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Submitted via email to: rule-comments@sec.gov

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

Subject: SEC rule on Climate-Related Disclosures
File No. S7-10-22
Douglas Hileman Consulting LLC Comments

SEC Commissioners, Staff, and Stakeholders:

Douglas Hileman Consulting LLC ("DHC" pr "Commenter") is pleased to provide comment on the SEC's proposed rule on climate-related disclosures, released March 21, 2022. DHC submitted public input on June 7, 2021, responding to Commissioner Allison Herron Lee's request for public input. DHC supported SEC actions on climate-related risk then, as we do now.

Comments follow the structure of the proposed rule. There are several themes, including those listed below.

- Maintain focus on the reasonable investor.
- Use precedents from existing financial reporting and disclosures, and thought processes from similar rules where possible. [The Dodd-Frank Conflict Minerals Rule offers several.]
- Leverage nationally and internationally recognized frameworks, and relevant work already performed.
- Minimize the burden to the registrants.
- Orient the disclosure requirements towards information that helps investors assess registrants' climate-related resilience, and potential impacts on [future] financial performance.

DHC is a sole proprietorship LLC. Commenter is neither a CPA nor an attorney. Commenter has experience in operations, corporate compliance, "second line" auditing [environmental, sustainability, etc.]; Internal Audit, and external assurance. He has experience in risk management, compliance, governance, and audit. Commenter was the senior environmental management and auditing specialist on the Volkswagen Monitor Team. Commenter can draw from perspectives of many stakeholders to offer distinct comments.

Section A General Section (Q1 – Q7)

Q1: DHC supports adding a new section to Regulation S-K and a new article to Regulation S-X to require a registrant to disclose certain climate-related information. This organization will enable users to easily locate these disclosures for further analysis and consideration. DHC does not support these disclosures "as proposed" and highlights exceptions, suggested changes or alternatives throughout this document.

Q3: DHC supports modeling the climate-related disclosure framework in part on the framework recommended by the TCFD. DHC suggests incorporating provisions of the ISSB exposure draft, which was released 10 days after the SEC's proposed rule. Both set forth high-level concepts that are now familiar: governance; strategy; risk management; metrics and targets. Preparers and users alike will benefit from convergence of global standards for minimum climate-related disclosures.

Q7: DHC supports these disclosures in Commission filings. DHC notes that the SEC has been down a similar path – for the rule to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Conflict Minerals Rule"). DHC submitted comments on the proposed DFCM rule, and provided services in both advisory and assurance (Independent Private Sector Audits) for several years. The SEC considered various options for reporting, including filings or submittals, aligned with fiscal or calendar years, signatories and more. DHC notes that the SEC's consideration of commenters' perspectives is well-described in the final rule, as is the rationale for their decision. DHC will highlight other useful parallels between the proposed disclosures on climate-related risks and the DFCM rule throughout this document.

Section B Disclosure of Climate Related Risks (Questions 8 – 18)

Q8 DHC agrees that the SEC should require a registrant to disclose "any climate-related risks that are reasonably likely to have a material impact on the registrant …" DHC suggests the SEC define "short," "medium" and "long-term" for purposes of this rule. One common plea from investors is for disclosures to be comparable and decision-useful. Left to registrants, one company's "short term" could overlap with another company's "medium term," and so on. There is also risk that companies could define these terms in extremely long timeframes to reduce the materiality of risk and avoid making disclosures. Despite the possibility of valid reasons for different timeframes for different sectors, DHC encourages the SEC to define these terms.

Q9 The proposed definition of "climate related risk" is comprehensive, and would help ensure that registrants consider a broad spectrum of these risks, including some that are often overlooked and/or

avoided because they are the most difficult to understand and manage (notably, value chains). Physical risks and transition risks must be considered in climate related risk, and this taxonomy is also useful. However, these concepts are defined in other nationally or internationally recognized frameworks. The SEC's Conflict Minerals Rule deferred to the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This avoided the need for SEC to establish definitions on their own. Deferring to recognized frameworks also allows global consensus to update definitions or concepts if/ when needed. The OECD Due Diligence Guidelines are in their second edition. The COSO Internal Controls Framework has been revised, as have numerous other standards and frameworks. DHC suggests the SEC align definitions with leading frameworks. Fundamental definitions and concepts may be included in an SEC rule; for others, the SEC should defer to nationally or internationally recognized bodies to maintain them.

