



June 17, 2022

Vanessa A. Countryman, Secretary,  
Securities and Exchange Commission  
100 F Street NE, Washington, DC 20549-1090

RE: File Number S7-10-22: Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Secretary Countryman,

The American Evaluation Association (AEA) submits the following comments on the Securities and Exchange Commission’s proposed rule, “The Enhancement and Standardization of Climate-Related Disclosures for Investors.”

AEA is a professional association with approximately 6,000 members representing all 50 states in the United States. Our mission is to improve evaluation practices and methods, increase evaluation use, promote evaluation as a profession, and support the contribution of evaluation to the generation of theory and knowledge about effective human action. We prioritize the advancement of evaluation best practices in multiple types of evaluation, including program evaluation, personnel evaluation, evaluation in education, evaluation in government, independent consulting, and more.

Evaluation involves assessing the strengths and weaknesses of programs, policies, personnel, products, and organizations to improve their effectiveness. Moreover, it involves a core set of evaluation standards and principles developed over many decades by the professional evaluation community including the [Guiding Principles for Evaluators](https://www.eval.org/About/Guiding-Principles) which are foundational to evaluators and evaluation<sup>1</sup>, [AEA Evaluator Competencies](https://www.eval.org/About/Competencies-Standards/AEA-Evaluator-Competencies)<sup>2</sup>, the [AEA Statement on Cultural Competence in Evaluation](https://www.eval.org/About/Competencies-Standards/Cultural-Competence-Statement)<sup>3</sup>, and the [Program Evaluation Standards](https://www.eval.org/About/Competencies-Standards/Program-Evaluation-Standards)<sup>4</sup>.

Applicable to the proposed rules, the Guiding Principles help ensure that evaluations are: i) data-driven, methodical and contextually relevant, ii) competently undertaken with integrity and transparency, iii) respectful of the various stakeholders (e.g., communities impacted by the programs being evaluated), to ensure that their perspectives are sought out and understood, and, iv) contribute to the common good. The Program Evaluation Standards build on these principles. Two of them are particularly relevant to the proposed rules as they focus on high quality, ethically defensible, culturally responsive evaluation practices that: i) lead to effective and humane organizations and ultimately to the enhancement of the public good, ii) contribute to decision-making processes, program improvement, and policy formulation.

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<sup>1</sup> <https://www.eval.org/About/Guiding-Principles>

<sup>2</sup> <https://www.eval.org/About/Competencies-Standards/AEA-Evaluator-Competencies>

<sup>3</sup> <https://www.eval.org/About/Competencies-Standards/Cultural-Competence-Statement>

<sup>4</sup> <https://www.eval.org/About/Competencies-Standards/Program-Evaluation-Standards>

Given that the proposed rules seek to require companies to assess climate-related risks and their actual or likely material impacts on companies' business, as well as assure the validity of their assessments, and demonstrate how they are managing impacts, we contend that the proposed rules need to include more explicit evaluation parameters. By so doing, reasonable investors will be more fully informed of real and potential material risks of companies in which they may want to invest, and companies would have clearer understanding of the types of assessment practices that would be acceptable to the SEC.

Specifically, the proposed rules would be strengthened by incorporating:

1. Competencies of third-party auditors, evaluators, or other measurement professionals
2. Cultural competency requirements
3. Use of Program Evaluation Standards

### **Competencies of third-party auditors, evaluators, or other measurement professionals**

The AEA Evaluator Competencies are a common language and set of criteria to clarify what it means to be included in the definition of evaluator. The competencies serve as a roadmap for guiding evaluator education and training and encourages critical self-reflection about the strengths and limitations of evaluators. The competencies identify ways to improve practice in the field and to better uphold the Guiding Principles. They reflect the services evaluators are called upon to perform in multiple contexts and recognize the interdependence and overlap of the domain.

Given the need to ensure reasonable investors that the ways in which third party auditors, evaluators, or other measurement professionals assess the real or potential material impacts and risks of a company, these parties need a basic set of shared competencies. We urge the SEC to incorporate part or all of the recommended evaluator competencies as required competencies for all applicable aspects of the proposed rules.

### **Cultural competency requirements**

Cultural competence is an ethical issue that represents the intentional effort of the evaluation team to produce work that is valid, honest, respectful of stakeholders, and considerate of the general public welfare. Culturally competent evaluation emerges from an ethical commitment to fairness and equity for stakeholders. We incorporate by reference the Social Value US comments on these proposed ruled which illuminate the rationale for a broad definition of stakeholders.

The cultural competency requirements apply to the proposed rules as we contend that the materiality of a company's climate-related impacts is in part defined by these stakeholders. Insufficient or ineffective engagement with such stakeholders may mean that impacts and their risks may be overlooked or underplayed by the company, which in turn limits information a reasonable investor may want to have in order to make an investment decision. Thus, we urge the SEC to include cultural competency requirements for all applicable aspects of the proposed rules.

### **Use of Program Evaluation Standards**

In addition to specific competencies, AEA also follows a broadly embraced set of Program Evaluation

Standards.<sup>5</sup> They identify and define evaluation quality, guide evaluators and evaluation users in the pursuit of evaluation quality, and focus on five attributes of evaluation quality: utility, feasibility, propriety, accuracy, and accountability. As with the evaluator competencies, establishing a common set of practice standards for in-house or third-party impact assessors ensure reasonable investors that they can compare different companies' impact risks knowing they are assessed using similar approaches. We request that these standards be incorporated into all applicable aspects of the proposed rules.

The AEA values the opportunity to help the SEC advance an effective climate disclosure, management, and enforcement scheme that will protect reasonable investors' financial interests by ensuring they have adequate knowledge of, and access to, material information on, and risks of, companies' climate impacts. We welcome the opportunity to discuss our comments and support the SEC in operationalizing the evaluator competencies, statement on cultural competence, and the program evaluation standards for the SEC and ESG context.

Sincerely,



Veronica Olazabal, President  
The American Evaluation Association

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<sup>5</sup> See footnote 3; AEA is a founding member of The Joint Committee on Standards for Educational Evaluation (JCSEE), a coalition of major professional associations concerned with the quality of evaluation, which established the program standards. Originally developed for an educational context, the standards are broadly applicable and have been widely adopted to any work that involves evaluation.