June 15, 2021

Mr. Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

Re: Request for public input on climate change disclosures

Dear Chair Gensler:

On behalf of the International WELL Building Institute pbc (IWBI), we are submitting the comments below in response to the March 15 request by the U.S. Securities and Exchange Commission (SEC) for public input on climate disclosure, including considerations related to assessing the materiality of climate-related disclosures, and the costs and benefits of different regulatory approaches to climate disclosure.

IWBI is leading a global movement to transform health and well-being with our people first approach to buildings, organizations and communities. We do this through our WELL Building Standard (WELL), a roadmap for creating and certifying spaces that advance human health and well-being. Developed over 10 years and backed by the latest scientific research, WELL sets pathways for accomplishing health-first strategies that help every one of us to do our best work and be our best selves by supporting our physical and mental health across 10 core concepts. Today, over 2.5 billion square feet of space utilizes WELL in nearly 100 countries with daily enrollment topping over 3 million square feet. As the global authority on how we can use our buildings and communities to advance the health and well-being of the people inside, we recognize and understand the unique health threat posed by climate change.

**Climate and Health**

Climate change is a human health issue. In fact, climate change is the greatest potential public health threat of the 21st century. In the past few decades, we have witnessed how climate change imperils human health through rising temperatures, severe weather events and worsening air quality (by many of the same pollutants that are accelerating climate change). But these factors also exacerbate chronic illnesses, disrupt and displace vulnerable communities, increase food insecurity and make it tougher to control the proliferation of diseases such as COVID-19. Thus, as the federal government considers policy solutions to address climate change, the formulation of these policies should fully acknowledge this climate-health connection and be structured to simultaneously advance planetary health and human health. With respect to the SEC request for public input on climate change disclosures, the key question to consider is “How can we shape the future of climate disclosure to ensure companies are responding to climate change AND human health, given the two are inextricably linked?”

In IWBI’s work to promote, assess and certify spaces that advance human health and well-being, we have long recognized how recent extreme weather events highlight the link between buildings, human health and climate change. Record-breaking heat waves in Australia and California led to severe drought, hazardous
air quality and to the burning of over 11 million Australian hectares (27,181,591 acres) and 3 million Californian acres (12,140 hectares) of park, forest and bush, intensifying hazardous air conditions. In many cases buildings were not prepared to handle extreme weather and air quality issues, resulting in negative impacts on human health. Conversely, severe winter storms in North America and Europe in regions unprepared to handle them highlight the vulnerability of our current building, water and energy infrastructure. These events were exacerbated by COVID-19, which again highlighted the link between environmental conditions associated with climate change – such as loss of habitat and air pollution – and infectious respiratory disease. For example, people living in heavily polluted areas – often from vehicular traffic – and those with chronic disease have a higher death rate from COVID-19. Additionally, it is known that climate change will disproportionately affect the health of the world’s most vulnerable communities, often through a lack of access to resilience measures as air pollution and extreme temperature fluctuations worsen.

As we’ve long said at IWBI, planetary health and human health, at scale, are the same thing. Both are imperatives, and both are critical to economic health and resilience. Moving forward, because climate impacts have significant health ramifications in communities around the country, health and human capital factors should be included when evaluating economic performance and climate risk mitigation, which is consistent with where the larger landscape for environmental, social and governance (ESG) reporting is heading.

Moreover, the global pandemic highlighted the often-overlooked fact that supporting the safety, health and well-being of employees, customers and supply chain workers is critical to maintaining a sustainable and resilient business – further supporting the need to adopt a more integrated view of any SEC climate disclosure framework. Health and wellbeing, together with associated human capital metrics, have been limited to date in most current corporate reporting frameworks. However, in the wake of the pandemic, we are witnessing a shift in this mindset. For example, in the 2020 Global Institutional Investor Survey conducted by EY, 98% of investors surveyed evaluate nonfinancial performance based on corporate disclosures, and investors expressed a strong desire for a formal framework for measuring and communicating intangible value, and a closer connection between mainstream financial and ESG reporting. Notably, ESG reporting frameworks such as SASB and IIRC are unifying efforts, hosting public consultations and planning to include Worker Well-being as a key human capital tranche for reporting.

