BNP PARIBAS

June 11, 2021

By Electronic Mail

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

Re: Request for Public Input on Climate Change Disclosures

Dear Ms. Countryman:

BNP Paribas appreciates the opportunity to comment on the March 15, 2021 request for public input from the U.S. Securities and Exchange Commission (SEC) seeking comment on how the SEC can best regulate climate change disclosures[1] and welcomes the SEC's stated goal of facilitating the disclosure of consistent, comparable, and reliable information on climate change.

BNP Paribas has long supported efforts to address climate change and to finance the transition to a more sustainable economy – and is a globally recognized leader in this area. We welcome the willingness of U.S. authorities – including the SEC and other financial regulators – to work with market participants and aim for a high level of ambition in addressing climate change, in line with the U.S. decision to rejoin the Paris Agreement, and the ambitious Net Zero commitments undertaken by the Biden Administration. Given our experience with work already undertaken by European authorities, and through our engagement with all key international dialogues, BNP Paribas seeks to be a constructive partner with the SEC, other U.S. financial regulators, and the broader U.S. government, as the United States reengages with global efforts and works to develop its own comparable regulations to address climate change.

This comment letter first provides a brief introduction to BNP Paribas in the United States, as well as an overview of the bank's commitment to addressing climate change. The letter then provides a discussion of the following important recommendations regarding the SEC's request for public input on climate disclosures:

- **Mandatory and globally consistent U.S. climate disclosures would further the SEC's core mission by providing investors with important material and other critical information about how companies contribute and respond to climate change, helping address investors' needs today, creating more efficient markets, and facilitating capital formation for funds and businesses – including those with environmental, social, and governance (ESG) objectives;**

[1] SEC Acting Chair Allison Herren Lee, Public Statement, Public Input Welcomed on Climate Change Disclosures (March 15, 2021), *available at* https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.

- **International coordination and harmonization of disclosure regimes and definitions is critical, and the SEC should actively engage in, and build upon, the ongoing work by the Task Force for Climate-related Financial Disclosures (TCFD), the International Financial Reporting Standards (IFRS) Foundation, the International Organization of Securities Commissions (IOSCO), the International Platform for Sustainable Finance (IPSF), as well as the G20 Sustainable Finance Working Group (G20 SFWG); and**

- **The SEC should consider a broad and holistic approach for what climate disclosures should be deemed "material" (and therefore need to be disclosed in SEC filings), while also adopting a framework for mandatory disclosure of scope 1, 2, and 3 greenhouse gas (GHG) emissions that could be provided in a disclosure form outside of the filings and should include a safe harbor.**

I. BNP Paribas in the United States

BNP Paribas is Europe's leading provider of banking and financial services. Incorporated in 1822, BNP Paribas has been active in the United States for more than a century and a half. Today the United States is central to BNP Paribas's global strategy. BNP Paribas reaffirmed its strong commitment to the U.S. territory by embracing the creation of an intermediate holding company (IHC) in 2016. As of December 31, 2020, BNP Paribas had total assets at the consolidated U.S. operations (CUSO) level of approximately $210 billion – with $135 billion in the IHC (including $96 billion in Bank of the West + $39 billion at Corporate & Institutional Banking (CIB) entities within the IHC perimeter, predominately BNP Paribas Securities Corp, the U.S. CIB broker dealer), and $75 billion in BNP Paribas U.S. branches. Over the long term, BNP Paribas continues to see the U.S. economy as a primary source of growth for the Group as a whole.

In terms of numbers, BNP Paribas serves approximately 1.9 million retail customers, 2,000 corporate and institutional clients, and generates $5 billion in revenue in the United States. BNP Paribas employs 14,000 people in the United States in 25 states through two core business lines: (1) Retail Banking and Services (through BNP Paribas's wholly owned subsidiary Bank of the West), and (2) Wholesale Banking, which includes CIB (which provides wholesale services and financing for U.S. corporates) and BNP Paribas Asset Management (BNP Paribas AM).

Bank of the West is headquartered in San Francisco, California and has been operating in the American West for over 140 years. It is guided by the belief that money deposited in a bank has the power to finance positive change. Bank of the West operates a network of retail, wealth, commercial, and business banking offices in 24 states. BNP Paribas, through Bank of the West, provides key support to the "main street" economy as a large U.S. agricultural lender, a major Small Business Administration lender (including supporting the recent Paycheck Protection Program), and a leading lender in recreational vehicles and the marine sector.

