



The Honorable Gary Gensler
Chairman
Attention: File Number S7-10-22
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chairman Gensler,

On behalf of the Global Business Travel Association (GBTA), thank you for the opportunity to comment on the Security and Exchange Commission's (SEC) Proposed Rule S7-10-22, Enhancement and Standardization of Climate Related Disclosure for Investors.

GBTA is the world's premier business travel and meetings trade organization headquartered in the Washington, D.C. area with operations on six continents. GBTA's members manage more than \$345 billion of global business travel and meetings expenditures annually. GBTA delivers world-class education, events, research, advocacy, and media to a growing global network of more than 28,000 travel professionals and 125,000 active contacts.

GBTA has embarked on a sustainability journey to champion collaborative efforts and accelerate the transition to sustainable business travel. To identify opportunities to guide a greener future for the sector, GBTA recently released a report titled *The State of Sustainability in the Global Business Travel Sector*.¹

The results show the business travel sector views addressing climate change as the number one priority area for action (88%). However, converting this urgency into sustainable corporate travel policies remains complex. The challenges include higher costs associated with sustainable travel options (82%) and the lack of transparent sustainability data (63%). To overcome these hurdles, industry respondents see improved access to sustainability data (63%) and a change in industry culture (63%) as top priorities. In addition, GBTA is actively working on a sustainability toolkit to empower our members to reduce and track the environmental impact of their travel programs.

GBTA welcomes the SEC's efforts to enhance the disclosure of climate risks and GHG emissions data across scope 1, 2 and 3 emissions. Driving harmonization and having a level playing field around climate disclosures and emissions data will help build consistency and economy-wide transparency on ESG performance. **GBTA believes that reporting business travel emissions as part of scope 3 emissions when they are material will create a sense of ownership over travel-related emissions and incentivize companies to work with travel providers on solutions for decarbonizing the industry.**

However, while GBTA is, overall, supportive of the SEC's proposal, our comments highlight several areas of concern to the business travel industry that ought to be addressed to allow for more feasible and practical implementation by the regulated community.

¹ www.gbta.org/the-state-of-sustainability

Scope 3 Emissions

Harmonized method to calculate scope 3 emissions from business travel, to allow accuracy and comparability. The differing calculation methods available to filers could result in material differences in reporting and could incentivize filers to choose methods more favorable to their particular emissions profiles. We believe there needs to be a harmonized methodology with clear guidance for calculating Scope 3 emissions, to ensure accuracy and comparability.

Materiality of scope 3 emissions. GBTA supports requiring registrants to disclose their Scope 3 emissions if material and measurable. In response to question 98, we support the Science Based Targets Initiative’s near-term threshold for materiality, which holds that Scope 3 emissions disclosure should be mandatory for companies when Scope 3 emissions account for more than 40% of total emissions.²

Scope 3 targets setting. The fact that a registrant would be required to disclose Scope 3 emissions if it has set a GHG emissions target or goal that includes Scope 3 emissions could unintentionally disincentivize companies from setting Scope 3 targets, since they would then need to report those emissions (if not already material). This is why, in response to question 99, we believe the SEC must avoid potential unintended consequences of discouraging companies from setting net zero goals.

Attestation Requirements. GBTA is supportive of attestation requirements. Due to the high impact of Scope 3 emissions and the importance of Scope 3 disclosures, we believe that attestation requirements ought to apply to Scope 3 emissions in addition to the proposed Scope 1 and Scope 2 attestation requirements. However, GBTA supports maintaining a “limited assurance” standard for all attestation requirements, rather than the proposed phase-in of a “reasonable assurance” standard.

