

Introduction

The purpose of this introduction is to position a point of view that will help position the individual responses in the table below, to the questions posed by the SEC. may play a part in helping create trust and transparency around non-financial metrics in the capital markets. A significant weight of capital will move through the financial system under the ESG agenda, and helping it reach the right destination will be critical.

Background

Capital markets have been highly effective. Success has been defined as an increasing share price. The share price of a company is driven by the delivery and expectation of financial returns. **Financial returns are delivered as companies optimise around production and growth.** The financial outcome underpins individual reward for executives, drives consumer behaviour through product price, and is the basis of tax calculations for the countries those companies operate in.

The quality and trustworthiness of financial data is therefore fundamental for markets to work. It is carefully controlled and defined. International Standards Boards create detailed definitions of how information should be presented in financial statements and notes. Auditors independently verify that the accounts are a true and fair representation of the business. There are clear rules regarding how both historic and forward-looking financial data is communicated to the market to ensure that everyone has access to this critical data at the same time.

Emerging issue

However, **the definition of success in these markets is changing.** Investors and consumers are increasingly concerned with the impact their investments are having environmentally and socially. **\$70 trillion of assets now have additional requirements on their mandates relating to impact.** These requirements broadly fall under three banners Environmental, Social, and Governance (or ESG). **The market is not ready** for the broader definition of success that ESG measures create. ESG measures are impacting the investor allocation decisions and therefore are already impacting the share price of companies. However, the standards, definitions, checks and balances that have developed over decades for financial metrics simply do not exist for these non-financial measures.

This creates a problem for the market and its participants. Imagine if companies could decide which costs or debts they included in their financial statements or what costs to include in their “original product price” only to pass the rest on when the consumers decide to buy. Those companies that ensured everything was reported or included would be seemingly less attractive than those companies that reported only income and assets or fully priced their products. **The market would be broken. Trust would be non-existent.** Every company would be trying to convince the investors that they are being transparent. Every asset manager and bank would be assessing their believability. Every consumer would be reading every bit of small print before making a

purchase. Without a reliable data flow on all drivers of a company's success, investors and consumers cannot make informed decisions on where to invest or what products to buy.

The **market collapse outlined above is where we are currently with ESG data**. Those participants (asset managers, banks, exchanges, corporates etc) that really take the time to understand and report their impact both good and bad across the various dimensions, are penalised as they are compared to their peers that are not as thorough. Funds that carefully investigate the full impact of their investments and their momentum to improve their impact are negatively rated against those funds that pick stocks with high scores from one of the rating agencies. Corporates that diligently understand and report their full supply chain are negatively rated against those that only look through to direct suppliers. Consumers are at a loss as to which product best supports their values as an individual.

It is not just comparability that is an issue. The sheer **expense of everyone coming up with their own views will also prevent real change**. Take a supermarket as an example. It asks its ready meal supply chain to provide key information for ESG reporting. As there is no universal standard, the data request is bespoke. This request passes down to the ingredient providers for the ready meal. The ready meal supplier also supplies five other supermarkets that all need slightly different formats and different timing cut-offs for different year-end reporting. These too are passed down to the ingredient suppliers creating multiple inconsistent reporting requirements across the world. **This right-to-left approach that many are currently taking will create unnecessary overhead** and create further inefficiencies. Not only that, the multifarious reporting formats will not be able to be independently assured in a consistent manner meaning data **still has lower trustworthiness than financial data**.

The **resulting lack of transparency also creates reputational and financial risk issues for both investors and corporates**. An issue anywhere in the supply chain either existing or historic can impact their businesses. **Child labour, modern slavery, and ecosystem destruction are all examples that have hit headlines recently and have impacted share prices** around the world, even though neither the boards nor the investors of many of those companies were aware of their exposure.

Lastly, the key check and balance of financial metrics are consumers e.g. is anyone prepared to pay the price for the goods or service you are providing. This creates competition and ensures efficient markets. This transparency does not exist for consumers on ESG metrics and **so buyers are unaware of their impact with the products they buy**. That is partly because to provide full transparency complete supply chain data is required. Including supply chain from a financial perspective is simple. It is included in the cost of goods purchased. The same is not true for ESG data as the relevant data is not shared from supplier to purchaser. This results in little increased uptake for the most environmentally friendly and socially responsible product in any market, even if the price point is the same.

