is often referred to as "Temperature Alignment" or "Paris Alignment". ITR models are a possibility to measure and quantify the inside-out perspective.

However, please note that in a working paper by ETH Zurich, it is argued that users of climate-related risk information "need to be aware that the output [of climate risk tools] might capture only specific risk aspects. To date, most tools are not able to assess mutual risk amplifications and financial amplification mechanisms"[8]. The authors further argue that "it would be of high importance that public transparency,

[5] https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf (last access 06/09/21)
[6] https://www.fsb-tcfd.org/ (last access 06/09/21)
[7] See also Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans, including the associated Portfolio Alignment Technical Supplement developed by the Portfolio Alignment Team (last access 06/09/21)
[8] https://www.sustainablefinance.ch/upload/rm/202007-bingler-taming-the-green-swan-1.pdf?_=1595945567000 (last access 06/09/21)

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based on standardised frameworks to ease the understanding of assumptions and key characteristics of scenarios and further modelling, would become a basic requirement for climate risk tool providers"[9].

Q2.2 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)?

We do make good experience with GHG emissions based on standardized accounting methods (i.e. the GHG Protocol[10] for companies or the Partnership for Carbon Accounting (**PCAF**) Standard[11] for financial industries).

According to our point of view, scope 3 GHG emissions refer to emissions that are decisive for a company's business model (especially through processing and use of sold products). If global warming is to be limited to well below 2°C, business models must change dramatically, and economic success is a prerequisite for sufficient access to capital to make these changes. Not covering scope 3 GHG emissions would mean a blind spot in this regard. Therefore, indirect emissions should be covered.[12]

Data quality is a challenge. However, given the urgency of climate change, we cannot allow the search for a perfect answer to prevent us from implementing good ideas now. In addition, we need to push towards a standard to allow for increased comparability, like what we have with financial accounting standards. We believe that the use of modelled emissions data has its place in the current situation. This can be used for companies who have yet to report or to fill in gaps in companies' current reporting.

However, absolute emissions should be put in context since they depend on the company's size and sector. While intensity metrics enable comparisons of companies of different sizes within one sector, those metrics do not allow intersectoral comparisons and straightforward interpretation for non-experts.

Companies are the primary emitters of GHGs and should therefore be put at the center of the methodological discussion – even if we speak about the financial sector. For companies, climate change is foremost a commercial and economic

[9] https://www.sustainablefinance.ch/upload/rm/202007-bingler-taming-the-green-swan-1.pdf?_=1595945567000 (last access 06/09/21)
[10] https://ghgprotocol.org/standards (last access 06/09/21)
[11] https://carbonaccountingfinancials.com/standard#the-global-ghg-accounting-and-reporting-standard-for-the-financial-industry (last access 06/09/21)
[12] See also Judgement 4, „Measuring Portfolio Alignment: Technial Recommendations"(last access 06/09/21)

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issue. Therefore, we suggest to work with economic emission intensities defined as emissions over gross value added (**GVA**), which is the company-equivalent to gross domestic product (**GDP**) and covers actual value creation and thus economic viability of business models.

While economic emission intensities allow for solid comparisons, it is absolute emissions that cause global warming, which is why both should be covered. Reductions in economic emission intensities result in absolute emission reductions if the intensity decreases faster than the GVA grows. This depends on the specified scenarios and thus necessitates flexible analyses of multiple scenarios.

If SEC in addition aims for a standardized way to also quantify the ambition of climate strategies, GHG reduction goals should be disclosed in a transparent manner that enables external parties to assess this ambition. *Rogelj et al.* (2021)[13] proposed a checklist for transparent communication of net-zero plans which covers the aspects "Scope", "Fairness" and "Roadmap" and which can also be adapted for climate targets in general.

From our experience, the following data points are needed for the quantification of climate targets:

1. Type of target: Intensity or absolute target
2. Base year
3. Starting year
4. Target year
5. Emissions scopes and categories covered by the target
6. Share of emissions scopes and categories covered by target
7. Absolute annual emissions reduction rate or emissions intensity reduction rate including information that allows external parties to derive absolute emissions reductions
8. Status of target achievement

[13] https://doi.org/10.1038/d41586-021-00662-3 (last access 06/09/21)

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Q2.3 What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision?

