June 13, 2021

Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Request for Public Input on Climate Change Disclosures Dear Chair Gensler,

Climate Advisers is a climate think tank and advocacy organization that specializes in forest conservation and other natural climate solutions. For the better part of a decade, we have analyzed material risks to investors and companies through such projects as *Orbitas* and *Chain Reaction Research*. In response to the SEC request for comment on climate change disclosures, Climate Advisers recommends an economy-wide approach that incorporates global supply chain emissions. A holistic approach is particularly important in the forest and land use sector, since many US companies rely on tropical commodities with high-risk of links to deforestation, human rights abuses, and land disputes with Indigenous People and traditional communities. The following pages are intended to:

1. Provide a summary of key forest and land use sector recommendations
2. Connect the forest and land use sector to fundamental SEC mandates
3. Comment on the SEC request for input on climate-related financial disclosures with a focus on deforestation and land use change.

Thank you in advance for considering our comments as you contemplate any changes that are needed to the SEC disclosure requirements related to climate change risks. We would be pleased to discuss any questions that you may have on our feedback.

Sincerely,

Climate Advisers

Part 1: Summary of Key Recommendations

We recommend that the SEC considers incorporating the following points regarding the forest and land-use sector into climate-related financial disclosures:

1. New SEC climate-related financial regulations should cover the global forest and land use sector, not just fossil fuels and industrial emissions. Agriculture and food systems account for approximately one quarter of global greenhouse gas emissions.[1] The sourcing and financing of agricultural commodities produced in tropical regions, such as soy, palm, cocoa, pulp & paper, and cattle are the largest single cause of deforestation and forest degradation, which produces roughly the same amount of climate pollution as the global transportation sector. Virtually all the scientific models for meeting the Paris goals require achieving zero net deforestation by 2030. Most deforestation in the developing world linked to internationally traded commodities is illegal (violates local law)

[1] "Special report on climate change and land use," Intergovernmental Panel on Climate Change, 2019, https://www.ipcc.ch/srccl/

and connected to organized crime.[2] SEC regulations that do not explicitly cover the global forest and land use sector would be incomplete and ineffective as a consequence.

2. Any climate-related financial disclosures should have an equity component, including in the forest and land use sector. Receding tropical forests have led to frequent land disputes between commodity producers and Indigenous People or traditional communities. Impacts to marginalized groups, labor violations, and illegal activity are often obscured by complex commodity supply chains, leaving investors unable to reliably assess exposure or alignment to personal/institutional values. Land insecurities, along with illegal encroachments into indigenous territories, have also heightened violence against environmental defenders.[3]

3. Investors agree that emissions from the global forest and land use sector are material. In 2020, for example, Blackrock stated, "As a long-term investor, the reputational and operational risks faced by companies being implicated in deforestation allegations is concerning to us."[4] The role of tropical agriculture as the leading driver of deforestation has already been proven, and reasonable investors are demanding disclosure and active management of deforestation risks.

4. New climate-related regulations need to state *explicitly* that they cover forests, food and land-use—general principles such as guidance to cover all material climate-related impacts would not suffice. Companies have historically under reported climate risks from the forest and land use sector, focusing narrowly instead on fossil fuels, when climate disclosures have been made. A CDP survey of 1,500 companies with high forestry impacts found that 70 percent did not disclose data on such impacts, and even the companies that did disclose showed no or limited action to mitigate impacts.[5] Furthermore, in a recent Orbitas survey, 33 percent of institutions do not consider or actively manage forest and land-related climate transition risks in tropical commodity production today.[6]

5. SEC climate regulations, therefore, should affirmatively state that reporting and risk management obligations apply to the global forest and land use sector, including specifically tropical agriculture and international traded commodities.

6. The duty to disclose and manage supply chain links to tropical commodities known to drive deforestation and land-use emissions should not depend solely on a company's assessment of financial materiality for the following reasons:

    a. The broad societal interest in addressing climate change and the magnitude of future catastrophic impacts to the US economy, national security, and the

[2] "Illegal agriculture is the main reason we're still losing forests. Is a crackdown coming?" Forest Trends,
[3] "Global Witness records the highest number of land and environmental activists murdered in one year – with the link to accelerating climate change of increasing concern," Global Witness, July 2020, https://www.globalwitness.org/en/press-releases/global-witness-records-the-highest-number-of-land-and-environmental-activists-murdered-in-one-year-with-the-link-to-accelerating-climate-change-of-increasing-concern/
[4] "Voting bulletin: The Proctor & Gamble company," Blackrock, October 2020, https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-procter-and-gamble-oct-2020.pdf
[5] "70 percent of companies fail to disclose impact on world's forests," CDP, July 2019, https://www.cdp.net/en/articles/media/70-of-companies-fail-to-disclose-impact-on-worlds-forests
[6] "Climate Transition Risk Survey: Capital Providers for Tropical Soft Commodities," Orbitas, December 7, 2020, https://orbitas.finance/2020/12/07/climate-transition-risk-survey-capital-providers-for-tropical-soft-commodities/