Q12 DHC does not support the requirement for registrants to provide location of operations, properties, or processes to the level of its zip code. This is problematic for several reasons. DHC is not aware of precedent to provide this level of specificity for other types of risk. Even for notes regarding contingent liabilities and remediation of specific sites, or discussion of risks associated with contingent environmental liabilities, there is not a requirement for disclosure of specific zip codes. Nor is DHC aware of such a precedent for Asset Retirement Obligations, even when these obligations could be incurred due to environmental (including climate-related) factors. Second, it is impractical to specify location of many climate-related risks to the specificity of a zip code. Loss of permafrost can affect a business with an expansive territory in Alaska. Lower water tables and reduced water supply affects risks to the agricultural sector, as well as companies in their value chain. Also, locations outside the United States have different conventions for location codes – and some may have none at all. Third, such a requirement is likely to yield a confusing array of disclosures from the registrant community, and have unintended consequences for stakeholders in or near these zip codes. Suppose a retailer discloses the zip code of a location affected by climate risk. Other businesses in the area may not. They could be pressured to follow suit, with all businesses in certain zip codes making the same disclosure. The public is already bombarded with warnings and disclosures. DHC believes this proposed requirement would not have the intended effect.

Q13 – Q14 DHC does not believe it necessary for the SEC to enumerate specific climate-related risks, such as flood or water. There is risk that registrants could downplay other types of risk. Nationally and internationally recognized frameworks provide adequate description of types of climate-related risks.

Q15 DHC supports requirements for disclosures of climate-related risks, including separate consideration of physical and transition risks. Rather than suggesting specific metrics, DHC suggests the

SEC include more focus on description of the processes, systems, and internal controls the registrants use for each type of risk.

Q17 DHC supports including value chain in scope for the disclosure requirements. Other standards and frameworks define and describe "supply chain" and "value chain" – notably the Greenhouse Gas Protocol. If the SEC defines any such terms, they should adopt a definition already widely accepted and used.

Section C. Climate-Related Impacts on Strategy, Business Model and Outlook

Q19 DHC supports the requirement to describe actual and potential impacts of material climate-related risks, as described. DHC suggests extending the concept of materiality to significant changes made to business operations, and the types and locations of operations involved. As noted in Q12, DHC does not support designation of location to the specificity of zip codes.

Q20 DHC supports mandatory disclosures of climate-related impacts or any significant changes made, including to products, services, and to the supply chain or value chain. DHC notes that the question includes "significant" and "material"; these are different – and both involve some degree of subjectivity. DHC suggests the disclosures include a requirement for registrants to provide context around how they determined significance for the disclosures.

Q21 DHC supports designation of time horizons used as the basis of disclosures. This is essential for analysts and other stakeholders to have comparable information. As noted in response to Q8, DHC also suggests that SEC specify default time periods for short, medium, and long term.

Q22 DHC supports requirements regarding business strategy, financial planning, and capital allocation – including both current and forward-looking disclosures. DHC suggests that disclosure requirements of forward-looking information will serve as a check on registrants who are tempted to declare overly ambitious targets, or overstate the extent of adjustments to strategy. DHC suggests a different approach for disclosures – separating historic and forward-looking disclosures into two filings. See general comments in Section III for additional perspectives on forward-looking disclosures.

Q23 DHC believes the proposed disclosure aspects related to green bonds or other forms of "sustainable finance" are far too detailed, and will be overly burdensome to registrants. The proposed rule notes that green bonds have their own criteria, including an internationally recognized standard[1]. It is not likely to yield consistent, comparable, or decision-useful information. It involves substantial

[1] See Climate Bonds Standard, Version 3.0, by Cimatebonds.net; accessed April 25, 2022.

narrative and forward-looking assumptions and decisions. The current state would not support this level of detail for the affected registrants. DHC suggests this level of detail stretches the capabilities – of tools, techniques, and competent professional resources – even for enterprise risk management, which is common. It is beyond common current practice for environmental risk management, as may feed into risk, compliance, and auditing programs. DHC suggests the SEC return the focus to risks with the highest potential to impact financial performance over the short, medium- and long term. For example, registrants could be required to disclose their top three climate-related risks (CRRs), the impacts considered, the range of potential financial impact, and mitigation measures being undertaken. Registrants could indicate if the set of top three risks differs between short, medium, and long term; if so, they could be required to disclose the same parameters. DHC also notes that disclosure of all CRRs may be counterproductive, in terms of reducing GHG emissions, reducing CRRs, and being financially sensible. The disclosure of a risk creates an expectation that the registrant intends to mitigate that risk; investors and analysts will expect nothing less. Comparative analysis by investors and the analyst community (of which there are hundreds, each using their own methodology) will inevitably challenge registrants about why they failed to include a CRR that was mentioned by a peer company. Disclosures will multiply, to the extent that they will be overwhelming and meaningless. All entities must set priorities. This allows for effective allocation of capital – both financial and human capital – to reduce CRR. Disclosing only the Top 3 will encourage allocation of capital to reduce CRRs in ways that are most impactful to the registrant and to the climate.