Timing of disclosure of GHG emissions

Requiring GHG emissions disclosure only once actual, reported data is available. To ensure that required climate risk disclosures are decision-useful, it is essential that climate disclosures are rooted in accurate, reliable data. Proposed Item 1504 requires registrants to disclose Greenhouse Gas (GHG) emissions for the most recently completed fiscal year, but GHG emissions are typically not able to be verified prior to the February deadline for 10-K filing. The proposed rule addresses this concern by allowing registrants to disclose reasonable estimates of GHG emissions for the fourth quarter, as long as the registrant promptly discloses any material differences between the estimate used and the actual GHG emissions data for the fourth quarter. This would require companies to re-submit their GHG emissions determinations and report material differences, which is both over-burdensome and may result in liability if estimates are materially different. GBTA believes the SEC should only require companies to disclose their GHG emissions once actual, reported data is available, and not require companies to provide potentially inaccurate estimates, which would be a disservice to both reporting companies and investors and consumers making climate-risk based decisions. One potential solution could be alignment with the CDP reporting cycle, which is already followed by over 13,000 companies.³

² <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

³ <https://www.cdp.net/en/info/about-us/what-we-do>

Value Chain Issues

Better defining value chain climate-related risks. Including climate impacts on “value chains” within the definition of “climate-related risks” could lead to significant uncertainty as to the extent to which travel service suppliers need to assess upstream and downstream activities related to their operations that they do not control. It is similarly an issue for companies that rely heavily on travel services for their employees and operations (e.g., professional services), as they would need to determine and measure the risks of their travel service suppliers, and their suppliers – something that would become very burdensome while also decreasingly meaningful. It is difficult for companies to create controls over value chain climate-related risks. This is why it would be helpful if the SEC included a reference to control or materiality within the definition of “value chain” to assist companies in determining the scope of these risks. In addition, by defining “transition risks” to include actual or potential negative impacts on a registrant’s value chain, SEC is requiring information that registrants do not have readily available and are not able to meaningfully assess because the evaluation of these risks is outside their control.

Disclosure standards

Replacing bright line financial impact disclosure thresholds. In response to question 66, GBTA believes that “bright line” disclosure thresholds should be based on materiality rather than a dollar figure or percentage of revenue (currently set at a 1% threshold). This will encourage filers to consider more qualitative risk factors, rather than solely financial impact.

Moving Financial Impact Disclosures from S-X to S-K reporting. In response to question 1, GBTA believes the proposed additions to Regulation S-X, 17 CFR 210.14-01 and 02 are better aligned under S-K reporting due to the highly qualitative nature of climate risk assessments. More specifically, the proposed reporting would be appropriate under the Management Discussion and Analysis section. In particular, integrating climate-related events and transition activities under S-X, which is subject to elevated levels of attestation and ICFR controls and audit, does not seem feasible. Doing so would require the development and implementation of objective rules, tools, policies, procedures, and processes in order to capture, define, evaluate, quantify and assess the internal controls surrounding these events.

Safe harbor. Due to the unique challenges and uncertainties associated with climate risk and emissions reporting, GBTA supports expanding the proposed safe harbor to cover Scopes 1, 2 and 3. GBTA believes that filers should not face legal exposure due to information tendered by suppliers and other third parties, so long as filers make a good-faith effort to provide accurate information.

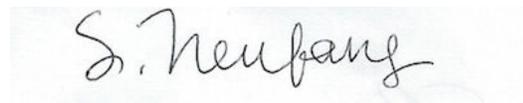
International Cooperation and Harmonization

Aligning with Non-Financial Reporting Standards in other jurisdictions. The proposed rule acknowledges that *“the increased fragmentation of climate reporting resulting from the proliferation of third-party reporting frameworks has motivated a number of recent international efforts to obtain more consistent, comparable, and reliable climate-related information for investors.”*

The business travel industry operates in nearly every jurisdiction on the planet, and climate risk is an issue that affects the entire global community. To that end, GBTA urges the SEC to work closely with international partners, and in particular the European Union⁴. In addition, GBTA supports the efforts of the International Sustainability Standards Board⁵, and believes that setting and following one global standard is essential to harmonize definitions, requirements, timelines, and methodologies to ensure that climate-related disclosures can be prepared and compared in an apples-to-apples manner. This will provide much-needed clarity to investors and travel buyers and help reduce duplication of effort for reporting entities.

Thank you for your consideration.

Sincerely,



Suzanne Neufang,
CEO, Global Business Travel Association

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189>

⁵ <https://www.ifrs.org/news-and-events/news/2022/03/issb-delivers-proposals-that-create-comprehensive-global-baseline-of-sustainability-disclosures/>