Due to the interrelated nature between planet and people, when it comes to ESG factors, we need to look at them more holistically, which requires the development of more balanced corporate reporting frameworks and policy environment to take key factors such as human capital management out of the “Social” silo and instead examine it across all three pillars— the E, S and G. As an example, in the midst of this pandemic, certain companies who invested in human capital management were better positioned than others. Unsurprisingly, given the nature of the crisis, many of the most effective measures aimed at mitigating the impacts of the pandemic on companies focused on critical investments in human capital. One example is remote work readiness. As a response to the pandemic, companies that had previously adopted flexible work arrangements had work-from-home policies in place were able to respond faster when economic shutdowns rippled around the world. Several recent peer-reviewed studies, using simulation and past market performance, support that businesses with strong employee health and well-being programs outperform the S&P 500 significantly. For example, portfolios composed of companies that scored high on Corporate Health Achievement Awards (CHAA) appreciated by 204% to 333% compared to the S&P 500 Index appreciation of 105%. A different study, comparing 45 companies who received high scores in a health and wellness health assessment, appreciated by 235% compared to the S&P 500 Index appreciation of 159% over a 6-year simulation period.

‘Putting the “H” in ESG’

With climate disclosure, and ESG frameworks writ large, we have a chance now to move more deliberately and holistically in regards to what investors need across the entire ESG spectrum. In the past year, the pandemic and its significant impact on the economy not only placed a spotlight on the inherent bond between population health and the economy, but it also showed just how much health had been underrepresented in most existing ESG frameworks. IWBI’s President and CEO Rachel Hodgdon has long said, “The priority now is putting the H in ESG.

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because health is integral to all three — the E, S and G.” Once considered the invisible $H$ in ESG reporting, health has quickly become the pivotal piece that underpins all of ESG, and it will continue to play a key role in how companies and shareholders assess where to invest in the years to come, especially in light of the escalating health impacts of a changing climate. As an example, the World Health Organization found that climate change is expected to cause approximately 250,000 additional deaths per year between 2030 and 2050, only taking into account a very limited subset of possible health impacts.\textsuperscript{16}

Furthermore, IWBI has worked closely with companies and the investor community who recognize that human health has a significant impact on corporate performance indicators - including productivity, engagement and climate resilience. In fact, companies eager to differentiate themselves are focusing on health, well-being and equity as more than just a requirement for continued success in the post-pandemic world, but rather as an opportunity for enormous value creation. Workers with poor health conditions cost the economy roughly $234 billion in lost productivity every year, surpassing absenteeism.\textsuperscript{17} Meanwhile, happy, healthy employees have been found to be more productive,\textsuperscript{18} make better decisions\textsuperscript{19} and be more creative.\textsuperscript{20} Investing with a focus on health and well-being isn’t just a boon to workers and individuals, it benefits a business’s bottom line.

Therefore, we strongly recommend that the SEC take steps to consider a more holistic approach to climate disclosure by also supporting transparency and enhanced disclosure of how companies address human health, including a company’s performance on human capital management, such as metrics regarding employee engagement and sick leave, onsite injuries/deaths, percent of employee participation in corporate wellness programs, investment in training, and administrative controls like cleaning practices, varying work schedules, and protective equipment for workers. Among the climate change related disclosures discussed in the 2010 Climate Change Guidance,\textsuperscript{21} the physical impacts of climate change, such as severity of weather and water availability and quality, also have a huge impact on human health and well-being and pose potential material risks to companies. In addition to the link between climate health and human health, considering climate disclosures in conjunction with human capital disclosures is important for several additional reasons:

- Businesses increasingly rely on workforce innovation and intellectual capital for competitiveness. In addition, workplace benefits, particularly paid sick leave, medical leave, and flexible work arrangements, critically support both employee mental and physical well-being.