The metrics listed in Q2.2 (see above) should be reported.

To allow investors to assess the feasibility of climate targets, companies should further disclose information on planned measures and investments to implement the emission reduction goals. Here, absolute numbers might not be sufficient but should be complemented by context metrics (see footnote 9).

Q2.10 Do climate change related impacts affect the cost of capital, and if so, how and in what ways?

Academic literature documents the impact of environmental externalities on firms' cost of capital[14]. With risks from climate change being generally distinguished as physical risks and transition risks[15] reflecting on the distinctive impacts on the cost of capital is vital for a sound understanding.

Physical risks, defined as economic impacts of shifting climate patterns or the event-driven effects of global warming and GHG concentration, generally impact economically through the spatial dimension[16]. Meanwhile, transition risks, associated with unexpected asset revaluation because of policy and regulatory changes on carbon emissions, emphasize a firm's GHG emissions related to the type of economic sector and activity in which the operations occur.

Empirical studies document the impact of physical risks on firms' cost of capital[17]. For instance, *Balvers et al.*[18] analyze the systematic impact of physical risks within asset pricing models. Their findings confirm that increasing temperature changes are associated with higher costs of equity.

Ehlers et al.[19] find that carbon risks in the syndicated loan market are priced consistently both across and within industry sectors – after the Paris Agreement. The results suggest that banks have started to internalise possible risks from the

[14] Botzen, W. J. W., Deschenes, O., & Sanders, M. (2019). The Economic Impacts of Natural Disasters: A Review of Models and Empirical Studies. Review of Environmental Economics and Policy, 13(2), 167–188.
[15] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN (last access 06/09/21)
[16] Monasterolo, I. (2020). Climate Change and the Financial System. Annual Review of Resource Economics, 12(1), 299–320.
[17] Gregory, R. P. (2021). The Pricing of Global Temperature Shocks in the Cost of Equity Capital. Journal of International Financial Markets, Institutions and Money, 72, 101319
[18] Balvers, R., Du, D., & Zhao, X. (2017). Temperature Shocks and the Cost of Equity Capital: Implications for Climate Change Perceptions. Journal of Banking & Finance, 77, 18–34.
[19] https://www.bis.org/publ/work946.pdf (last access 06/09/21)

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transition to a low-carbon economy – but only for the risks captured by the narrowly defined scope 1 GHG emissions.

The recently published study of *Kling et al.*[20] complements this result and proves that firms' vulnerability to climate risks goes along with higher debt costs. Alongside the higher cost of capital, *Huang et al.*[21] document that firms' exposure towards physical risks also reflects on other corporate finance aspects like debt maturity and dividend pay-outs. Thus, compelling empirical evidence supports the impact of physical risks on firms' cost of capital.

Transition risks are characterized through double materiality (see Q2.1 above), establishing reciprocal risk interdependence between firms and the broader business environment[22]. While higher contributions to global GHG emissions result in an increasing impact on climate change (inside-out perspective), it exposes the firm more significantly to risk from transitioning towards a low-carbon economy (outside-in perspective). *Li et al.*[23] document a positive connection between firms' GHG emissions and the cost of debt and equity. Other scholars arrive at similar conclusions for the negative impact of transitions risks on firms' debt and equity costs[24].

Our own research is in line with these findings: In a whitepaper published in October 2020, we found a significant market outperformance over a seven-year period from European companies that demonstrated better alignment with the target of the Paris Agreement (Paris Alignment) compared to less aligned companies[25].

We believe that cost of capital will continue to increase for companies that are more exposed to climate impacts - both physical and transitional.