American public necessitate disclosure of both material risks to stakeholders and long-term financial flows.

b. Available research in tropical commodity supply chain risks already supports evidence of financially material, industry-wide risks in tropical commodity supply chains when climate-related risks are not addressed.[7] For example, economic modeling suggests that 15 percent of Indonesian peat plantations are likely to become stranded and that Colombian cattle ranchers face a sixfold increase in production costs related to emissions.[8]

7. The SEC should adopt forest and land-use specific metrics and standards to ensure companies report adequately on this often-forgotten sector. While all industries should disclose scope 1, 2, and 3 emissions using the Greenhouse Gas Protocol, specialized metrics should also apply to all companies that source, own, or manage tropical commodities. Recommended qualitative and quantitative metrics include disclosures on traceability, monitoring, grievance processes, land disputes with Indigenous People and traditional communities, and risk mitigation strategies.

8. The SEC should require the inclusion of deforestation and land-use change climate reporting in all company filings not just annual sustainability reports. For quarterly and annual filings, deforestation and land-use change should be required in the following sections:

    a. *Management discussion and analysis (MD&A):* Science-based targets, transition plans, and regular progress updates should be included. Material dependences on natural capital in operations and supply chains should also be disclosed and considered.
    b. *Risk Factors:* Climate change risks, including forest and land use change risks, should be included in a company's risk disclosures based on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Scenario analysis should also use standardized climate change assumptions and methodologies.
    c. *Financial statements and supplementary data:* Greenhouse gas emissions reporting should be mandatory for all companies, similar to a company's financial statements.
    d. *High Deforestation Risk Commodity Disclosures:* Quantitative sector-specific disclosures should be standardized for companies with exposure to tropical commodities linked to tropical deforestation, as defined by the CDP, following the precedent of item 4 on "Mine Safety Disclosures."

Finally, all assurance processes should incorporate deforestation and land-use change. The SEC should collaborate with the Public Company Accounting Oversight Board (PCAOB) to ensure that audit functions appropriately consider all forest and land-use related metrics, that the assumptions and

Part 2: Forest and Land Use Disclosures and SEC Mandates

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[7] **"Chain Reaction Research applies TCFD-aligned framework to assess deforestation risks," Chain Reaction Research, January 8, 2021, https://chainreactionresearch.com/report/chain-reaction-research-applies-tcfd-aligned-framework-to-assess-deforestation-risks/**

[8] "Agriculture in the age of climate transitions: Stranded assets. Less land. New costs. New opportunities." Orbitas, December 3, 2020, https://orbitas.finance/2020/12/03/ag-climate-transitions-risk-opportunities/

Deforestation and land use change disclosures fulfill SEC mandates
Requiring climate change disclosures to include deforestation and land use change would fulfill all three of the SEC's key mandates, as shown below:

1. *Protect Investors*
   - Natural capital and tropical commodity supply chain disclosures and assurances would allow investors to compare results across companies. Currently, quantitative metrics, reporting frameworks, topics, and formats vary widely, which creates a barrier for investors without deep subject matter expertise or resources to access paid analysis.[9]
   - Standardized climate-related disclosures, including tropical agriculture dependencies, would provide a more complete picture of long-term investor risk. If the negative social and environmental externalities associated with some tropical commodity producers are internalized over time (carbon adjustments, changing water cycles, temperature increases, government conservation efforts), investors in companies across commodity supply chains will risk revenue shortfalls.

2. *Maintain fair, orderly, and efficient markets*
   - Natural capital and tropical commodity supply chain disclosure and assurance requirements would allow investors to prevent a misallocation of resources towards activities that worsen the climate crisis, including deforestation and land use change.
   - Standardized, consistent, comparable, and accurate disclosures would prevent information asymmetries for investors. Currently, only investors with the resources to use satellite monitoring services and conduct extensive research can be assured that a company is not sourcing commodities from producers linked to deforestation, fires, land disputes, or human rights abuses. This represents a market failure that disadvantages small investors.