The BNP Paribas CIB business serves many of America's largest corporations and financial institutions. Through the bank's integrated model with a presence in 68 countries, BNP Paribas bankers based in the United States help U.S. corporates secure financing and manage risk not only in the United States, but throughout the globe. In addition, BNP Paribas helps many of its non-U.S. clients raise capital or invest in the United States, supporting the strength, diversity, and liquidity of the U.S. financial system and the broader U.S. economy.

II. BNP Paribas has a strong commitment to addressing the climate crisis and has long been a global leader in supporting the transition to a greener, more sustainable economy

BNP Paribas is a leading global bank supporting the transition to clean-energy and addressing climate change. The Group has been strongly involved in the fight against climate change since 2011, and affirmed its ambition of aligning its business activities with the goals of the Paris Agreement very early on.

Following the 2015 Paris Agreement, signed by 195 countries, BNP Paribas committed to advancing the objective of keeping the level of global warming to well below 2 degrees Celsius from pre-industrial levels. To achieve this, the Group has implemented several financing and investment policies intended to oversee the sectors that generate the largest quantity of greenhouse gases. These policies are among the strictest in the world, and continue to evolve (e.g., BNP Paribas recently issued new commitments on protecting biodiversity). In 2019 and 2020, BNP Paribas further strengthened its coal policy with a clear exit from the coal value chain by 2030 in Organization for Economic Cooperation and Development (OECD) and European countries, and by 2040 in the rest of the world.

On the disclosure side, BNP Paribas has officially supported the TCFD since June 2017 and is part of the pilot group of banks which are working to develop a methodology for the implementation of the TCFD's recommendations under the aegis of the United Nations (UN) (BNP Paribas published its first TCFD report in 2020, and issued another report this year). In April 2021, BNP Paribas reinforced its commitment by agreeing to be a founding member of the Net-Zero Banking Alliance (NZBA) launched by the UN Environment Programme Finance Initiative (UNEP-FI) ahead of COP 26 (N.B., BNP Paribas was already a founding member of UNEP-FI's Collective for Climate Action launched on the occasion of UNEP-FI's Principles for Responsible Banking in 2019). In this NZBA framework, BNP Paribas commits to align greenhouse gas emissions arising from its credit and investment for own account activities with the path required to achieve carbon neutrality by 2050.

BNP Paribas has also made an initial interim commitment to reduce its absolute credit exposure to upstream oil and gas exploration and production activities by 10% by 2025. BNP Paribas is thus choosing a more ambitious path than that of the International Energy Agency's Sustainable Development scenario, which is aligned with the objectives of the Paris Agreement. At the same time, BNP Paribas will continue to support its customers in the transition while working to align its credit portfolio with respect to the main greenhouse gas emitting sectors.

As a company, BNP Paribas has been carbon neutral on its operational scope (direct greenhouse gas emissions and indirect emissions linked to the purchase of energy and to business travel) since 2017.

BNP Paribas's ambition is deployed in all business lines with two key focuses: reducing the Group's contribution to climate change by reducing its support for activities with the highest GHG emissions and gradually aligning its loan book with the goals of the Paris Agreement. To that end, in December 2018, during the COP 24 in Katowice, Poland, BNP Paribas and four other banks committed to measuring the alignment of their loan portfolios with climate targets by developing the Paris Agreement Capital Transition Assessment (PACTA) methodology for banks. In September 2020, these banks jointly published with the NGO "2° Investing Initiative" a report on this methodology, which allows banks to measure the alignment of their credit portfolios against the Paris Agreement's transition pathways. BNP Paribas also closely examines climate-related risk factors liable to affect its activities, risk factors of its clients and the companies in which the Group invests (in the short, medium and long term), and then incorporates these risks in the Group's general risk management framework. Lastly, BNP Paribas has set up and is continuing to develop indicators used to quantify its impacts, risks, contribution to the energy transition and progress towards established targets.