[20] Kling, G., Volz, U., Murinde, V., & Ayas, S. (2021). The Impact of Climate Vulnerability on Firms' Cost of Capital and Access to Finance. World Development, 137, 105131.
[21] Huang, H. H., Kerstein, J., & Wang, C. (2018). The Impact of Climate Risk on Firm Performance and Financing Choices: An International Comparison. Journal of International Business Studies, 49(5), 633–656.
[22] Monciardini, D., Mähönen, J. T., & Tsagas, G. (2020). Rethinking Non-Financial Reporting: A Blueprint for Structural Regulatory Changes. Accounting, Economics, and Law: A Convivium, 10(2), 20200092.
[23] Li, Y., Eddie, I., & Liu, J. (2014). Carbon Emissions and the Cost of Capital: Australian Evidence. Review of Accounting & Finance, 13(4), 400–420.
[24] Bui, B., Moses, O., & Houqe, M. N. (2020). Carbon Disclosure, Emission Intensity and Cost of Equity Capital: Multi-country Evidence. Accounting & Finance, 60(1), 47–71.
[25] https://www.right-basedonscience.de/wp-content/uploads/2020/10/2021-03_Whitepaper_Capturing-the-Climate-Factor_right.pdf (last access 06/09/21)

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Q4.1,2: 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?

Establishing industry-specific climate change reporting standards that reflect a sector's climate reality and materiality, is of utmost importance. Each industry is characterized through a unique way of contributing towards global warming and being impacted by climate change. For example, while the financial industry's direct impact on climate change through its scope 1 and scope 2 GHG emissions is relatively contained, the sector's financed emissions included in scope 3 GHG emissions (subcategory 15 "Investments") heavily impact climate change[26]. Similarly, the oil and gas industry's GHG emissions caused by extracting and operating activities[27] are much less impactful than the use of their products, which ultimately results in a hazardous impact on global warming. Thus, climate change reporting standards should draw on this sector-specific materiality.

The recommendations of the TCFD reflect this aspect through providing sector-specific guidance alongside a set of overarching, industry-agnostic reporting recommendations[28]. Also institutions like the International Energy Agency (**IEA**) work with decarbonization benchmarks, where industries are expected to undertake sector-specific decarbonization efforts[29].

As a provider of climate metrics, we at right. based on science also have included this principle in our work. Our X-Degree Compatibility (**XDC**) Model incorporates sector-specific decarbonization pathways to calculate companies' and sectors' temperature alignment.

The development and implementation of industry-focused standards should draw from three aspects.

- Firstly, as has been done by other institutions working on disclosure standards, public consultation is highly advised. Through gathering opinion on the matter from relevant stakeholders, conflicting views, needs, and motivations can be reconciled.
- Secondly, to maximize the standard's credibility within broader society, reporting standards and targets should draw from science. Linking subject-

[26] https://www.cdp.net/en/research/global-reports/financial-services-disclosure-report-2020 (last access 06/09/21)
[27] https://ghgprotocol.org/standards/scope-3-standard (last access 06/09/21)
[28] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN (last access 06/09/21)
[29] https://www.iea.org/reports/energy-technology-perspectives-2017 (last access 06/09/21)

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matter expertise on climate change to corporate disclosure and corporate climate strategies is crucial to avoid any ambiguity that could potentially enable greenwashing.

- Thirdly, closely related with the previous aspect, is an emphasis on a transparent process of developing and implementing a climate change reporting framework. Following a transparent approach ultimately increases public support.

Q5.1-3: 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)? Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

Today, both legal regulations and (predominantly international) reporting standards are relevant for sustainability reporting. Different areas of focus of the respective sets of regulations are evident.

The TCFD recommendations take into account the integrated assessment of risks and opportunities from climate change and the low-emission economy in the core areas of a company. The aim is to enable companies and investors to quantify the financial impacts of climate change on the business model and to strengthen the resilience of the business strategy. It is not just another reporting framework: while frameworks such as the CDP help companies understand their impact on climate change, TCFD focuses instead on the impact of climate change on companies and the resulting financial risks (left side of Figure 1 above). It is inherently forward-looking. Critically, it is considered that TCFD is only climate-focused, while EU Directive 2014/95/EU – also called the Non-Financial Reporting Directive (**NFRD**) – lays down the rules on disclosure of non-financial and diversity information by certain large companies. Thus, some argue for an alignment of the frameworks instead of creating new ones.[30]