3. *Facilitate capital formation*
   - Failing to address the climate crisis is likely to result in clear physical and transition risks across sectors, limiting long-term capital formation in the US economy. According to Trucost CEO Richard Mattison, "13% of earnings could be at risk if companies have to pay a carbon tax," and "if there is no successful climate policy, 60% of the S&P 500 have assets that are at high risk from the physical impacts of climate change."[10]
   - If SEC regulations are not broad enough to include global supply chains, tropical commodities produced on deforested land will enter the US economy and expose investors to undisclosed risk. Furthermore, the related greenhouse gas emissions and destruction of carbon sinks will heighten exposure of unrelated US sectors to physical and transition risks, due to the global impacts of climate change.
   - Standardization of reporting and assurance requirements would reduce the reporting burden on large companies that currently receive multiple overlapping voluntary disclosure requests.
   - Requiring deforestation and land use change supply chain disclosures now will prepare US companies for calculating accurate scope three emissions. As the

[9] "Seven ESG trends to watch in 2021," S&P Global, https://www.spglobal.com/en/research-insights/featured/seven-esg-trends-to-watch-in-2021#
[10] David Winograd, "Trucost CEO: Demand for sustainable debt set to go through the roof in 2021," S&P Global, January, 2021, https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/trucost-ceo-demand-for-sustainable-debt-set-to-go-through-the-roof-in-2021-62140976

proposed European Union carbon border adjustment mechanism expands across sectors over time, reliable climate-related disclosures may become a prerequisite for US companies accessing international markets.

Part 3: Comment on Published SEC Questions

Question 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?

Climate change risk, including deforestation and land use change supply chain risk, should be incorporated into all company filings required under SEC laws. For quarterly and annual filings, deforestation and land use change can be required in the following sections:

1. *Management discussion and analysis (MD&A):* The MD&A should include qualitative analysis of a company's decarbonization strategy, including a transition plan to meet science-based targets, achieve net-zero emissions, and break links to deforestation. Long-term goals should have interim targets at least every 5 years, along with annual progress updates. The MD&A is also required to provide "descriptions of known material trends in the registrant's capital resources and expected changes in the mix and cost of such resources" (SEC). For companies with material dependences on natural capital, such as water, biodiversity, and land and soil productivity, those dependences should also be disclosed and considered as companies discuss future operating results or future financial condition.

2. *Risk Factors:* The physical and transition risks associated with climate change indicate a fundamental shift in the long-term cost and availability of natural capital, which represents a material financial uncertainty for the companies along natural capital supply chains and their investors. Climate change risks, including forest and land use change risks, should be included in the company's risk disclosures. The Task Force on Climate-Related Financial Disclosures (TCFD) recommendations can be used as a reference for companies on what constitutes transition and physical risks. Finally, we would recommend conducting scenario analysis to provide insight into the magnitude of financial risk in each climate change scenario. Assumptions and methodologies should be consistent to allow for comparability across companies.

3. *Financial statements and supplementary data:* Greenhouse gas (GHG) emissions should become a mandatory reporting requirement for all companies. Mandatory disclosures should follow a standardized format and methodology, similar to a company's financial statements.

4. *High Deforestation Risk Commodity Disclosures:* Quantitative sector-specific disclosures should be standardized for companies with exposure to commodities linked to tropical deforestation, following the precedent of item 4 on "Mine Safety Disclosures."

Finally, all assurance processes should incorporate deforestation and land use change. The SEC should collaborate with the Public Company Accounting Oversight Board (PCAOB) to ensure that audit functions appropriately consider all climate-related metrics, that the assumptions and methodologies used are sound, and that the information has been validated by a third party.

Question 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?

This section addresses the question, "What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision?" The recommendations below include quantitative and qualitative metrics for deforestation and land use change in the following categories:

1. Standardized emissions metrics for all companies
2. Standardized metrics for all companies with any tropical commodity sourcing
3. Standardized metrics for all companies with a material dependence on a tropical commodity (volume threshold)
4. Standardized metrics for all companies with ownership of or investment in tropical commodity production

Metric 1: Standardized emissions metrics for all companies
All companies should report on greenhouse gas emissions, in accordance with the Greenhouse Gas Protocol. Scope one and two emissions should be mandated for all companies. Scope three emissions should be phased in over time, starting with large registrants with significant supply chain emissions. Scope three emissions disclosure requirements should also extend to the financial sector to include financed emissions in loans, investments, insurance, and other portfolios.

Metric 2: Standardized metrics for all companies with any tropical commodity sourcing
The following metrics are based on current voluntary disclosures through the Carbon Disclosure Project's (CDP) forest program:

- Name of commodity sourced or produced
- Volume sourced or produced
- Percentage of total procurement
- Percentage of revenue dependent on this commodity
- Procurement by country/region/subnational jurisdiction of origin*

*If information on origin is not available, the company should outline a clear and time bound path to engaging suppliers to attain that information.

