May 25, 2022

The Water Council is submitting these public comments on the Enhancement and Standardization of Climate-Related Disclosures for Investors, File Number S7-10-22.

The Water Council, Inc. is a 501(c)3 nonprofit organization and global hub dedicated to solving critical global water challenges by driving freshwater innovation and advancing water stewardship. Headquartered in Milwaukee, WI, The Water Council has been working for over 10 years with the private sector, public sector and academia to identify solutions and best practices that address world’s water quality and quantity challenges.

As the leading water technology hub in North America and one of the first organizations globally to advocate for the business case for water stewardship, we have reviewed this draft rule with great interest. While we are not taking a position on the current draft rule, we do want to stress the importance of meaningfully addressing water-related disclosures within any new rules.

In the current draft rule, water-related impacts and opportunities are insufficiently addressed and are only encapsulated in sections that address “severe weather events and other natural conditions.”

Two specific types of water-related risks are called out in Section 229.1502 (Item 1502). Strategy, business model, and outlook: assets subject to flooding risks and/or assets located in areas of high or extremely high water stress. In the case of the latter, “high or extremely high water stress” is not defined. Further, the vast majority of the draft rule addresses in great specificity the disclosure of GHG emissions metrics and related information.

GHG emissions are driving long-term climate change, yet how most of us are already experiencing the immediate impact of climate change is through water: more intense torrential storms, longer periods of drought, less snowfall, greater reliance on groundwater, inadequate and deteriorating water-related infrastructure, etc. It is important for any climate-related disclosure rules to address GHG emissions but in our estimation, it is nearly as important to define in greater detail the water-related challenges and opportunities businesses are facing now as a result of climate change. Specifically, we propose the following points of guidance in this or any future climate-related disclosure rules:

- Issuers must report their use and water risk assessment methodology across their enterprise
- Description of how issuers are addressing the most material physical water-related risks, at the right places and at the right times
- Issuers must report and describe areas of operation or key sourcing from high to extremely high water stressed regions and what constitutes and informs the level of stress
- Issuers must describe the operational interventions in place to identify, mitigate and adapt to the water local water challenges in high risk locations
- Recommend issuers utilize third-party verification as proxy for credible water-related reporting as relevant and feasible

On behalf of The Water Council, we thank you for the opportunity to submit these comments. We consider ourselves a resource for policy makers so please do not hesitate contacting us at any point as the Administration moves forward addressing the global water crisis.