Solution

We need to **redefine success in the markets and optimise for sustainable, socially responsible, production and growth**. With historic and forward looking ESG data becoming as much an influence on share price as financial data the building blocks and demand are there. We need to create an ESG reporting framework of equivalent quality to financial reporting as quickly as possible.

There is great work going on: some corporates have really understood their supply chain, certain wealth managers have dug into their investments to really understand the impact, standard setters and metric identifiers have worked out critical focus areas. Many suppliers are coming up with “solutions” and “products” to deal with the issues outlined above. However, for the most part, they **are having to deal with the symptoms because they cannot see how to solve the systemic root cause.**

These types of systemic issues are impossible to solve for any one participant. However, **the lack of a holistic approach is resulting in many market participants investing millions** in trying to make their area work. There is currently no “master plan” that everyone is working to. The risk is that this is either all “throw away” or prevents us creating an optimal approach in the future.

The markets **need a globally consistent approach to assured transparency for non-financial metrics.** It should sit in the same framework as IFRS. However, there is not the time to create and disseminate the standard in the traditional way. By **aligning our approaches to one global standard we will reduce overall costs, create a more effective sustainable solution, but most importantly create positive change in society and start reversing climate change.** To create a clear transition path to a capital market with a more sustainable definition of success, we will have to work collaboratively, connecting Financial Services, Corporates, Market Infrastructure, Technology providers, Data Aggregators, Individuals, Governments and Professional service providers.

There is a significant amount of work that is already completed that is being collated to create outline **a pro-forma standard for sustainability reporting.** Rather than wait for it to be fully ratified **market participants could take an agile approach to implementation.** A cross market working group could use a subset of non-financial measures and financial equivalent measures which would capture current position and trajectory. The working group would then create draft definitions for each metric which would include the data sets required to calculate them and the methodology to audit them.

Working with the data of large global anchor **businesses the working group would then design and build a consistent global mechanism to collect relevant data** for (initially a handful of) key metrics. This could leverage the work of companies that have already invested in understanding their own business or supporting others. The initial focus would be on information that should be available with all companies e.g. accounts payable, energy usage, HR, land usage, product inputs, and asset location.

The platform would also need to collect data that relates to social metrics. Some of these can be captured from the companies themselves but others will require feedback from individuals and the media. These could **include data collection regarding ecosystems, individuals or communities that are being impacted negatively by any corporate** behaviour. The whistleblowing or informational statements will also need a mechanism for validation such that it can feed into the platform consistently.

The platform would need to work for every level of the supply-chain, and this would be a key element of the test. **Every corporate in the supply chain should only have to be audited once on their ESG data.** This will ensure comparability and accessibility to the markets for all companies. Data could only be accessible at each level by the company and their auditor to ensure detailed operational data can be used to create the appropriate ESG data to the

purchaser of goods but not give away commercially confidential information. **The platform will essentially create a sustainability and community ledger that ensures that all impacts are passed up the chain either on a direct or allocated basis.**

Banks, Insurers, Wealth and Asset Managers will need to be included in the Proof of Value to agree how the data will be communicated pre-trade, pre-lending, pre-underwriting and on an ongoing basis. We also need to agree how this data is presented to the asset owners/investors. Ideally as part of that process **exemplar messages will be created that include relevant ESG and financial data** to communicate across the market e.g. Swift Dividend messages including ESG data. Market infrastructure providers will also be involved in the pilot to agree how this data becomes a core part of the listing and trading processes.

Whilst assurance over these non-financial metrics is fundamental to the smooth operation of markets. Having reliable, independently **verified metrics and comparable data will also allow Governments to consider both punitive and beneficial fiscal options** for consumers, corporates and investors, and allow remuneration boards to include ESG targets in reward. For example, whilst ensuring a consistent tax take, levy higher taxes on heavy polluters and lower taxes on those firms that have moved to renewables.

The work to collate and standardise data will help shape the platform, the frameworks, the data model and the approach. The findings will help inform the standards but there will already be a mechanism in place that the market can start to use to report once the standards are finalised. To ensure wide uptake the final platform should be a market utility. A group of firms or governments should not own the platform as it will create duplication issues across the market. **Once costs of set-up and running are covered any profits can help reverse climate change and improve society.**

The platform will generate “super profits” in theory as it will solve a problem in the capital markets that will not be solved otherwise. It will create a reliable way to collect and convey granular data reducing huge duplication of effort in every element of the market in the same way high quality financial data does today. Data aggregators will still be able to monetise the data, but it will be standardised like the IFRS and US GAAP data flows today. The markets will pay for this service to use the data – there may also be an opportunity to charge to use the platform given how much it will simplify the data flows. **These profits will contribute to the “common good” fund to ensure transparency increases and enables ESG enhancing programmes.** For example, to replace coal plants with renewable energy sources, improve education and healthcare in developing countries. This funding mechanism could also enable smaller companies to meet the requirements quickly, ensuring equal access to markets for companies in emerging markets.