Metric 3: Standardized metrics for all companies with a material dependence on a tropical commodity

Based on the volume of tropical commodity sourcing by weight, companies with significant exposure to commodities in forest risk countries should complete additional disclosures on traceability and monitoring:[11] [12] Volume thresholds should be set low enough to ensure that at least two standard deviations of US companies in tropical commodity supply chains are included.

I. Does the company have traceability to identify origin of commodities and monitor risk at source?
   - Point to which it's traceable
   - Percentage of volume that is traceable
   - If possible, publish a supplier list

II. Does the company have a system to control, monitor, or verify compliance to supplier commitments?
   - Type of monitoring [13]
   - Percentage of total volume in compliance
   - Percentage of suppliers in compliance
   - Detail company response to supplier non-compliance [14]
   - Procedures to address grievances and resolve non-compliance with suppliers

III. Conduct a risk and opportunity assessment, including:[15]
   - Explanation of risk assessment procedure, frequency, timespan, and tools used
   - Disclosure of any physical, regulatory, reputational/market, and technological risks that apply, along with information on the magnitude, likelihood, and timeframe of risks and an estimate of the likely cost of response.
   - Information on company oversight mechanisms to mitigate risk

Metric 4: Standardized metrics for all companies with ownership of or investment in tropical commodity production

I. Companies with direct ownership or control of forested land should include the following metrics:
   - Country Name
   - Land type [16]

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[11] Climate Advisers recommends defining significant exposure based on standardized volume sourced. Standardized volume reflects the intensity of a sub-commodity product or the quantity of commodity produce used. This definition standardizes the volume metric across commodity sub-products. An example of this being used is in Trase.Earth.

[12] Forest risk countries defined as per CDP Forests definition: Angola, Argentina, Australia, Bolivia (Plurinational State of), Brazil, Cambodia, Cameroon, Central African Republic, Colombia, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Gabon, Guatemala, Guinea, Honduras, India, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Malaysia, Mexico, Mozambique, Myanmar, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Thailand, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, and Zimbabwe. Definition of forest risk countries to be reevaluated on an annual basis.

[13] Types of monitoring include, but are not limited to geospatial monitoring tool, ground-based monitoring system, community-based monitoring, first-party verification, second-party verification, third-party verification, or no monitoring and verification approach. These categories are currently used by CDP in company disclosures.

[14] Company response to supplier non-compliance includes, but is not limited to, retain and engage, suspend and engage, exclude or no response. These categories are currently used by CDP in company disclosures.

[15] Forest risk commodities defined as per CDP Forests definition: timber products, palm oil, cattle products, soy, rubber, cocoa, and coffee. Definition of forest risk countries to be reevaluated on an annual basis.

[16] Land types include, but are not limited to, set-aside land, natural ecosystems with potential to be legally converted for forest risk commodity production or degraded/abandoned area with potential for forest risk commodity production. These categories are currently used by CDP in company disclosures.

- Area owned
- Percentage of area covered by natural forests
- Percentage of area covered by certification scheme
- Did conversion of natural ecosystems occur during the reporting year? (Y/N)
- Area converted during reporting year (if yes above)

II. Financial institutions with exposure to forest risk commodities should provide the following:
   - The value and number of investments in companies that operate in commodities in countries with high deforestation risk.

Question 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?

Below are the advantages and disadvantages of establishing different climate change reporting standards for different industries, with an emphasis on deforestation and land use change.

Advantages: Limiting reporting standards to only capture disclosures applicable to all sectors would fail to address investor concerns around traceability and oversight of tropical commodity supply chains. Conversely, applying reporting standards related to high-risk tropical commodity supply chains to every industry would increase the reporting burden for companies. As a result, we recommend including focused standards for entities that source from, operate in, or finance the tropical commodity sector. By mandating select overview disclosures for all relevant entities and detailed disclosures for those above commodity-dependent volume thresholds, the SEC would minimize reporting burden while meeting investor demands.

Disadvantages: This recommendation does not apply to all metrics. A standardized approach is efficient for metrics applicable across a variety of sectors, including goal setting, progress updates, scenario analysis, emissions tracking, and intersectionality. For universal indicators, it is important that companies use consistent methodologies and assumptions to ensure that investors have actionable and comparable data.

Question 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)? Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

Below are the advantages and disadvantages of rules that incorporate or draw on existing frameworks:

Advantages:

1. Ease of implementation: Leveraging reporting standards from existing frameworks can reduce reporting burden for companies that have already opted to start reporting voluntarily.
2. International acceptance: The TCFD, in particular, has widespread support for assessing climate-related financial risk in both corporate and financial sectors and has gained traction among regulatory authorities abroad.

