



Subject: File Number S7-06-16  
Comment on Business and Financial Disclosure Required by Regulation S-K  
Concept Releases 34-77599 & 33-10064

Attn: Keith Higgins, Director of the Division of Corporation Finance; Chairperson Mary Jo White;  
Commissioner Kara Stein; Commissioner Michael S. Piwowar

As investment managers, we are writing to share our input on the scope of disclosure required by the Securities and Exchange Commission's (SEC) Regulation S-K. We appreciate the ongoing effort this year to assess disclosure requirements - with an aim to "simplify" or "modernize" - and the effort to solicit commentary from stakeholders. We appreciate the Concept Release 33-10064 recommendation questions from the SEC's Division of Corporation Finance in its disclosure effectiveness review: "what should be kept, modified, eliminated, added to? and do the current requirements provide for the most efficient and effective means of disclosing the required information?"

Concept Release 33-10064 seeks clarification if "sustainability...disclosures are important to an understanding of a registrant's business and financial condition" (p. 205-211) and shares some previous commentary by stakeholders that ESG issues are increasingly pertinent to investors' evaluation of a company. Our view is **as investors, we strongly believe it is important to include environmental data - emissions (especially greenhouse gases), water, waste, forest impacts - as a material data set to be disclosed by companies across sectors because it is important in understanding a business and its future financial condition. This could be helpful to codify in the Industry Guides in Regulation S-K, per request for comment in #205, p. 201.**

We recognize that the 2010 SEC interpretive release addresses climate change risks; we would propose per point #223, that this is insufficient, primarily as it is left unaddressed by many companies and is too open to interpretation as to its materiality. We would **strongly suggest the measured environmental data be integrated, per point #218, and included in the 10-K, 10-Q, 8-K as a line item - as investors, we use environmental data as a key piece of information in our investment process and we strongly believe it is material information, per the SEC's definition, for investors.** We also believe measuring and disclosing environmental data is relevant and useful for company leaders. Business leaders must manage operations in an increasingly resource-constrained world; disclosing data on emissions, water, and waste provides an opportunity to understand a company's natural resources needs and impacts, and what risks or opportunities it faces when thinking about future profitability. As investors, we use this data to assess what we call the Environmental Productivity of a company - the efficiency with which a company employs natural resources. We see this as a salient element for evaluating companies for their financial viability and future profitability.



We recognize that the SEC bases its materiality consideration on the legal tenants of "there is substantial likelihood that a reasonable shareholder would consider certain information important to decision-making as an investor." **We, and a growing number of other investors, consider environmental data critical to our decision-making as an investor.**

The SEC's EDGAR system uses XBRL for current disclosed financial information; **adding data tags to environmental metrics would be useful for comparison, standardization and to future integrated reporting.** We appreciate the work of groups like SASB and CDP who also think environmental information is material, and are supportive of their approach to standardizing the disclosure of environmental information for companies, per point #219.

Regulation S-K has been the primary conduit for the rules governing the information businesses must provide in their filings - descriptions covering risks facing the company, the description of the company's business, as well as management's discussion and analysis of financial conditions and operational states of affairs.

**It would be useful to strengthen the SEC's Regulation S-K language to make environmental data clearly considered material information and require that a company disclose it.**

Thank you for soliciting input. We would be delighted to discuss our views further, or provide commentary on other areas of the Concept Releases if helpful.

Sincerely,  
Terra Alpha Investments LLC

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Director of Advocacy  
Terra Alpha Investments LLC