There will need to be **an amnesty in the first 18 months to 2 years** as new information becomes available through the supply chain work that identifies new issues and impacts that investors and corporates were not aware were in their business model. If the supply chain does not produce the audited data, then the corporate above them in the **supply chain must assume the worst-case scenario for key measures to drive the right behaviours from day one.**

Timelines

Ideally the **proof of value platform would be completed in readiness to demonstrate the approach at COP26**. There is support for the thinking **to be floated at the G20 finance ministers** meeting and the G7 to start garnering support in readiness for it to be included in the Glasgow Climate Accord. There would need to be demonstrable **support from the public globally for this sort of approach to get support at COP26 as governments will need to sign up** for quicker change under this approach than under most others as the capital markets will make it happen faster if it is in their interests.

Aligning the transition plan for all those countries and companies that sign up to the plan during COP26 and providing support as necessary. Ideally all countries will sign up, but the transition will need support especially for developing countries. **This may include support to move to renewable forms of energy, support with sanitation, education, healthcare etc.** As part of the commitment they will make each country will agree to rapid change in at least one of the following areas: Fisheries/Oceans, Replanting/Protecting Forests, Social Cohesion and Inclusiveness, Move to Renewable Energy, Education and Healthcare.

Socialising the thinking

Several organisations have shown interest in this systemic approach. There is a “paradigm shift” in their approach once there is a realisation that they are trying to solve the symptoms of a broken market.

This initial thinking has been shared with a handful of market participants, they are enthusiastic and can see how **we can use the convening power of organisation like the SEC, some global brands and influential individuals** to bring a coalition of parties together to play a part in solving the problem.

ESG is one of the defining issues of our times. Some of the challenges seem so large that no single organisation or institution, or one country, can individually address them. Yet if all participants can play to their strengths to shape how the sheer weight of money that will move through the capital markets, for example from ‘dirty to clean’, then all will have played a (small) part in addressing some of these challenges. This is not a series of actions just to take us to COP 26 although signoff and support there will be critical, it is a strategic step which will take many years to develop and implement.

Collectively we have a moment – right now – to take the initiative, be bolder than we might be used to, and reaffirm the role Capital Markets play in society. The SEC will be fundamental in leading the systemic change that is required...

Detailed Responses

1.	a	<p>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?</p>	<p>The best way the commission can achieve this is by recognising the type of problem they need to help the market solve. The market is currently broken. Participants are struggling to see the actual problem as it is one that hasn't happened before. For the first time ever investors and consumers have changed their requirements, at scale, quickly. There has been a change in investor expectation from “financial return” to a “financial return that protects the planet and society”. Consumers have moved from “best price for a product of a particular quality” to “best price for a product of a particular quality whilst factoring the impact of its manufacture”. We therefore need a systemic response.</p> <p>The markets have been built around providing reliable financial data to support investor’s historic asks e.g. high quality, comparable data underpinned by financial reporting standards, audits, rules around price sensitive financial data. As the investor ask changes, we need data to demonstrate to investors that their investments do protect the planet and society. The issue is that the data is not available for the full supply chain as it is not captured and shared - it is certainly not audited.</p> <p>Without a fast systemic shift in the data the market collects and audits for all participants, the market will become increasingly broken. Trust will fail as there is a realisation that corporates, asset managers and banks do not actually know the full impacts of their exposures.</p> <p>We have a small window of opportunity, but the market will have to act as one. As a systemic issue of the scale we have never seen before we need collaboration at a new level</p> <p>If we get this right, the full might of the capital market will focus on climate, water, land, social, and human rights issues.</p>
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	b	Where and how should such disclosures be provided?	The data capture should be thought about globally. I.e. one global data platform that captures key Environmental and Social data at the individual entity level within a registrant, AND, their supply chains (initial de minimis limit of any audited company). The only people that can see the complete data submissions are the regulators, the auditor, and the company providing the data. This data is assured and shared on an allocated aggregated basis to the next level in the supply chain as an input to their process. Disclosures on this data at an aggregate company level should be reported in the Annual Reports. These statements need a historic and predictive element and need to be based around a consistent set of globally recognisable data points
	c	Should any such disclosures be included in annual reports, other periodic filings, or otherwise be furnished?	yes initially. The ideal model going forward is that the environmental and social impact of the supply chain to that point is included on the invoice. However, initially annual, or quarterly reporting will be a great start
2.	a	What information related to climate risks can be quantified and measured?	This question is potentially unhelpful. Which information related to climate risks is the most useful in driving goal congruent decision making between ESG mandating investors and registrants?
	b	How are markets currently using quantified information?	Poorly as it is inconsistent and unreliable.
	c	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)?	We should restructure the debate so that each participant calculates scope 1 and provides the relevant details to its counterparts. Capturing data at each entity level makes the metrics capture much easier. It is the attempted look through that undermines the integrity of the data.
	d	What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision?	We need to think about how we structure the investor ask. It is currently, at best, nebulous. ESG means 100 things to 100 investors. We need to create a clear template of investor requirements that each investor can weight given their priorities. This will enable a clear connection between the investment ask and the delivery of high-quality assured data for the full supply chain that can be provided back. This data will identify those areas that are material - without it we are shooting in the dark...

