Dear Vanessa,

Please find enclosed our response to your Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors S7-10-22

This response has been prepared by the 100 Group Stakeholder Communications and Reporting Committee and is intended to speak on behalf of the Group as a whole. The 100 Group membership represents around 90% of the UK FTSE100 by market cap as well as a number of equally significant unlisted UK businesses.

We thank you for the opportunity to comment on your proposal and would invite any further dialogue which you would deem of value.

We understand that your proposed rule would require TCFD based climate risk disclosure in SEC filings by all US-listed companies, including foreign private issuers (FPIs). Given the overwhelming demand for such information from stakeholders across the world we are very much in support of the ambition and are delighted to see so many Countries and economic entities eager to lead the way.

As the representative voice of a large number of significantly sized global businesses, including some SEC FPIs, we see great value in global standardisation. Indeed, given most large businesses compete for capital at an international level, we believe that global standardisation of reporting is not only preferable but crucial to the effective operation of international capital markets and would therefore be beneficial to stakeholders of businesses listed in just one jurisdiction as much as to FPIs.

Therefore, we make a specific comment in response to your question number 189

“If we adopt an alternative reporting provision, should that provision be structured to encompass reports made pursuant to criteria developed by a global sustainability standards body, such as the ISSB? If so, should such alternative reporting be limited to foreign private issuers, or should we extend this option to all registrants? What conditions, if any, should we place on a registrant’s use of alternative reporting provisions based on the ISSB or a similar body?”

We would urge you to allow alternative reporting standards, such as those of the ISSB, to satisfy the needs of the SEC climate reporting regulations. In the case of FPIs, there is a clear benefit in reducing the need for duplicative reporting requirements, thereby helping to control the already escalating costs of compliance. Further, the ISSB’s proposal is for climate related disclosures based on the SASB standards and therefore contains industry-based climate topics and metrics likely to be well received by investors of all registrants.

More broadly, ensuring, or at least targeting, alignment between SEC requirements and the global standards set by the ISSB, gives greater comparability which will drive increased confidence in international capital markets. Your proposed rule is modelled on the well-established TCFD framework and GHG reporting metric, and the ISSB plans to incorporate SASB, which helps issuers to refine their reporting to the relevant sector, encourage ‘best in class’ reporting and help pull out key risks and facts for investors.

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The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.
Given these shared foundations, we would expect to see best practice evolve and improve under GHG, TCFD and SASB reporting without an accumulation of further disclosures, which could divert company resources without adding to investors' understanding. Further, we believe that investors will expect the same framework and standards of disclosure from all issuers, including SEC registrants, in the longer term.

Even if alignment cannot be achieved at this early stage of disclosure development, we would urge that any significant deviation be carefully challenged before being adopted – given the very global nature of the ambition of climate related reporting a global solution should be the preferred outcome.

We hope you find that these comments provide helpful insight as you move to the next stage of the project and invite you to contact us via our secretariat Cat Hoard should you wish to discuss any of our comments in further detail.

Yours sincerely,

Iain Mackay,
Chair of the 100 Group Stakeholder Communications and Reporting Committee