



Chairman Gary Gensler  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C.  
20549-1090

June 14, 2021

**Re: Request for Public Input on Climate-Related Disclosure**

Dear Chairman Gensler,

Entelligent Inc. (Entelligent) welcomes the opportunity to present this letter in response to former acting Chair Lee's request for public comments on climate-related disclosure regulation dated March 15, 2021. Our response seeks to collectively **answer themes in questions 5, 6, 7 and 9**. We hope the U.S. Securities and Exchange Commission (the SEC) finds our comments useful in this critical rule-making process.

**A Brief on Entelligent**

Entelligent Inc. (Entelligent) was established with the primary mission to provide climate risk solutions to a wide variety of financial market participants. Our products and services have helped asset owners and asset managers, among others, to boost the climate resiliency of their portfolios, design climate risk resilient indices, and incorporate climate scenario analysis into their products and services. As a financial technology firm dedicated to helping market participants understand and factor climate risk into their risk management processes, we recognize the invaluable role that accurate, material disclosure plays in advancing the protection of investors' resources and interests.

**Climate Risk as a Fiduciary Duty**

Climate risk exposure is systematic in every aspect of society. Identifying and preparing for the perils climate change presents to business operations and profitability is, therefore, a fiduciary duty to stakeholders. Stakeholders must be made aware of the risk and threat of climate change to their holdings, as well as steps taken to ensure resiliency.

Additionally, as climate change is an existential threat to humanity, the collective has become a stakeholder and issuers, have in essence, become agents of the collective. It is therefore the duty of issuers to act and disclose those actions in relation to climate-related risk mitigation and adaptation.

## **Answers to Themes in Questions 5, 6, 7 and 9**

### ***On the adoption and incorporation of existing standards and guidance; and having unified, global standards***

Climate change is a global problem and solutions must be fundamentally global. The existing standards and guidance have not been specifically designed for any particular jurisdiction. Admittedly, they may be championed by certain geopolitical regions or ideologies, but their general applicability is solid across the board.

The U.S, fortunately, is in the position to secure the goals of the country, in the development, maintenance and improvement of existing standards, as it has representation on most of the standard setting boards. The US can enhance its representation appropriately by officially adopting existing climate-related disclosure standards and recommendations.

In addition, the SEC adoption of existing standards will lend legitimacy to U.S. efforts to position itself as a leader in the global climate change fight. Adoption and alignment to benchmarks, standards, recommendations, and rules by the SEC will solidify U.S. commitment to cooperation for climate change solutions.

The existing standards the SEC should consider must include, but not be limited to, the work of the Financial Stability's Task Force on Climate-Related Financial Disclosure (TCFD), the work of the members of the Investor Agenda, the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

### ***On the designation of an external, independent standard setter and the improvement and updates of requirements***

Climate-related data is currently incomplete and will remain so because of its nature and the tools currently available. Therefore, the information issuers provide will have significant limitations and this must be factored in any update and improvements in legislation.

Reassessment of regulation vis-a-vis new development in climate-related data and tools must be made periodically, taking into consideration the demands it will place on the resources of the issuers. Additionally, the cost of the information must not overwhelm its usefulness to the investors. In this current space of rapid development, a biannual reassessment is in order. As the regulation, data, and tools become more entrenched and finetuned, the revision period may need to be extended.

It will be good for the SEC to adopt standards which represent a combination of existing standards which are industry and region specific, and metric based. The disclosure standards should be both in short-run and long-term horizons. They should also be sufficiently broad to encompass issues that may be material for any industry or subindustry, but not limited to only those companies for whom any specific metric is considered material at the moment. The disclosure standard must be principles-based, bearing in mind that anything that may affect financial performance is material to investors. This will help issuers cover the required grounds for disclosure, while eliminating the chances of them being overwhelmed or confused.

As the standard setter, the SEC will be in a good position to help issuers understand aspects of materiality beyond relative monetary value and determine the extent of disclosure required. It will also be able to properly enforce the regulation as the standard setter.

***On the distinction of climate-related regulation from the S-K and S-X***

It is critical that attempts at incorporating climate risks matters are not considered as mere addendums to core functionalities in organizations, and this must be reflected in how they are disclosed.

Therefore, there is the need to create new a regulation dedicated entirely to climate risks, opportunities, and impacts. This is important to adequately communicate the essentiality of climate -related disclosures. Also, creating new a regulation will enable the SEC to appropriately give guidance on requirements that are relevant and material to various kinds of companies. Climate-related disclosures are highly nuanced and intersect with various enterprise risks which will need to be laid bare, both quantitatively and qualitatively.

The distinctiveness of a separate regulation will also make it comparatively easier to make needed adjustments to the regulation as new and relevant information about climate risks become available.

The disclosure of climate-related information in other regulations such as the S-K and S-X could be allowed, but there is the risk that it may appear to be an afterthought. To be truly useful to investors in their decision making, climate-related disclosures must go beyond qualitative pronouncements and management declarations. Disclosure in the Regulation S-X will also not provide enough room to address the nuances and enterprise risk intersectionality of climate-related disclosures.

As such, a new regulation is in order. This will be beneficial to investors because the distinction will prevent crowding of the S-K and S-X and provide investors with clarity when consuming information in climate-related disclosures.

We hope that our response helps the SEC with this critical task., and we are available for further commentary should the SEC require it.

Thank you.  
The Entelligent Team