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	e	Should disclosures be tiered or scaled based on the size and/or type of registrant)? If so, how?	There maybe more information that larger organisations want to provide however, the core datasets should be provided by everyone. The issue now is that the data analyst companies are interpreting the corporate sustainability reports for a small number of entities (8-12,000 globally). Their interpretations do not show correlation and hence the market cannot rely on them. The other issue is that without democratic access to non-financial data (in the same way that we do for financial data) bubbles form around those organisations that do have coverage from data analysts. We therefore need to create a set of data that each organisation can provide (e.g. AR, AP, HR, GL, Asset Location (FA), Asset Type, Meter Readings) at entity or product level (depending on type of organisation) that can be consistently shared, interpreted and audited. These data sets will underpin the metrics.
	f	Should disclosures be phased in over time? If so, how?	The data collection models can be started now. It will need to be a systemic approach globally given the systemic nature of the problem outlined above. This data collection activity should work in lockstep with the standards setters so the data and the disclosures can be developed in parallel not series. We need a model where the more transparency a registrant provides the better it is for them (now the more they look and report - the worse the look compared to peers that haven't bothered). We need a simple rating method that enables corporates, asset managers, and investors to understand for all the key dimensions of ESG how it compares to their target exposures. It will need a predictive quality to show the transition path for the corporate that can be validated as progress is made. The aim will be to make the disclosure a positive such that organisations need to be reporting to get the maximum access to capital pools.

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	g	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?	There are increasing conversations in financial institutions around pricing the residual carbon position at a compliance price and using that in the calculation of risk when lending to a company. Funds with ESG mandates are increasing (some estimates between \$70tr and \$100tr globally). This means that companies that do not fit the criteria have reducing access to all capital pools. This will impact the cost of capital both from a debt and equity perspective. However, as there is no reliable data it is difficult to access the true relationships. Given the increasingly price sensitive nature of the ESG data - market abuse is an increasing risk (e.g. ESG analyst increasing the "E" rating on a stock could significantly move the price).
	h	How have registrants or investors analysed risks and costs associated with climate change?	They have tried. The data is simply not available to do it effectively - hence the need for a global systemic approach.
	i	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?	only if it is consistent and comparable - otherwise we risk creating less transparency and further reductions in trust
	j	How does the absence or presence of robust carbon markets impact firms' analysis of the risks and costs associated with climate change?	It will help with one element of the equation and will drive a set of behaviours. However, this will only work if the price is adopted globally - otherwise production will just move offshore and maybe just as polluting
3.	a	What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them?	If they come up with one approach underpinned by a standard easily produced set of granular data, it will be fine. Otherwise it could become an unmitigated disaster. An equivalent would be letting the big four accountants and their clients compete on which costs and liabilities to include in the financial statements. It would destroy trust in the markets and ultimately undermine capitalism.
	b	Should those standards satisfy minimum disclosure requirements established by the Commission?	A free for all on data sharing really will not help. We need to fix the market to support the new requirements of investors and consumers. This would allow the focus to be on fixing the symptoms of a broken market.
	c	How should such a system work?	N/A