The Sustainability Accounting Standards Board (**SASB**) standards are a useful complement to the Global Reporting Initiative (**GRI**) standards and the recommendations of the TCFD. They not only focus on the impact of business activities on society and the environment, but also broaden the view to include

[30] https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190110-sustainable-finance-teg-report-climate-related-disclosures-summary-of-responses_en.pdf (last access 06/09/21)

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sustainability factors that influence the company's business activities and financial situation. SASB's initial consideration was the assessment that the existing specifications for sustainability reports provide for too wide a range of information and key figures and that the reports are therefore not well suited for the financial world. Investors need consistent key data and standardised information to achieve comparisons within the industry. This requires a common understanding of which environmental and social aspects are related to the competitiveness of their respective industries. SASB has therefore created a "materiality map" for each of 77 industries, in which the key sustainability issues are presented in weighted form. The weighting is based on factors of public interest, economic relevance and future significance.[31]

The aim of the Climate Disclosure Standards Board (**CDSB**), on the other hand, is to further develop and align the globally prevailing model of corporate reporting so that "natural capital" is equated with "financial capital". The CDSB framework aims to enable companies to report on "natural capital" with the same level of accuracy as they currently report on financial information. Such reporting by companies will provide investors with environmental information that is relevant to their decisions, thereby improving the efficient allocation of capital.[32]

Sustainable finance and the ratings of sustainability advisors have gained considerably in importance. In order to do well here, a good sustainability report is also necessary. It often becomes clear where the company still has no or only isolated activities. This can then provide the impetus for improvements. It should also be noted that companies with sustainability management and sustainability reporting are better prepared for upcoming developments and can better recognise their potential for sustainable innovations.

The integration of climate goals into the business strategy has become very important for more and more companies.

[31] Loew, Thomas (2021, April): Entwicklung der Nachhaltigkeitsberichterstattung: Entstehung, Standards, Gesetze und Nutzen. Institute for Sustainability. Institute for Sustainability: Nachhaltigkeitsberichterstattung – historische Entwicklung (4sustainability.de) (last access 06/09/21)
[32] Climate Disclosure Standards Board (2019, December): Advancing and aligning disclosure of environmental information in mainstream reports. cdsb_framework_2019_v2.2.pdf (last access 06/09/21)

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Q9.1: 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?

Advantages:

1. Financial actors could adopt the standard more efficiently, since less time would have to be spent on deliberating between options, as it would be the case with having multiple standards.
2. Fairness for users of the metrics would increase, because results are transparent and comparable, so that room for misinterpretation would be minimized. This would potentially lead to a high acceptance of the single set of global standards and therefore accelerate its impact on reaching the objectives of the Paris climate agreement.
3. Multiple standard setters and standards could lead to effectively having no standard workable at all, because the landscape would become too fragmented.

Disadvantages:

1. Complexity could potentially not be sufficiently managed with a global set of standards, thus leading to useless metrics. Different actors and regions are differently exposed to climate change and are differently impacting on climate change. Such details should be incorporated on an increasingly granular basis. A global set of standards could turn out be not specific enough.
2. Methodologies for climate metrics are still in their infancy and should be allowed to develop in a dynamic and flexible manner. A global set of standards could constrain such flexible development, leading to inefficiencies when it comes to further developing useful metrics.

These disadvantages could be solved if the global set of standards is based on strong principles such as:

- **Thinking in budgets:** climate change is a result of accumulated emissions in the atmosphere. There is a limit or 'budget' of emissions that aligns with keeping global warming to 1.5°C or 'well below 2°C'. This reality must be appropriately considered when measuring the impact of a company on climate change and its corresponding transition risks.
- **Transparency:** Comparability is mainly enabled by transparent methodologies. Main components of methodologies that are deemed compliant with the standard should be fully transparent.

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- **Usable across all stakeholders:** Methodologies should be designed in a way that allows their application to all asset classes and economic actors (i.e. investors and investee companies using the same approach). Methodologies that are only applicable to a few asset classes and stakeholders are significantly slowing down the process of companies utilizing them for better decision making.