Race- and gender-based workplace discrimination have been tied to negative health outcomes, as well as lower productivity, trust, morale, and satisfaction and higher absenteeism and turnover. Organizational reporting on practices to reduce discrimination can increase employee job satisfaction, performance, and engagement.

According to the CDC, work-related stress is the leading occupational health risk. Per the American Institute of Stress, job stress costs U.S. industry more than $300 billion a year in accidents, absenteeism, employee turnover, diminished productivity, and medical, legal, and insurance costs.

Employee health and well-being is a key asset to delivering long-term value, with 80% of public companies that took concrete actions on health and well-being seeing larger improvements in financial performance.

Organizational well-being interventions can create cost savings of up to $10 for every $1 invested. Specifically, for every dollar employers spend on workplace disease prevention and well-being programs, there is a $3.27 reduction in employee medical costs and a $2.73 reduction in absenteeism costs. Employers that implement workplace health promotion programs have seen reductions in sick leave, health plan costs, and workers’ compensation and disability insurance costs of about 25%.

The CDC states preventable chronic conditions are a major contributor to insurance premium and employee medical claim costs, which are at an all-time high, and a Milken Institute study shows employers paid $2.6 trillion in 2016 for the indirect costs of employee chronic disease due to work absences, lost wages, and reduced economic productivity.

The COVID-19 pandemic has severely impacted employee physical, mental and emotional well-being, increasing stress, depression, burnout, and mortality rates of chronic disease and reducing work-life balance and financial security, with these challenges likely to persist due to uncertainty and instability even as employees return to work. Prior to the pandemic but especially in the face of COVID-19, employers who advance policies and practices that support workforce health, safety, and well-being are likely to outperform and benefit from lower costs.

Again, incorporating a focus on health and well-being through a more integrated approach to climate disclosure would help provide a fuller picture on how companies perform in the short- and long-term in relation to factors impacted by climate, including health and equity. In fact, this is exactly the approach implemented by GRESB, the leading global sustainability ESG benchmark for real assets. Almost five years ago, GRESB and the Green Health Partnership, a research initiative, co-developed an optional Health and Well-being Module, utilized from 2016 to 2018. In 2019, the module was fully integrated into the assessment. As Dr. Matthew Trowbridge, Chief Medical Officer at IWBI, pointed out, “The 2019 GRESB real estate assessment is a critical milestone because it marks the year when health and well-being went from being an optional

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consideration in the module to a required disclosure benchmarked in the core GRESB assessment [emphasis added].”

Notably, federal lawmakers, too, are recognizing this very point, introducing legislation that underscores the importance of more transparency in human capital management. In May, U.S. Rep. Cindy Axne (D-IA) and Sen. Mark Warner (D-VA) introduced The Workforce Investment Disclosure Act, legislation that would require public companies to disclose information about their workforce management policies, including the investments they make on skills training, workforce health and safety, and employee retention. Upon the bill’s introduction, IWBI’s President and CEO Rachel Hodgdon said, “We know that human health, safety, and well-being are material to businesses’ bottom line, and human-centered policy interventions are critical to improving employee health, engagement and productivity. This bill, which takes a significant step forward on driving transparency and incentivizing investment in the workforce, will help ensure businesses prioritize the overall welfare of their most valuable asset - their people. By simply compelling businesses to report on their workforce management policies, we can accelerate better corporate practices, recognize market leaders and spur powerful investments in the health, safety and equity of employees around the country.”

Conclusion
We learned unequivocally during the pandemic the intrinsic value of health, demonstrating both the materiality of health and its effect on the fabric of our economy. Markets will continue to reflect and act on this lesson, taking action to fully account for human health. As the government takes important steps to foster climate resilience, the SEC can play an important role by helping the markets ensure that any associated policy prioritizes the safety and well-being of the people impacted by climate change. Because, as we said before, climate change is a health issue. The future of climate disclosure, therefore, should take an integrative approach by incorporating key metrics associated with health and human capital management.

Thank you again for the opportunity to provide comments to you and the Commission.

Sincerely,

International WELL Building Institute pbc

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