Q24 DHC supports a requirement for registrants to disclose the role that offsets or RECs play in strategy. Many users are interested in the extent to which registrants are actively reducing GHG emissions in areas they control. Stakeholders are also interested in how registrants use their influence to drive actual GHG emissions by other parties, such as suppliers, building owners, or companies that provide cloud-based services or resources. Companies relying exclusively on offsets have essentially outsourced the responsibility for GHG emissions reductions to others. While this is a valid strategy, and may be cost-effective for some registrants, DHC suggests the common investor would want to know this fact. This is material. DHC also notes that offsets have a specific vintage. Companies are free to buy, hold, or sell offsets. They are assets, with value that is likely to change over time. SEC should highlight other elements of the final rule where registrants should disclose data or information pertaining to offsets. This would include financial statement metrics (Section F).

Q26 DHC supports the requirement to disclose an internal carbon price, and the boundaries for which it is used. DHC notes there is a wide variety of reported carbon prices. Registrants that use carbon pricing do so for their own internal planning; they may already disclose it in other public reporting. DHC suggests that disclosure of internally established carbon pricing will serve as a proxy for how seriously a registrant considers climate related risk. It will not enable comparable information for

useful decisions across different registrants. Carbon prices fluctuate, with the recent example of the sharp drop in prices after the Russian invasion of Ukraine. The International Monetary Fund[2] has cited carbon prices of $3 per ton, a global carbon price of $75 per ton needed to reduce emissions enough, and Canada's intention to raise prices to $170 per ton. These prices would yield dramatically different results in terms of climate governance, strategy, risk management, goals, and targets. The OECD has published report[3]s citing carbon prices in the European Union Emissions Trading Scheme from EUR 16 to EUR 26 from 2018 to 2019. DHC suggests the SEC specify a default carbon price, to be adjusted periodically to reflect global developments. The carbon price should be modestly aspirational, and based on global consensus. Within the range noted above, a default carbon price in the range of $50 to $75 per ton could be reasonable. This would enable stakeholders to assess registrants' plans for climate resilience on a comparable basis. Registrants could use an alternative carbon price, but should be required to clearly indicate this and provide their rationale. DHC also suggests that registrants should be required to disclose if they have changed their internal carbon price from prior reporting periods, and the effects this change has had on governance, strategy, and risk management.

Q30 Question 30 concerns scenario modeling. DHC finds the question overly detailed and confusing. Scenario modeling is done by climate scientists to evaluate, among other things, potential changes that could arise by increases in global temperature by different amounts. Companies typically do scenario analysis as part of business continuity and contingency planning. The two have similarities, but are not identical. DHC suggests that investors are more interested in scenario modeling as it could affect financial performance in the short, medium, and long term. Physical and transitional risks could be inputs to registrant-specific scenario modeling. DHC suggests the SEC reconsider the concept of scenario modeling as more typically done by registrants, and that could affect financial performance – and not as it may be of interest to climate scientists.

Section D. Governance

Q34 DHC suggests the SEC include specific reference to Internal Audit in this section. DHC supports requirements to disclose the board's oversight of climate related risks. The Internal Audit function is a critical resource; it gets authority from the board and reports to the board. Internal Audit is, by design –

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[2] See "Five Things to Know About Carbon Pricing", September 2021; accessed April 25, 2021 at https://www.imf.org/en/Publications/fandd/issues/2021/09/five-things-to-know-about-carbon-pricing-parry.