BNP Paribas also supports the energy transition of its retail, corporate and investment customers by issuing dedicated loans, adapting its solutions, and conducting training and awareness-raising initiatives. The bank has adopted, within its savings management businesses, steps to align with the objectives of the Paris Agreement similar to those taken for bank lending activities.

In addition, the Group's asset management business (BNP Paribas Asset Management (BNP Paribas AM)) has become one of the most widely recognized global investors on climate. In 2019, BNP Paribas AM committed itself to incorporating ESG considerations into all investments, globally, and to aligning its portfolios with the goals of the Paris Agreement by 2025 – and then to drive that transformation through effective stewardship. In 2020, BNP Paribas AM supported 94% of shareholder proposals on climate and other critical environmental issues, within its voting scope. More recently, BNP Paribas AM recently built on these efforts with the publication of a roadmap to address biodiversity loss.

III. Recommendations for developing a robust U.S. climate disclosure framework

As an active participant in the U.S. financial system, and as a company that recognizes the important role financial regulation can play in supporting the transition to a green economy, BNP Paribas provides the following recommendations as the SEC considers how best to structure its own climate disclosure framework. Although many of these recommendations would apply to a wide range of ESG areas, we encourage the SEC to first develop a framework for climate disclosures, and have therefore focused most of this letter on climate.

A. Mandatory and globally consistent U.S. climate disclosures would further the SEC's core mission by providing investors with important material and other critical information about how companies contribute and respond to climate change, helping address investors' needs today, creating more efficient markets, and facilitating capital formation for funds and businesses – including those with environmental, social, and governance (ESG) objectives.

The SEC should make climate disclosure mandatory for all reporting companies, in line with the evolution expected at the global level under the umbrella of the G7/G20 and COP 26. While many companies already voluntarily disclose ESG information, such as climate-related risks and opportunities according to the TCFD framework, the information disclosed is not always complete, comparable, or reliable. The absence of standardized disclosures makes it difficult to understand ESG objectives set by issuers and carries the risk of "greenwashing."

The financial services industry is a global industry and has an integral role to play in achieving broad sustainable development goals. Mandatory climate disclosures consistent with internationally harmonized standards will provide transparency to investors who are increasingly keen to understand and monitor the sustainability impact of their investments. In addition, such disclosures will create incentives for corporates to accelerate their climate transition efforts and support the development of an efficient market for sustainable and other ESG products, thereby providing funding to both green and transitional activities.

In crafting its disclosure regime, the SEC should also coordinate its efforts domestically with other regulators and authorities, both at the Federal and State level, to avoid inconsistencies between private and public companies' disclosures on climate, and to avoid duplication. In particular, the SEC should be sure its efforts are consistent with work streams undertaken pursuant to the May 20, 2021 U.S. Executive Order (EO) on Climate-Related Financial Risk (E.O. 13690) and the development of the Financial Stability Oversight Council (FSOC) report on how to enhance the U.S. climate disclosure regime and climate risk management.

a. The need for the United States to advance a global common language on defining what is "green"

Internationally harmonized definitions are also critical to an effective disclosure regime, and to achieving the necessary transition to a Net Zero global economy. Defining "what is green" needs to be globally consistent to allow investors to understand the market, and to preserve a level playing field among all market participants regardless of their domicile or business objective. Agreed upon standards on certain key metrics will help avoid "greenwashing," limit efforts to apply ineffective carbon offsets, and further the science-based targets under the Paris Agreement.

There cannot be trust in green finance without a universally agreed upon set of definitions for what constitutes "green" – sometimes referred to in Europe and other jurisdictions as a "taxonomy." Such a global definitional taxonomy on a limited number of key metrics is essential for the financial system to effectively channel citizens and institutions' savings to truly green investments and avoid "greenwashing." While the economies will need time to transition to the targeted net zero economy, there cannot be a credible transition pathway without a common set of definitions for where countries want to go.

Discussions are under way, under the umbrella of the G20 SFWG, to define the principles of a global taxonomy so that it is science-based, aligned with the objectives of the Paris Agreement and would allow convergence towards global standards (leveraging the work of the IPSF). We encourage the SEC to participate in those dialogues and include these emerging global standards at the core of its disclosure framework. Such consistency will be key to creating greater confidence in green investments, allowing U.S. investors to support global green investment opportunities, and foreign investors to fund U.S. green investments – all based on the same level of confidence in the quality of the disclosed information.