Q9.2: If there were to be a single standard setter and set of standards, which one should it be?

In terms of climate impact, the foundation for a single standard should be climate science itself, most importantly the details of emissions budgets and its allocation. A company who considers itself "Paris-aligned" should be able to demonstrate: If everyone behaved as I do, the Paris climate goal would be met.

Q9.3: 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?

Advantages:

Such a process could be the solution for handling complexity stemming from the fact that different actors and regions are exposed to climate-related risks and opportunities in different ways. If individual jurisdictions had a solid baseline but could adapt it to their individual circumstances, this problem could be addressed. This way, it could be possible to balance the need for handling complexity but also giving enough room for innovation.

Disadvantages:

1. Corresponding processes could become difficult to oversee and to manage.
2. The quality and appropriateness of the resulting standards would depend on how seriously the respective jurisdiction is handling the topic.
3. This could lead to severe complexities for companies operating under various jurisdictions.
4. The more jurisdictions can define their own set of standards (even if based on the baseline), the higher the risk of losing comparability between jurisdictions.

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Since comparability and efficiency are the main advantages of having standards, these disadvantages must be taken seriously.

Q9.5: What should be the interaction between any global standard and Commission requirements?

Regular adjustments to the latest developments in climate science would be very helpful. New insights and findings are released on a regular basis and methodologies for creating climate metrics should make sure to benefit from those as soon as possible in order to increase their viability for users.

Q9.6: If the Commission were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?

Advantages:

1. The endorsement of a mandatory global standard would signal to the market that the topic of climate change is taken very seriously and thus most likely spark corresponding commitments towards decarbonisation.
2. This would mean increased efficiency as time-consuming debates about the question of who needs to comply and who does not need to comply could be avoided.
3. The endorsement of a mandatory global standard would do justice to the nature of the challenge: everyone is affected by climate change and everyone is part of the solution.

Disadvantages:

1. Mandatory compliance for a global standard might not be proportional for a few actors as they are too small or fall into categories that need support in this transition, as for example social institutions.
2. We do not necessarily have a culture that appreciates mandatory compliance. This circumstance could lead to push-back on principle by affected companies.

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Q12.1-3: 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?

It is questionable whether a flexible, non-mandatory approach is desirable in the context of climate change. Rather, it seems that specific legislation is needed to limit global warming. Although the importance of sustainable business strategies has definitely grown, a large part of the efforts are based on voluntary self-commitment. For this very reason, e.g. the EU Commission recommends much stricter requirements for mandatory reporting in the future. These are to be realised via reporting standards. The standards to be developed should be harmonised as far as possible with international frameworks.

On the positive side, more transparency on the degree of sustainability of companies and financial products will be created and market fragmentation and so-called green washing will be counteracted by best practice standards. Ultimately, this serves the goal of the 'EU Action Plan' to redirect capital flows into sustainable economic activities. Through increased pressure from investors and corresponding market competition, companies and their economic activities will thus presumably be further encouraged to rethink in the area of sustainability. Since the purpose of "comply or explain" is to "let the market decide" whether a set of standards is appropriate for individual companies, and since market interest has moved significantly into sustainable issues in recent years, the principle certainly does not run in an opposite direction when it comes to drawing attention to climate change.

However, looking at the current quality of disclosure, issuers still need to take further steps to provide disclosures at the highest level.

Therefore, a proportionate "comply or explain" approach is proposed that provides certainty to issuers and investors but also allows for a degree of flexibility. There may be valid reasons why certain issuers cannot provide information, e.g. due to lack of data or missing relevance/materiality. Consequently, it should be possible to explain this to the market. But the explicit reference to the TCFD framework will require issuers to address the question of what climate-related disclosures they should and can meaningfully make. It is expected that this will lead to improvement over time.[33]

[33] https://www.fca.org.uk/publication/consultation/cp20-3.pdf (last access 06/09/21)

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At the same time, it should be considered which options are in competition with "comply or explain". If "comply or do not comply" is an option, this would have a completely different effect and would presumably increase the importance of explaining.

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