[3] Effective Carbon Rates 2021: Pricing Carbon emissions through Taxes and Emissions Trading; accessed April 25, 2022 at https://www.oecd-ilibrary.org/sites/0e8e24f5-en/1/3/2/index.html?itemId=/content/publication/0e8e24f5-en&_csp_=9e1e8b508d47c48ebab5cddb217622cd&itemIGO=oecd&itemContentType=book#section-d1e199

and as articulated in the Institute of Internal Auditors' Three Lines model[4] – is independent. Internal Audit plays a key role in governance. Internal Audit not only provides assurance, but has expertise and commonly performs consulting engagements. New and emerging issues, such as climate related risk, are ideally suited for Internal Audit's skill sets. Questions 34, 38 and 39 involve the board, management, and discussions between the two.

Section E: Risk Management Disclosure

Q46 and Q48 The proposed rule sets forth disclosures that would be required if a registrant has a transition plan. DHC suggests this could serve as disincentive to develop and implement such a plan. The burdens of this disclosure – and the internal effort to support it – would likely fall more heavily on smaller and medium sized enterprises. This would result in delays in mitigating climate related risk, and ultimately more impact to the climate itself. This is not consistent with public policy. Also, DHC is not aware of standard criteria or structure for a transition plan. Lack of consistency could complicate comparison between registrants, thereby not enabling more informed investment decisions. DHC offers two suggestions. First, the SEC should adopt a "comply or explain" approach to transition plans. If a registrant does not have a transition plan, they should be required to state this, and their reasons for not having one. Second, the SEC should consider outlining minimum requirements for a transition plan that are understandable and readily implementable by most registrants. This could include, for example, description of top three physical risks and top three transition risks, drivers for these risks (see Q48) how the risks have been evaluated, risk mitigation measures already taken, and risk mitigation measures anticipated in the short, medium, and long term.

Q49 DHC suggests that a requirement to disclose products that facilitate transition to a lower carbon economy could pose risk to the registrant of loss of intellectual property or confidential business information.

Q51 The SEC solicits perspectives on the safe harbor provision – namely if it should be extended to disclosures of transition plans. DHC supports this, with possible expanded applicability. See general comments in Section III.

Section F Financial Statement Metrics

[4] The IIA's Three Lines Model; an update of the Three Lies of Defense; published by the Institute of Internal Auditors, accessed April 25, 2022 at https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf

Q52 to Q58 DHC suggests the SEC highlight elements of financial statement metrics where the value of offsets may apply. (See comment on Q24).

Q52 The SEC should explicitly mention insurance, and highlight all applicable areas where quantitative and qualitative disclosures could be useful to investors. This includes financial statement metrics. See general comments in Section III.

Q55 to Q57 DHC does not support the proposal to require disclosure of financial statement metrics for reporting periods prior to the effective date of the rule. DHC agrees that the applicable financial statement metrics are already tracked, and subject to internal controls over financial reporting (ICFR). However, the processes to identify, evaluate, and quantify the amount of these metrics that are related to climate related risks are not. Suppose, for example, that a registrant revises their risk assessment processes to include more and better information on climate-related physical risks. The registrant determines that the useful life of some assets is shorter than previously thought. This could result in adjustments to the Asset Retirement Obligations (AROs) in the reporting period, based on these evaluations. DHC suggests it would be problematic if the registrant were required to require disclosures for prior reporting periods. Would the registrant need to restate prior financial statements? What role would the financial auditor be expected to play? DHC poses the question to the SEC: are there precedents where registrants are required to apply the results of output from improved or updated data or estimation methodologies to prior reporting periods? If so, for what (proven reserves for oil companies, etc.) with different types of new information? DHC does not believe this rule should set such a precedent. Furthermore, this would not be useful to investors making decisions on a going-forward basis.

Q65 and Q66 DHC does not support the proposal's approach to allow a registrant to aggregate the absolute value of negative and positive impacts of all climate-related events and transition activities on financial statement line items. Some business segments could be overweight in negative impacts, whereas other business segments could be overweight in positive impacts. Investors are likely to be interested in both in order to evaluate potential future impact on financial performance of different lines of business. DHC also notes another precedent in contingent environmental liabilities[5]. If a registrant has primary responsibility for liabilities (say, groundwater remediation at a site), this is regarded as a liability, and subject to internal controls over financial reporting for developing and audit of the numbers. If the registrant anticipates recovery of some costs from another party (via contractual agreement with a prior owner, or via coverage in an insurance policy, or anticipated legal settlement),

[5] A reminder of the caveat that the commenter is not a CPA. The commenter supported many financial audit teams as a specialist in a Big 4 firm in this area in the mid-2000s. Regardless of whether the description is exactly accurate, or if the accounting rules have changed, DHC believes the general concept described applies to disclosure of climate-related risks and opportunities and the suggested approach would be of value to the common investor.

these numbers are treated as assets, with separate estimated values – and also subject to internal controls over financial reporting. Different sets of facts and circumstances can affect these two figures. The rationale for separate tracking and reporting is sound, and should be applied to climate-related disclosures.