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	d	What minimum disclosure requirements should the Commission establish if it were to allow industry-led disclosure standards?	N/A
	e	What level of granularity should be used to define industries (e.g., two-digit SIC, four-digit SIC, etc.)?	Most granular with roll up. It should be done at the entity level within a registrant so that all exposures can be understood at a detailed level.
4.	a	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. ?	<p>Given the interplay between each sector there needs to be a consistent language. Oil, gas, and utility providers are part of the supply chain too. By having their AR and their customers AP on a global data platform, global regulators can ensure completeness of disclosure. This will enable transparency of scope 3 as it is an amalgam of scope one from across the supply chain. There may well be additional data sets that are useful for individual industries that enable them to demonstrate progress (e.g. flaring gas etc) however, they should provide colour to the standard data and disclosures rather than replace them.</p> <p>The aim should be to create a coherent integrated data set that enables the markets to identify particularly impactful supply chains. For example, if multiple companies can identify they are impacted by a coal fired power station somewhere in their supply chain - it will be to their collective benefit to replace it with a renewable energy source.</p>
	b	How should any such industry-focused standards be developed and implemented?	There are many industry-level bodies that support on supply chain transparency and assurance. These often work with the largest organisations in those industries to ensure key elements for all sector participants. If a global standard approach can be agreed by industry to provide more detail around impactful behaviours this could enhance the base reporting set outlined above.

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5.	a	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)?[7]	The main advantage is comparability globally. The downside is further confusion in the market.
	b	Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?	The commission should consider working with the SSB (under the IFRS foundation) as there are looking to convene the major groups outlined to the left and the work done by WEF. This work, if combined with some elements from the UN SDGs we would have a fighting chance of connecting the investor and consumer requirements to the actual impacts their portfolios and purchases create (both positive and negative).
6.	a	How should any disclosure requirements be updated, improved, augmented, or otherwise changed over time?	Essentially each disclosure should increase in frequency, granularity, timeliness, coverage, accuracy, and breadth as we progress. With one data platform globally, we would have the optionality to enable tech houses, and entrepreneurs to create increased quality of insights. It will be important to bring in external data sets to the platform to ensure completeness, existence and accuracy over the data set going forward.
	b	Should the Commission itself carry out these tasks, or should it adopt or identify criteria for identifying other organization(s) to do so?	The aim should be to create an ecosystem around these data sets in the same way that there is around the financial data sets. This will mean constant development underpinned by core standards
	c	If the latter, what organization(s) should be responsible for doing so, and what role should the Commission play in governance or funding?	The global data platform should be owned for the public good and help fund the sustainable transition of the market both from an environmental and social perspective. This organisation will require broad governance (Big-Four chairpeople?, Banking, NGO, Asset management, Insurance, Industry etc) and full transparency around what the money is spent on - the benefits it accrues etc. This should be a goal of COP26 to consider the regulatory alignment approach, technology solution, data flow, and audit industry changes required to fix the market. This will enable a "rewired earth" with a market that heals the planet rather than harms it.

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	d	Should the Commission designate a climate or ESG disclosure standard setter? If so, what should the characteristics of such a standard setter be?	Aim to be part of a global solution - the US needs to show leadership here as it will need to be a collaborative approach
	e	Is there an existing climate disclosure standard setter that the Commission should consider?	Sustainability Standards Board (under IFRS foundation) to be fully announced for COP26 - would be great if SEC was involved in the launch etc as it will send a clear message of intent to the market
7.	a	What is the best approach for requiring climate-related disclosures?	Make it clear that it is the investor requirement and if a full climate impact cannot be understood (including via supply chains) then it cannot claim to be "ESG friendly".
	b	For example, should any such disclosures be incorporated into existing rules such as Regulation S-K or Regulation S-X, or should a new regulation devoted entirely to climate risks, opportunities, and impacts be promulgated?	New regulation - linked with global standards. However, as mentioned above the data collection can start ASAP. Other key point to note is that it is difficult for companies to investigate their supply chains in case they find an issue. This will not support the market requirement long term. It is important therefore that we provide an amnesty for the first 2 years to enable them to find issues and identify how they intend to deal with them. For this period, we want corporates to find things so they can be sorted. After that sanctions should be included.
	c	Should any such disclosures be filed with or furnished to the Commission?	The commission should have access (alongside other national regulators) to the global data platform to understand the interplays between organisations. This should be limited to the organisations within the jurisdiction of each regulator.
8.	a	How, if at all, should registrants disclose their internal governance and oversight of climate-related issues?	If the global data approach was taken the outcome of the governance should be the focus. The key driver of change would be if external assurance of the non-financial data was a requirement as it would then have the same scrutiny and oversight of the financial data.
	b	For example, what are the advantages and disadvantages of requiring disclosure concerning the connection between executive or employee compensation and climate change risks and impacts?	Also, if the data is audited, fiscal and executive/employee reward would have a reliable data set to use to underpin new taxes/tax breaks and individual performance payments.

