June 15, 2022

The Honorable Gary Gensler
Chairperson
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20529-1090

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Honorable Chairperson Gensler,

We commend the SEC for proposing new rules to “Enhance and Standardize Climate-Related Disclosure for Investors.” The path forward for business requires more transparent and standardized disclosure of companies’ ESG performance. Workiva firmly believes that decision-useful, reliable ESG data is key to supporting compliance obligations. The case for transparent and standardized ESG disclosure goes beyond sustainability: ESG assets are on track to reach $53 trillion by 2025, making up more than one third of global assets under management. In addition, investors are increasingly expecting companies to make more ESG investments, which we at Workiva heard resoundingly from over 1,300 customer and potential customer conversations this past year.

Workiva launched our cloud platform in 2010 to help organizations big and small change how they manage and report financial data. Our product was developed in direct response to two fundamental shifts in the global business environment: the move to the cloud and new regulation aimed at increasing transparency. Cloud technologies enable better reporting—they close enormous geographic gaps, remove cost uncertainties, and simplify complex data gathering processes in a secure and trusted manner. Paired with that is critical government-mandated disclosure, instrumental to strengthening our financial system.

Today, Workiva’s reporting platform supports thousands of organizations, including 75 percent of the 500 largest companies in the United States working to meet stakeholder demands for action, transparency, and disclosure of financial and non-financial data. It is from this vantage point that we respectfully submit comments to the SEC’s proposal.

Accurate and reliable data underpins good business decision making

We believe that every company’s business model will be profoundly affected by the transition towards a net zero economy. Boards and executive leaders today are confronted with making decisions that have serious ramifications for the sustainability of their business and the sustainability of the planet. They not only need reliable and accurate board and investment-grade data to make decisions about their own carbon footprint, but also bear the burden of navigating the complex reporting environment and determining what information is financially material to disclose.

Progress around disclosure is necessary, and the sense of urgency is palpable. However, the burden of reporting is a real cost companies must confront. Small- and medium-cap companies often lack the resources and expertise necessary to adequately assess and disclose climate risks. As regulation ramps up globally and reporting standards grow more stringent, pressure on small and midsize public businesses will heighten—some may risk falling behind.
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Technology and innovation can lessen the cost of climate reporting and help level the playing field for companies of all sizes.

As a mid-size business, we at Workiva have grappled with and worked to overcome these challenges. We have experienced firsthand some of the barriers smaller companies face when it comes to reporting and executing on climate commitments. How larger organizations, many of whom we support through our platform, tackle a net zero transition plan is vastly different to how an organization like Workiva would. The first major barrier is data collection. There are numerous climate-related standards and frameworks, which many call “the alphabet soup,” that impact businesses in a myriad of ways across industries and geographies.

The deployment of cloud technology will be a critical component to helping organizations navigate—and more importantly understand—the alphabet soup. A global standard for reporting coupled with the use of cloud technology has the potential to lower the cost of compliance. Tools such as Inline XBRL enable companies to gather and eventually disclose decision-useful ESG performance data. XBRL and its iterations bring systematic, machine-readable transparency to financial markets and our leadership team. Armed with the right information, we are able to make the necessary business decisions that help us follow through on our commitments and be a good steward of the environment.

Global alignment of ESG standards is necessary

More than sixty-eight percent of investors we polled from across the U.S. and Europe want ESG data they can trust. To ensure they can get that information, more consistent disclosure standards are needed. We believe companies of all sizes will benefit from a standardized, unified reporting framework. In short, standards make markets.

To that end, we support global convergence around widely recognized ESG reporting and climate-focused frameworks, including Carbon Disclosure Project (CDP), Sustainability Accounting Standards Board (SASB), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Greenhouse Gas Protocol, and the United Nations Sustainable Development Goals (UNSDGs).

Adoption is fast-growing around the world in a range of markets from the United Kingdom to Singapore and the U.S. As the pace of regulation picks up, it is even more important for standards to converge. The work currently being undertaken by the International Sustainability Standards Board (ISSB) to deliver a comprehensive global baseline of sustainability-related disclosure standards is important, and will become even more essential as the business environment continues to evolve.

Conclusion

Performance on climate-related metrics is a business necessity recognized by stakeholders across the financial system. Seventy percent of individual investors surveyed by Workiva across all markets agree that companies should be responsible for demonstrating their ESG performance. As this demand continues to grow, more of the climate disclosure conversation will center on CEOs and CFOs who are responsible for leading companies towards achieving their commitments and will be held accountable for that progress. As part of the United Nations Global Compact CFO Taskforce, the first Software as a Service (SaaS) company to join, we are collaborating with peers to guide companies in aligning their sustainability goals with credible corporate finance strategies to create real-world impact. We are dedicated to helping our customers respond to regulation, navigate the complex ESG disclosure process, and most importantly, continue innovation around processes critical to our path forward.

Respectfully,

Martin (Marty) J. Vanderploeg, Ph.D., CEO, Workiva Inc.