A December 2020 Global Financial Markets Association (GFMA) report entitled "Climate Finance Markets and the Real Economy" is a useful resource and reference tool. The GFMA report provides a roadmap for how to accelerate the evolution of climate finance, and among its many recommendations, the report sets forth key principles that should underpin the development of a global taxonomy:

- ***Common global definition and set of principles* –** a common global language for "Climate Finance" and its components; and common set of globally aligned principles for associated taxonomies;

- ***Applicability of definitions and taxonomies beyond just use-of-proceeds* –** to entities, their economic activities, and their initiatives, in order to allow classification of all financing transactions and activities;

- ***Flexibility in regional and temporal variation* –** to align with differences in transition pathways by region and by sector, yet globally coordinated to align with scientific consensus (i.e., from the Intergovernmental Panel on Climate Change);

- ***Inclusive of transition and enabling activities that are scientifically eligible; not focused only on zero- or near-zero carbon activities –*** to ensure classification is forward looking and inclusive;

- ***Objective and algorithmic in nature –*** including indicators and well-defined thresholds, not subjective or based on opinions;

- ***Focus on metrics that are needed to assess eligibility for taxonomy, no overhead data –*** balance ease of use (no excess administrative burden) with robustness needed to assess climate impact; and

- ***Dynamic, flexible to expand to and merge with additional ESG topics over time –*** to allow for broadening definition of "Sustainable Finance" over time; to account for changing understanding and materiality.

Flexibility in the implementation of climate related frameworks should not create different targets, given that most countries, including the United States, have now committed to the same goals for 2050; instead flexibility should only apply to the transition pathways for how countries meet those established and agreed upon targets. As repeatedly affirmed by policy makers, notably in the context of the work by Network for Greening the Financial Sector (NGFS), banks' contribution to climate-related policies is to finance the greening of the economy, and not only the green economy. While science-based targets aligned with the Paris Agreement are shared by the international community of signatories, trajectories are likely to be different given how starting points vary across sectors and geographies. This important distinction could also help align interests across jurisdictions, without compromising the science-based definition of "what is green." All in all, it would provide a definition of greening that would reflect adequately the scope of investments needed to reach the Paris Agreement ambition, and therefore would help channel funding to important projects and companies. Defined global targets will help avoid focusing incentives (including the focus of public investments and development banks) on the narrow scope of "already green" assets (with unintended consequences on fueling potential asset bubbles), that could paradoxically lead to a more limited impact on reducing CO_2 emissions.

b. Clarifying a broad and holistic understanding of materiality

The SEC should continue to define materiality beyond what is deemed to be "financially" material from an accounting standpoint, given that materiality should always be grounded in what is important to investors. This may include factors that are important and useful to investor decision-making, including a company's record of proxy voting, corporate engagement, compliance with international norms (e.g., UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises), national regulations, and client mandates – which may include decisions not to finance activities that may be profitable in the short-term, but in the long-term may produce severe harm to the company itself, society, or the environment. A narrow focus on "financial materiality" prevents investors from receiving the information they need to manage external harms (i.e., "negative externalities" or harm created by companies to third parties), including those that contribute to systemic risks (i.e. threats to financial stability, to the stability of communities, governments, and to key life-support systems such as the climate and biosphere).

For example, it is material whether a company has adopted a commitment to reach “net zero by 2050,” despite the long horizon. Investors need to monitor and evaluate performance against that commitment in the short, medium, and long-term. To do so, the SEC’s disclosure framework should incorporate information on corporate climate performance, in addition to the company’s view of how climate might become financially material to the issuer. Climate change, biodiversity loss, and other environmental harms accumulate over time, translating into systemic instability over a timeframe that is disconnected from market cycles, and therefore deserves ongoing monitoring. Furthermore, risks that are not considered material to an issuer from a financial perspective in the short run may actually have financial consequences in the long run since the negative environmental and social impact of an issuer’s activities may accelerate environmental degradation and trigger the loss of its license to operate due to significant pushback from various stakeholders, including the communities in which it operates, as well as broader economic consequences. Therefore, the SEC should adopt a more dynamic approach to its mandatory disclosures that captures this important feedback loop.

