Dear SEC Commissioners,

The TIC Council Americas is pleased to provide comment on the SEC’s proposed rule entitled “The Enhancement and Standardization of Climate-Related Disclosures for Investors,” File No: S7-10-22. We and our members support efforts to promote environmental, social, and governance performance of industries and look forward to our ongoing engagement and discussion with the SEC, its staff, and stakeholders on this critical topic.

The independent third-party testing, inspection, and certification (“TIC”) industry, worth $240 billion globally, plays a critical role in confirming that products, systems, and services meet U.S. regulatory and industry requirements and that claims by industry can be verified and are substantiated by traceable data. The TIC industry facilitates trade by confirming compliance across borders and building trust between counterparties. This includes services related to carbon border taxation, Zero-waste validation, ESG and Carbon reporting and more performed for companies throughout their operations and supply chain and their vendors and suppliers (at scope 1, 2, and 3).

As an example of the depth of services offered by the TIC industry, TIC organizations offer many GHG emission related services, such as:

- Calculation of GHG emissions
- Certification of GHG emission reduction
- Measure of fugitive emissions
- Assistance to reach zero-net emission

TIC organizations have the technical expertise and professional capacity to verify sustainability through laboratory controls, calculations, onsite visits and other specialised services covering a broad range of sustainability topics. This goes beyond documentary checks and can significantly reduce false claims and accelerate sustainability transition. TIC services offer the same or more than “limited or ‘reasonable assurance’ as offered by financial auditing firms. This is because TIC industry auditors have a technical and sector specific background and environment experience that Financial auditors do not. Resulting in the TIC industry being consequently better prepared to assess feasibility, effectiveness and robustness of targets and action plans around climate and ESG commitments and taking into account industry sector characteristics.

Companies entrust the TIC sector to support them in their transition from designing their sustainability strategy, to verifying it, and accelerating it. This is due to the TIC industry’s ability to offer economies of scale, access to STEM-educated personnel, and availability globally throughout the supply chain. Making the TIC industry an important stakeholder in fulfilling the aims of the SEC to enhance and standardize climate-related disclosures.
As such, we ask that the final rule developed by the SEC be inclusive of services offered by the independent third-party TIC industry and that direction by the SEC address the following:

1. The role of the TIC sector as independent third-party verifiers of climate-related disclosures.
2. The standards to be used in assessing climate-related disclosures such as those published by the international community (e.g., ISO, IEC, GHG Protocol), including the aspects of social and governance sustainability disclosures.
3. Requirements for TIC industry organizations to be recognized as a service provider to publicly traded companies and their suppliers and vendors requiring evaluation.
4. Harmonized criteria for the professional qualification, technical equipment, impartiality and accreditation of verifiers.
5. Setting a harmonized process to verify the improvement/progress of companies, including controls regarding the proper implementation of specific actions/initiatives claimed for climate disclosure purposes.

Similar programs where the independent third-party TIC industry supports by confirming compliance with regulatory requirements include the EPA ENERGY STAR and OSHA NRTL programs.

The Environmental Protection Agency (EPA) Energy Star program is an example of a voluntary public-private partnership that relies on independent third-party certification to help ensure ongoing compliance and the integrity of the Energy Star label. Third-party requirements were introduced after high levels of non-compliance were identified by an investigation from the Government Accountability Office (GAO). Reliance on third-party certification helps maintain consumer trust in the Energy Star designation and improve oversight of the program while allowing the agency to save scarce resources since evaluation and market surveillance is performed by the private sector.

The Occupational Safety and Health Administration (OSHA), Nationally Recognized Testing Laboratory (NRTL) program recognises, in a system that includes accreditation, a conformity assessment body as a certification body and a testing laboratory. This program applies to products used in the workplace and has gained great recognition from prominent retailers of consumer products, who request manufacturers to have the products assessed and certified by an NRTL. Therefore, most manufacturers use NRTLs for conformity assessment to meet market requests in the US.

In 2008, OSHA estimated that implementing a first-party system, in lieu of the current use of accredited third parties, would cost the Agency approximately $360 million annually, compared to $1 million annually required to operate the third-party Nationally Recognized Testing Laboratory (NRTL) program.

Language similar to that used in the EPA Energy Star and OSHA NRTL programs could be used to address the above needed elements of the SEC Climate-disclosure rule.

TIC Council is a global association representing over 90 international independent third-party testing, inspection, certification and verification organizations. Testing, Inspection and Certification (TIC) companies cater to a diverse range of industry sectors and a variety of standards and legislation. The industry represents an estimated one million employees across the world with annual sales of approximately USD 200 billion.
We appreciate the opportunity to provide comment on the SEC’s proposed rule entitled “The Enhancement and Standardization of Climate-Related Disclosures for Investors,” File No: S7-10-22. Should you have any questions, please don’t hesitate to contact Karin Athanas at +1 240 762 8069 /

Sincerely,

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