Disadvantages:

1. Reporting fatigue: Existing reporting frameworks have caused confusion for both companies and investors. In a voluntary, market-driven reporting environment, consistent, accurate, and comparable data over time is not guaranteed.
2. Material omissions: Many frameworks have gaps in particular sectors, including deforestation and land use change, which would require the SEC to both incorporate and expand on elements of the TCFD, SASB, and CDSB.
3. Greenwashing accusations: Companies have had significant leeway to choose which disclosures to include without a standardized assurance process.

As a result, the SEC should seek to combine and expand upon elements of existing reporting frameworks while providing clear guidance on standards, methodologies, and assumptions. The following disclosure frameworks should also be considered:

- *CDP Forests:* Companies have already been voluntarily reporting on tropical commodity exposure and oversight through CDP Forests. The disclosures are targeted to commodities and countries at high risk of deforestation, and the scope is clearly defined. CDP Forests is largely compatible with language used in the TCFD and could easily be integrated to provide a more complete view of tropical commodity dependencies and risk.
- *The Global Reporting Initiative (GRI):* The GRI emphasizes a holistic view of materiality that considers both an entity's impact on stakeholders and financial risk associated with sustainability impacts. Stakeholder impact is particularly important in the tropical commodity sector because of the frequency of human rights issues and land disputes with Indigenous People and traditional communities. Applying a more holistic assessment of materiality would provide a more complete view of supply chain risks that can be incorporated into a company's active risk management processes.

Question 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 SEC should collaborate with the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) Foundation, since the IFRS Foundation was created to "develop a single set of globally accepted accounting standards."[17] Because the IFRS are required in over 140 jurisdictions, significant misalignment between SEC standards and IFRS is likely to cause confusion and increase reporting burden for global companies.

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[17] "IFRS Foundation Trustees consult on global approach to sustainability reporting and on possible Foundation role," September, 2020, https://www.ifrs.org/news-and-events/news/2020/09/ifrs-foundation-trustees-consult-on-global-approach-to-sustainability-reporting/

The IFRS should be viewed as the floor, rather than the ceiling, however. The US should seek to lead in adopting robust climate-related financial disclosures, moving above and beyond the IFRS. Under no circumstances should US climate-related financial disclosures be watered down to align with global efforts. As the US becomes a leader in this area, the SEC should work with allies to ensure widespread adoption of high standards for climate-related disclosures and apply a continuous improvement approach over time.

Question 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?

Yes. To ensure accuracy and confidence in deforestation and land use change disclosures, disclosures should be subject to the same assurance standards as financially material data and communicated through SEC filings. These disclosures, just like financial filings, should have clear lines of reporting and oversight to the board or the C-suite to ensure comparable accountability. Lastly, there should be clear procedures and auditable records, so that areas of non-compliance can be identified and remedied.

These controls are essential in deforestation and land use change disclosures because:

- Accurate investor disclosures are especially important when investors may not comprehend the complexity of tropical commodity impacts on deforestation, land use change, and human rights.
- Tropical commodity supply chains are often opaque and may require additional due diligence in sourcing decisions.
- Supply chain risks should be visible and actively mitigated as a part of a company's enterprise risk management process to avoid financial impacts.
- Inclusion in management reputation letters and company audits is likely to drive executive engagement and incentivize careful consideration of risk mitigation processes at a leadership level.

Furthermore, all quantitative disclosures of climate and ESG metrics should be tagged in a machine-readable format to allow academics and other stakeholders to easily use this information and compare, analyze, and identify discrepancies which could be the basis for shareholder pressure and enforcement action.

Question 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?

Climate related risks should be incorporated into the current Management's Discussion and Analysis of Financial Condition and Results of Operations disclosures. In order to ensure comparability across companies, the following should be considered:

1. Clear goals for carbon neutrality, with interim targets at least every 5 years and annual progress updates.

2. Common assumptions for scenario analysis, based on multiple climate change outcomes (degrees of warming).
1. Disclosure of natural capital dependencies.
2. Disclosure of physical and transition risks related to climate change, including in tropical commodity supply chains.
3. Insight into company strategy to mitigate climate risks, to pursue climate opportunities, and to adapt business models to be successful in the long-term.
4. Standardized climate-related quantitative metrics for all industries.
5. Industry specific quantitative metrics, including those detailed in the answer to question 2 above.

Climate change represents a disruptive risk to existing business models, so investors should be aware of companies plans and progress towards adapting to a changing world.