Moreover, disclosures that address concerns raised by other stakeholders are often relevant to investors since those concerns may ultimately represent a risk to issuers that fail to address them. Voting results on shareholder proposals can be instructive here, as they include very strong and consistent support for policies, procedures, and reporting on a wide range of sustainability issues, such as details of how the company will achieve net-zero emissions across its operations, reduce its scope 3 emissions, or set emissions reductions targets, as well as details of how lobbying activity aligns with the goals of the Paris Agreement.

Finally, European investors rely on SEC filings to help comply with European Union (EU) and other home country regulations (as well as obligations under the UN Guiding Principles on Business and Human Rights), to evaluate and address adverse impacts to society and the environment – which makes an approach that’s broader than “financial materiality to the issuer” all the more important.

B. International coordination and harmonization of disclosure regimes and definitions is critical, and the SEC should actively engage in, and build upon, the ongoing work by the TCFD, the IFRS Foundation, IOSCO, the IPSF, as well as the G20 SFWG.

As noted above, in creating a new ESG disclosure regime, the SEC should strive to achieve consistency with international definitions and disclosure efforts. A great deal of existing work has already been done in Europe and other jurisdictions that have established broad based climate disclosure frameworks. The SEC now has an opportunity to build on this work, and can help encourage greater global harmonization of international disclosure frameworks to minimize conflicting requirements and market fragmentation.

Today, multiple initiatives are underway across international organizations such as the United Nations and the OECD, and international standard-setters such as the Basel Committee on Banking Supervision (BCBS), IOSCO, and the IFRS Foundation. In addition, informal networks have been formed to advance collective awareness, such as the NGFS and the IPSF.

At the same time, a range of voluntary standards have proliferated to meet this need, the biggest of which include the TCFD created by the Financial Stability Board (FSB), the Sustainability Accounting Standards Board (SASB), the Carbon Disclosure Standards Board (CDSB), and the Global Reporting Initiative (GRI). Importantly, these standards are now incorporating more forward-looking risk management and governance.

BNP Paribas welcomes the efforts by the G20 SFWG to introduce global consistency among the proliferation of international initiatives. Given that the G20 SFWG work is being led by the United States and China, hopefully this leadership role will facilitate the ability of the United States to ultimately adopt these global consensus standards and lead to consistent implementation and comparability of disclosure across jurisdictions. Differing initiatives can only result in inconsistencies in approaches and timing, misallocation of scarce expert resources, and confusion for stakeholders. For corporates and financial institutions, differing initiatives would also generate implementation burdens that would slow down – rather than accelerate – the necessary transformation of business practices.

The G20 SFWG has tasked the IOSCO to lead the global effort on ESG disclosures. In turn, IOSCO has endorsed the idea of relying on technical standards to be produced by the IFRS Foundation through its Sustainability Standards Board (SSB). Therefore we encourage the SEC to actively engage in the ongoing work of the IFRS Foundation, as well as the work of the alliance of private organizations building a comprehensive corporate reporting architecture (i.e., the Carbon Disclosure Project (CDP Global), CDSB, the International Integrated Reporting Council (IIRC), the GRI, and SASB) – and then we encourage the United States to ultimately support the agreed upon global approach.

With respect to the IFRS Foundation, we expect their work to leverage the TCFD framework established by the FSB. The TCFD standards have been widely adopted by corporate issuers, both in the United States and abroad, as well as by a growing number of jurisdictions such as New Zealand, the United Kingdom, and Hong Kong – all of which are mandating climate disclosures by large issuers that are aligned with the TCFD framework. In Europe, the current Non-Financial Reporting Directive (NFRD) and the 2019 European Commission non-binding Guidelines on non-financial climate reporting both endorse the TCFD recommendations. The April 2021 European Commission proposal for a Corporate Sustainability Reporting Directive (CSRD), which updates the NFRD, goes a step further and will make the TCFD recommendations and metrics mandatory for all corporates with more than 250 employees, all listed SMEs, and all financial undertakings.

The TCFD framework provides valuable reporting guidelines and key metrics, including scope 1, 2 and 3 emissions where material, which cut across all sectors of the economy. Together with the IFRS standards, which would be tailored to the specificities of each sector, this dual framework would provide comparability, consistency, and enough flexibility to integrate sectoral, regional and national specificities.