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9.	a	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?	It is the only way to build trust in the markets. If everyone has their own it will destroy the planet as organisations will arbitrage. We need a global systemic response to the global systemic problem. Multiple standards would create additional regulatory burden, would potentially increase the barriers of entry to new markets, and create more confusion for investors, underwriters and lenders.
	b	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?	SSB under IFRS Foundation. Should start with a small set of key metrics underpinned by audited data as outline above for the registrant (NB every entity within it). Comprehensive set of standards will take too long - we need to get there incrementally but build from an integrated and system level platform. Building the data flows that connect the supply chains and impact together with their investors and consumers will be a critical first step. The number of data points flowing initially can be small. The key is "begin with the end in mind". If we don't start in the right way - nothing will change, and our planet will suffer.
	c	If there are multiple standard setters, how can standards be aligned to enhance comparability and reliability?	Good point - need to be convened and conformed. There is literally no point creating an issue to solve. The financial market approach started locally e.g. UK GAAP, French GAAP etc but as globalisation occurred there was a realisation that creating one standard globally would enable companies and investors alike to underpin confidence in a global market. US GAAP is still an outlier here but there is work ongoing to bring more alignment. The work has been done however to make US GAAP and IFRS comparable. Given we know where we want to end up - i.e. global consistency, why bother creating inconsistency first. We have a unique opportunity to create consistency globally as this becomes critical to the markets rather than as an afterthought.
	d	What should be the interaction between any global standard and Commission requirements?	Lockstep, open, collaborative, leadership, support, funding, evangelising etc

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	e	If the Commission were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?	Consumers will know the impact of what they buy. Investors will know the impact of their investments. This will create much more informed decisions from individuals. As money transfer from baby boomers to millennials the focus on purpose increases. Having the mechanisms in place to support the full impact of investments and purchases will enable the public to support things they care about. This information will change decisions and hence create a new dynamic in the markets moving away from just political pressure but market level pressure on behaviours that are negatively perceived by individuals, but they have currently no opportunity to impact.
10.	a	How should disclosures under any such standards be enforced or assessed? For example, what are the advantages and disadvantages of making disclosures subject to audit or another form of assurance?	They should be audited by the auditor of the financial statements. Initially much of the data that underpins the data solution will come from GL, AR, AP, HR, FA, etc data that is already reviewed by the auditor. Creating a data platform that enables third party comparison through the supply chain of the financial and non-financial data will help ensure the completeness, existence, accuracy, ownership and presentation of exposures/impacts. Given the ESG data is already price sensitive (i.e. moves the share price) it would be negligent not to have a similar level of assurance over the data being shared
	b	If there is an audit or assurance process or requirement, what organization(s) should perform such tasks?	The financial auditor - see above
	c	What relationship should the Commission or other existing bodies have to such tasks?	Equivalent relationship to that currently in place for the financial audit.
	d	What assurance framework should the Commission consider requiring or permitting?	Comprehensive, comparable, global - working with other bodies to ensure quality throughout the system. This may involve using the fund outlined above to spot check through the global system (e.g. unannounced audits at factories for modern slavery, or site visits to validate actual carbon outputs/pollutants etc). Also, looking at third party validation of land usage etc (e.g. satellite imagery