Q52, Q65 and Q66 DHC also notes that insurance plays a distinctive role in managing climate-related risk, and that it is applicable to financial statement metrics. See comments on insurance in Section III, General Comments.

Q67 and Q68 The 1% threshold for disaggregation and disclosures will generate many comments. DHC suggests this may be impractical and burdensome to registrants, involving substantial additional effort for more granular internal controls, revisions to disclosure controls and procedures, and additional effort by the financial auditors. Furthermore, it may not provide commensurate benefit to analysts interested in potential material impacts on future financial performance. DHC notes that the precedent for reporting and disclosure of environmental factors may be useful. SEC adopted amendments to modernize and enhance Management's Discussion and Analysis and other Financial Disclosures in November 2020. One aspect of this revision was to adjust the [absolute] dollar amount that triggered certain environmental disclosures. DHC suggests a similar hybrid approach, applying the concept of materiality, as well as disclosures involving climate-related events and transition activities that exceed a specified amount.

Q72 and Q75 – Q77 DHC comments on Q65 through Q68 apply.

Q87, Q89 The SEC should consider disclosure mechanisms that enables locating all applicable and relevant climate-related disclosures, and in a structure that facilitates comparison among different registrants. DHC suggests an additional approach of separating backward-looking performance data and information and forward-looking information into two different disclosures (see General Comments). DHC suggests the SEC consider precedent from the Dodd Frank Conflict Minerals rule. This rule is arguably the first SEC rule with social issues as its primary driver, and offers several useful precedents. This rule requires a separate filing – a Form SD, and (if applicable) a Conflict Minerals Report. This enables investors and stakeholders interested in this topic to obtain comparable data and information for further analysis. The sections of the proposed rule set forth categories of climate related data and information that touch upon many qualitative and quantitative aspects of the business. It also includes disclosures on backwards-looking data and activities relevant to the fiscal reporting period, as well as forward-looking information. Climate-related risks are arguably the highest-profile, most impactful ESG topics, and of most interest to a broad array of stakeholders. Many analysts and investors focus on registrants' approach and performance on climate-related risks as a primary determinant for inclusion in

a screened investment fund. Many of these stakeholders may not be accustomed to reading standard financial filings. One option is for disclosures in separate sections with consistent section headings

Section G GHG Emissions Metrics Disclosures

Section G, Subsection 1 GHG Emissions Disclosure Requirements

Q94 DHC suggests a more flexible, sector-specific approach to disclosure of emissions of specific GHGs. DHC notes that specific GHGs are more relevant for some industry sectors than others. For example, emissions of methane are more relevant for oil exploration and production, concentrated animal feed lots, and landfills than it might be for home builders or cloud hosting companies. Overly prescriptive disclosure requirements would be unnecessarily burdensome on many registrants, and would result in much information that is not relevant or useful for decision-makers. Some emissions controls and/or reporting is already required for other regulatory requirements. For example, halon in fire suppression systems have been found to be ozone depleting substances, as well as GHGs with unacceptable global warming potential. These emissions may already be subject to internal controls and reported externally (e.g., to the EPA, but not in SEC filings). DHC also suggests the SEC could defer to others to determine what GHGs warrant separate disclosure for what sectors. Nationally or internationally recognized bodies (SASB or Climate Disclosures Standards Board – both now merged into ISSB, for example) or industry associations with robust, public input from interested stakeholders to arrive at sector-specific disclosure requirements.

Q95 DHC supports the proposed approach of aligning definition of "greenhouse gases" with the GHG Protocol. The GHG Protocol is widely adopted worldwide. Furthermore, like other nationally and internationally recognized standards, these standards may be subject to future revision. Should consensus arise for the GHG to revise or expand the taxonomy of greenhouse gases, this would involve a public participation process. Revisions should not come as a surprise to the affected stakeholders. This approach would also relieve the SEC from making future revisions to this list, in the event they are required.