C. The SEC should consider a broad and holistic approach for what climate disclosures should be deemed "material" (and therefore need to be disclosed in SEC filings), while also adopting a framework for mandatory disclosure of scope 1, 2, and 3 GHG emissions that could be provided in a disclosure form outside of the filings and should include a safe harbor.

The SEC should set a level of ambition sufficiently high to accelerate the alignment of the U.S. economy and financial sector with the climate commitments taken by the current U.S. administration. Since climate change can be viewed as a market failure, securities regulation can help facilitate the ability of market participants to responsibly allocate capital for the long-term and mitigate risk. To address this, the SEC needs to adopt a broad and holistic approach to the definition of materiality, and to supplement current requirements for disclosing material information with new line item disclosures that provide reliable, comparable, and meaningful information about each company's exposure and contribution to climate change. Sustainability issues, including climate change, tend to vary by industry, so industry specific guidance will also be needed. But there are baseline requirements that should be mandated for all reporting companies.

The SEC should continue to require all material disclosures to be published in SEC annual filings (e.g. 10-K and 10-Qs). In addition, and as discussed below, other required disclosures to facilitate comparisons between issuers should be provided in separate documents outside of the 10-Ks and 10-Qs.

a. Clarifying 2010 guidance on material ESG disclosures

BNP Paribas commends the SEC for the work currently underway to update the SEC's 2010 guidance regarding what climate disclosures should be deemed "material." Despite many firms reporting some sustainability data, the 2010 SEC climate disclosure guidance has not yet satisfied the needs of investors. Lack of clarity of the current guidance may lead some companies to be overly optimistic about a firms' climate resilience, and may lead to under-reporting of risks. Accordingly and as discussed above in Section III.A.b, material disclosures need to account for the full range of necessary information for investment decision-making and ongoing stewardship engagement.

b. The need for line item disclosures for scopes 1, 2, and 3

While principles-based material disclosures are important, climate disclosures cannot be limited to qualitative aspects given how modern-day global investors use information. Key performance indicators (KPIs) for GHG emissions – that are measurable and quantitative – are critical not only to informing investor decisions, but also helping market participants and regulators monitor corporate progress towards alignment with the Paris Agreement. While climate transition pathways can be specific to each sector and country, the SEC's disclosure framework should include a small number of core KPIs common across sectors and jurisdictions. Indeed, investors will need to be able to aggregate those common KPIs to evaluate portfolio risk and to monitor and disclose their own performance to achieve certain investor and business objectives.

Beyond requiring the disclosure of material information, the SEC should also adopt a framework that includes mandatory disclosure of detailed, non-material – but relevant information – related to scope 1, 2, and 3 GHG emissions. These disclosures could be included in a separate form from the annual filings, through some new type of Form Climate Disclosure (Form CD). These numbers should be disclosed on a gross basis each year using a globally consistent methodology. Timely and mandatory climate disclosure should be required across all sectors and companies, but should apply proportionality to limit burdens on small and medium size enterprises. Carbon offsets should be disclosed on a standalone basis, accompanied by sufficient disclosures to permit investors to evaluate their effectiveness and credibility, (N.B., carbon offsets should only be used as a last resort option for residual emissions in order to satisfy broader obligations, given the practical challenge of removing GHG emissions from the atmosphere).

The detail of this line item reporting should largely follow the standards adopted by the TCFD, and be consistent with the ongoing work from the IFRS Foundation's SSB. These line item standards could require a 1.5 degree scenario to align with the goals of the Paris Agreement.