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11.	a	Should the Commission consider other measures to ensure the reliability of climate-related disclosures?	Completeness checks by country on the data platform to ensure completeness e.g. total energy consumption is understood and captured for all corporate entities etc. by checking total energy production, residential usage etc. Looking at information around shipping, air freight, customs could all be factored in to ensure that all impacts are being collected. This process could be automated to a certain extent globally by relying on some of the data aggregators and tech houses. External validation or data capture should also be considered. Ask the global public to be the eyes and ears of the planet. For example, enable individuals to report if a river is polluted by a factory, or if children are getting ill near a chemical works. This can be validated by auditors funded by the "common good fund"
	b	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?	Yes. As a general principle non-financial and financial data that respond to an investor or consumer asks needs the same level of oversight, transparency, control, reporting and assurance.
	c	Should the Commission consider requiring a certification by the CEO, CFO, or other corporate officer relating to climate disclosures?	Yes. As a general principle non-financial and financial data that respond to an investor or consumer asks needs the same level of oversight, transparency, control, reporting and assurance.
12.	a	What are the advantages and disadvantages of a "comply or explain" framework for climate change that would permit registrants to either comply with, or if they do not comply, explain why they have not complied with the disclosure rules?	Very little advantage - it makes it difficult for the data to flow through the market. The data if not shared should result in the most negative score for each element of the data collation exercise unless the auditor is prepared to state that the metric or data point is not relevant. E.g. Parts of US GAAP only relevant for certain businesses.
	b	How should this work? Should "comply or explain" apply to all climate change disclosures or just select ones, and why?	Best to avoid this approach - see above.

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13.	a	How should the Commission craft rules that elicit meaningful discussion of the registrant's views on its climate-related risks and opportunities?	<p>There needs to be a predictive element to the disclosures as well as a historic one. In the same way that a large cost reduction would be stated by the CFO at a public announcement, those statements would be audited to ensure they had a plan to support them, and they would be reported on each quarter, we need to be able to understand the intent of a registrant and the speed of execution. To do this we need to be able to receive data about the current state and about the outcome of activities to move through transition. They need to be validated re progress at each reporting date.</p> <p>This will require an understanding of both the impact of the organisation and its supply chain and a discussion around the climate related risks to the organisation to ensure a coherent strategy for the registrant. This would enable investors, analysts, auditors and regulators to engage with the registrant at a level of detail not currently possible.</p>
	b	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?	<p>These statements do provide colour, but the most important thing is creating a goal congruent approach to the metrics as outlined above. The data capture needs to ensure that the key messages for investors are captured in a way that is digestible and can be acted on quickly.</p>

SEC – Climate Change Disclosure Response

14.	a	What climate-related information is available with respect to private companies, and how should the Commission's rules address private companies' climate disclosures, such as through exempt offerings, or its oversight of certain investment advisers and funds?	<p>By creating a model by which companies start to produce this information to be able to be used as part of the supply chain of larger organisations, to support their investors requirements, and to provide what consumers are asking for private companies will benefit from using the global data platform rather than have to provide individual responses for every listed company. The supermarket example in the opening text explains why this is important for private companies.</p> <p>"The sheer expense of everyone coming up with their own views will also prevent real change. Take a supermarket as an example. It asks its ready meal supply chain to provide key information for ESG reporting. As there is no universal standard, the data request is bespoke. This request passes down to the ingredient providers for the ready meal. The ready meal supplier also supplies five other supermarkets that all need slightly different formats and different timing cut-offs for different year-end reporting. These too are passed down to the ingredient suppliers creating multiple inconsistent reporting requirements across the world. This right-to-left approach that many are currently taking will create unnecessary overhead and create further inefficiencies. Not only that, the multifarious reporting formats will not be able to be independently assured in a consistent manner meaning data still has lower trustworthiness than financial data."</p>
15.	a	In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters. Should climate-related requirements be one component of a broader ESG disclosure framework?	<p>Absolutely. Take a problem like pumping water out of the ground. I can do it in one of three ways. A coal-fired power station, a bunch of children or modern slaves with hand-pumps, or a renewable-energy powered pump. Two of these solutions work for "E", two work for "S", only one works for "E" and "S". Our investors want to understand their impact on society and planet. One dimension is simply not enough.</p>

SEC – Climate Change Disclosure Response

	b	How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard? How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?	This is where the backbone of supply chain data comes in. Being able to create a network of parent child relationships from the AP and AR data will enable us to start to build the required information flows for ESG. We may start with a limited set of metrics enrich with modelling and external data sets, but with the right flexible and extensible data model we will be able to create a comprehensive global understanding to enable trust to flourish in the market and its participants. The global fund for the common good will act as a force for change here, supporting people who have been trafficked, educating women and children, providing healthcare and welfare, whilst reducing the overall cost and impact of the supply chains as simplified data flows, and market level data collection reduces the costs and barriers to entry for all market participants.
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