Q97 and Q105 DHC suggests a different approach for disclosure of Scope 1 and Scope 2 emissions, as well as the attestation report (Section H). DHC suggests these disclosures occur in a separate filing, by the calendar year (and not by the fiscal year). This is consistent with SEC decisions for Conflict Minerals rule filings; these decisions were made to reduce burden on registrants and to enhance comparability

and usefulness of the data and information. DHC notes several aspects about Scope 1 and Scope 2 emissions calculations reporting. DHC provides rationale and benefits in Section III, General comments.

Q99 to Q102 There are fifteen categories of Scope 3 emissions; eight are upstream and seven are downstream. DHC notes the complexity of gathering and validating data varies considerably by category. For example, GHG emissions for business travel (Category 6) is easier to obtain than for product use and end-of life treatment or disposal (Categories 12 and 13, respectively). For many products, the relative contribution of Scope 3 emissions (including those most difficult to calculate) are substantially greater than those that are easier to compile (motor vehicles, computers, apparel). DHC supports a requirement to disclose Scope 3 emissions, by category. DHC also suggests some flexibility that allows registrants to focus on the categories of Scope 3 emissions that are most impactful, and most relevant to climate related risks to business strategy and future financial performance. These are likely to vary by sector. Registrants should specify what Scope 3 categories are provided, and the basis for their determination. Registrants should be encouraged to adopt nationally or internationally recognized frameworks that have evaluated applicability and relevance, and have recommended Scope 3 categories. The SEC should adopt a “comply or explain” approach, requiring registrants to explain why they have not included certain Scope 3 categories in their disclosures; if not disclosed, registrants should disclose whether they plan to disclose in these categories in the near term.

Q105 DHC proposes an alternative to reporting GHG emissions (Scope 1, Scope 2, and Scope 3) on a cadence other than the fiscal year. See Section III (General Comments) for discussion of this approach and its benefits to registrants and users alike.

Q107 DHC does not support the mandatory disclosure of the location of Scope 1, Scope 2, and Scope 3 emissions. DHC notes that Q107 includes “if feasible.” This will vary widely by the emission source, sector, facility, and registrant. DHC acknowledges that locations of GHG emissions are of interest to some stakeholders. There is a social and equity component to GHG emissions. There is a growing understanding of environmental justice. Geo-location of emissions sources can help with public policy goals. DHC believes, however, that this does not align with the SEC’s mission of protecting the common investor. Other regulatory authorities (EPA, Department of Transportation) have policies and initiatives underway. Registrants are free to describe how the location of their emissions – of any or all Scopes – are considered in risk assessment and mitigation disclosures required by this proposed rule. They should be encouraged to do so. However, the location of GHG emissions should not be required.

Q109 to Q111 DHC suggests the SEC require GHG emissions reporting as absolute and as emissions intensity. Registrants should have flexibility to select the parameters for normalization, and

should provide rationale for their approach in the disclosures. As implicitly acknowledged in the proposed rule and these questions, there are many options for normalizing GHG emissions. Ideally, one approach to normalization would enable perfect comparability and usefulness – to investors and all other stakeholders. This is not the case. Normalizing emissions by sales is one common approach. Normalized by emissions offers the advantage, however, of an accurate, reliable denominator. Annual revenues are prepared for financial statements and filings, and are subject to internal controls over financial reporting and external assurance. But this has its limitations in helping investors make meaningful decisions. For example, a registrant facing intense price competition could have reduced revenues from one year to the next. All other things equal, GHG emissions normalized to sales will increase. Other denominators are not necessarily subject to this rigor. Still, companies have a history of GHG emissions reporting, and have developed approach(es) to normalizing emissions that make sense to their businesses. They should be allowed this flexibility in SEC disclosures, with reasonable explanation of their approach and rationale.

Q114 DHC does not believe GHG emissions reporting should be required for reporting periods prior the effective date of rule. The requirements in the proposed rule exceed what many registrants are able to compile at this time. DHC experience with Client work has shown that the effort to design, implement and improve processes and controls takes more effort than initially thought. Many companies have publicly reported (via GRI reports, CDP submittals or other) GHG emissions in prior periods. Improved rigor and controls are likely to identify better processes, more accurate emissions factors, and more reasonable estimates for emissions. Registrants could be faced with a dilemma of whether to restate emissions in prior reporting periods, or whether to notify stakeholders of adjustments for prior periods. Subjecting less accurate or reliable data from prior reporting periods to attestation (Section H in SEC's proposed rule) is likely to yield a report highlighting gaps for those periods. It is not reasonable to impose a requirement that sets registrants up to disclose and explain controls used in prior reporting periods that were not required at the time. If analysts or other stakeholders desire information from prior reporting periods, they should research other readily available public sources of information.