In terms of the timing and detail for these requirements, while disclosures of scope 1 and 2 GHG emissions should be in the SEC's initial phase for implementation, scope 3 emissions should go into effect at a later stage for financial institutions. Scope 3 disclosures are important for investors to understand the broader impact of corporate activities on climate change, and the long-term financial viability of companies as a result of changing climate – and therefore should be a critical part of the SEC's disclosure framework. However, at this stage, no standard or shared method has been defined and the metrics for disclosing scope 3 still lack the robustness required for public disclosures for financial institutions. Until such metrics are defined based on the development of sectoral standards by the SEC (in coordination with international authorities and standard setting bodies, including work underway by the IFRS Foundation and the FSB's TCFD), scope 3 disclosures may not adequately reflect a financial institution's exposure to climate-related risks and comparison among firms would likely be meaningless without agreed-upon metrics**.**

c. The need to ensure data quality and accuracy of disclosures

The SEC should ensure that climate-related disclosures are produced with the same degree of quality and governance as financial data. In particular, the SEC should consider adopting measures to promote data quality, such as potentially requiring an independent auditor to attest to and report on these assessments and certifications (once there are established methodologies and metrics for all three scopes), and the SEC should allow the flexibility for issuers to use proxies, at least initially, to the extent they are sourced from authorized data providers. An integrated audit process could provide an important check on the accuracy of climate disclosures.

In addition, BNP Paribas is supportive of efforts underway at the SEC's Division of Corporation Finance to enhance its focus on climate-related disclosure in public company filings, especially regarding the issuance of financial products labeled as "sustainable" or "green" such as Green bonds or investment funds. Such products should comply with the agreed definition of "what is green" to avoid any risk of "greenwashing" (these classifications should be flexible enough to be extended, over time, to other ESG factors such as biodiversity and social impact). In addition, BNP Paribas is supportive of the work by the SEC Division of Enforcement to create a Climate and ESG Task Force to proactively detect climate and ESG-related misconduct, including identifying any material gaps or misstatements in issuers' disclosure of climate risks under existing rules and analyzing disclosure and compliance issues relating to investment advisers' and funds' ESG strategies**.**

d. The SEC should adopt a safe harbor to encourage companies to provide robust and decision-useful climate disclosures

We support comments made by certain trade associations – including the Bank Policy Institute (BPI), the Securities Industry and Financial Markets Association (SIFMA), as well as the Institute of International Bankers (IIB) – regarding the necessity of including a climate-specific safe harbor provision (at least initially) due to the difficulty in measuring climate risk, reliance on third-party data, and the level of uncertainty associated with climate change as it relates to disclosures made in SEC filing documents. For instance, while the TCFD framework offers valuable guidelines to disclose scope 1, 2, and 3 emissions for corporates, it does not offer a methodology for scope 3 emissions for banking institutions. Offering adequate liability protection while standards are still being developed would both encourage firms to disclose a greater amount of valuable data on which banks depend to assess their portfolio's exposure to climate risks, and provide valuable information to investors who rely on such data for their investment decisions – all while limiting unnecessary litigation risks associated with such disclosures.

e. Timing of implementation

Data gaps are often cited as an obstacle to define mandatory disclosure. We believe that data gaps can only be addressed once the nature of the data to be collected is clearly established, with agreed definitions and methodologies. Therefore, we encourage the SEC to accelerate the definition of the target disclosure framework, in both scope and content, in close alignment with global initiatives, so that U.S. companies and financial institutions can promptly prepare to collect the necessary data. Once data requirements and templates are formalized, enough time should be given for implementation, and platforms for data sharing – such as the European Single Access Point (ESAP) initiative by the EU – should be established. It should also be noted that since financial institutions will be dependent on the disclosure of their corporate clients, disclosure requirements for banks and asset managers should come at a later stage.

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Thank you again for the opportunity to comment. If BNP Paribas can provide the SEC with any further information please contact me by reaching out to Jeffrey Siegel, Head of U.S. Public and Regulatory Policy at [redacted] or by phone at [redacted].

Sincerely,

Jean-Yves Fillion

Jean-Yves Fillion
CEO of BNP Paribas USA and Chairman of CIB Americas
BNP Paribas

cc: The Honorable Gary Gensler, Chairman, U.S. Securities and Exchange Commission
The Honorable Allison Herren Lee, Commissioner, U.S. Securities and Exchange Commission
The Honorable Caroline A. Crenshaw, Commissioner, U.S. Securities and Exchange Commission
The Honorable Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission
The Honorable Elad L. Roisman, Commissioner, U.S. Securities and Exchange Commission
John Coates, Acting Director, SEC Division of Corporation Finance
Kristina Wyatt, Senior Counsel for Climate and ESG, SEC Division of Corporation Finance