



June 14, 2021

Acting Chair Allison Herren Lee  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

**Subject: Response to the SEC Request for Comment on Climate Change Disclosure**

Dear Acting Chair Lee,

The Enterprise Data Management Council (Council) is pleased to provide the SEC with comments in response to the SEC Request for Comment on Climate Change Disclosure.

The EDM Council, a not-for-profit professional trade association, operating in its fifteenth year, is the leading, global trade association for data management professionals with over 260 participating organizations and over 10,000 members. The Council's principal focus is to develop data management best practices and data standards, provide training, education and certification, and facilitate collaboration amongst subject matter experts to address various data related challenges through workgroups and events in support of its members and the industry. The Council developed DCAM – the Data Management Capability Assessment Model – a framework for data management best practices utilized by both the public and private sectors, to provide auditable evidence of data management best practices in compliance to regulatory policy.

The Council maintains a strict position of neutrality since it has no commercial ties and is singularly focused on assisting the industry. It's membership originated in the financial services industry, however, has expanded to non-financial services industries over the last several years, and now includes member organizations from manufacturing, auto, pharmaceutical, communications, technology, and healthcare.

The Council has a rich history of working with global regulators and utility members, such as The Federal Reserve Board and all twelve Federal Reserve regional banks, Bank of England, The Financial Conduct Authority, European Investment Bank, FINRA, DTCC, and FreddieMac, to assist with data management best practices and data related standards that lead to better integration, adoption, and compliance of regulation. The Council has also done collaborative work with European Central Bank (ECB), Commodities Futures Trading Commission (CFTC), Office of the Superintendent of Financial Institutions (OSFI), and the Monetary Authority of Singapore (MAS), all towards advancing data management best practices.



Earlier in 2020, the Council formed the **ESG Working Group**, a research collaborative, bringing Council members together to study the supply chain of ESG data. Council Members identified ESG data, including all sustainability related data for reporting, as one of the most significant challenges facing financial institutions, and a broader market of non-financial companies. The ESG Working Group is made up of over 120 ESG professionals, data professionals, and business leaders from over 80 organizations across the entire ESG ecosystem to investigate ESG data challenges, to develop ESG data management best practices and data standards and to create awareness and educate the industry and its stakeholders.

The ESG Working Group's initial findings indicated there are many ESG data related challenges due to a lack of clarity, transparency, and consistency of standards and data across the ESG data supply chain (the ESG Data ecosystem). This is, in part, due to

- 1) A lack of consistent regulations
- 2) A voluntary reporting environment
- 3) Multiple frameworks and standards
- 4) The debate surrounding materiality
- 5) Competing objectives

For example, carbon emissions, perhaps the most notable and mature of the ESG and sustainability components, has many challenges due to a lack of consistency across multiple jurisdictions that results in different definitions, interpretations, metrics, key performance indicators (KPIs) and calculations. While this is an ESG standards and reporting issue, standards, and regulations, are inextricably linked to the underlying data.

Further, it is our belief that many organizations across multiple industries have immature data management strategies and lack essential data management best practices and reporting capabilities that will be needed to comply with the evolving ESG regulations. Climate disclosure and ESG are particularly challenging since organizations need to report both direct and indirect sources of greenhouse gas emissions (GHG) – those that result from direct operations (Scope 1), those from indirect sources from energy suppliers and the supply chain (Scope 2), and those from other indirect sources such as the consumption of goods and services and employee commuting (Scope 3). The indirect sources of greenhouse gas emissions make the task much more difficult than with traditional financial reporting. Again, data is central to an effective disclosure and reporting system.

In many ways, Climate and ESG Disclosure is much like a repeat of the beginnings of financial reporting. In order to achieve the overall goals related to Climate Change, and ESG in general, there needs to be a well-coordinated, global effort between Regulators and Standards Organizations that is recognized and accepted across all jurisdictions that creates, adopts, maintains, governs, and enforces regulations. The regulations need to be well defined, consistent, and comparable so that corporate reporting entities and market participants can evaluate the data



and performance (not necessarily limited to financial performance) of a company, or any entity, with regards to the regulations and standards. Further, the data that results from corporate disclosure should be made readily available to market participants through a mechanism similar to EDGAR. Availability of data in its raw form is one of the requests that market participants have shared with the Council.

As a data-related trade organization, the EDM Council believes a requirement for success would be to get the underlying data associated with Regulations and Standards correct so there is better clarity, comparability, and consistency. Regulations and Standards should emphasize proper data design and data management best practices. Current tools and emerging technologies, including advanced semantic modeling, knowledge graphs, and artificial intelligence (AI) should be used to help identify gaps and linkages between various ESG elements and standards.

Auditability of data, both internally within a company, and externally to various stakeholders, including regulators, is an essential part of financial disclosure best practices. Identification of information standards utilizing advanced information architecture, would ensure the reasonableness of the reported information. The Council believes these are important elements of any successful regulatory and standards regime.

In conclusion, the EDM Council applauds the efforts of the SEC to work together to bring clarity and transparency to Climate Disclosure and ESG, and the data supporting this. With the EDM Council's expertise in data management best practices, and through our extensive network of data professionals, the Council would like to contribute where we can to this important effort.

With best regards,

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John A. Bottega  
President, EDM Council

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A handwritten signature in blue ink, appearing to read "Eric Bigelsen".

Eric Bigelsen  
EDM Council Project Lead, ESG Working Group

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*EDM Council President John Bottega is pleased to provide EDMC Council Consultation Paper on Sustainability Reporting comments. Please be advised these comments do not represent the views of any specific or collective Council Members, but rather are provided solely to serve as general industry feedback on various topic areas raised in the Consultation Paper.*