<u>Section G, Subsection 2 GHG Emissions Methodology and Related Instructions</u>

Q115 DHC supports the requirement to disclose methodology, significant inputs and significant assumptions used to calculate GHG emissions metrics. DHC cautions that calculations of even the "simple" Scope 1 and Scope 2 emissions can get complicated. Registrants should not be burdened with an excessive degree of detail on these disclosures.

Q116 and Q119 DHC supports the requirement to disclose organizational boundaries, and the approach to establishing organizational boundaries. Aligning this with financial statements favors the

equity share approach. Some registrants may have more reliable data using the operational control approach. There are advantages and limitations to each. Companies with even limited financial interest should be incentivized to monitor and advocate for GHG emissions reductions (and, theoretically, reduction in transition risk) at all their investments. Using the equity approach could encourage registrants to exert influence. However, companies with operational control may be in a better position to actually make those changes; the inability to take full credit for actions would reduce incentives to do so. Registrants should use the organizational boundary approaches recommended by the GHG Protocol.

Q124 DHC believes that a requirement to disclose "any emissions factors used and the source of emissions factors" would be overly burdensome, and not especially useful to decision-makers. SEC should not "require" a registrant to use any particular set of emissions factors. Registrants with operations, affiliates, suppliers, and value chain worldwide face a daunting task. SEC and stakeholders are aware of the importance of these factors, and how much they can influence the numerical total of GHG emissions. Companies may provide this level of detail in GHG emissions reports publicly available now via other channels, which typically use the calendar year as their reporting period. Furthermore, DHC notes that this information should be in scope for attestation engagements and reports, as set forth in Section H. These factors provide more reasons for SEC to separate GHG emissions reporting – and associated attestation reports – from the rest of the disclosure requirements in the proposed rule.

Q125 As posed in Q125, DHC should permit a registrant to use reasonable estimates when disclosing GHG emissions, as long as it also describes the assumptions and rationale. DHC does not believe the SEC should restrict the use of estimates for certain GHG emissions.

Q131 DHC supports the SEC's proposal to "permit a registrant to present its Scope 3 emissions in terms of a range, as long as it discloses its reasons …" (emphasis added).

Q132 In contrast to Q131, DHC does not believe SEC should "require a registrant to follow a certain set of published standards …" (emphasis added). Aspects of Scope 3 emissions calculations, estimates and reporting are still evolving. Some areas may evolve and improve faster than others. SEC should "encourage" a registrant to follow standards, guidelines that are nationally or internationally recognized. SEC should not specify these standards, but rather defer to the registrant to identify them, and for which Scope 3 emissions (by category, and by type of emission within that category as applicable and significant).

Section G, Subsection 3 Scope 3 Emissions Disclosure Safe Harbor and Other Accommodations

Q133 and Q134 DHC believes a safe harbor provision is advisable. See Section III (General Comments) for additional perspectives on safe harbor.

Section H Attestation of Scope 1 and Scope 2 Emissions Disclosure

Section H, Part 1 Attestation: Overview

Q135 DHC suggests that attestation provides some confidence in the completeness, accuracy, and reliability of reported information. DHC notes there are other ways that users can get comfort over the data and information provided. For example, the Internal Audit activity provides assurance to the Board over many types of risk, including other ESG related risks, such as privacy, cybersecurity, environmental, etc. Internal Audit is very familiar with internal controls over financial reporting. These skills readily transfer to internal controls over sustainability reporting, including any / all types of reporting related to climate change. Internal Audit plays a prominent role in testing of ICFR, performing services that can be relied upon by the external auditor. This also reduces costs. Internal Audit is independent of the entity. Its authority comes from the Board. Chief Audit Executives typically hold one or more credentials from the Institute of Internal Auditors, and follow the IIA's International Professional Practices Framework. Internal Audit's value should be recognized and embedded into the SEC's rule regarding attestation. Internal Audit's involvement should be encouraged, as should disclosure regarding the extent and nature of Internal Audit's involvement. SEC should also consider the value of Internal Audit efforts in establishing the level of assurance required of any attestation provider.

Q135 The proposed rule contemplates Scope 1, Scope 2, Scope 3, and includes GHG intensity metrics (for any or all the Scopes) as required metrics in scope for the attestation providers. SEC should consider requiring reporting of GHG emissions, and a less burdensome approach to attestation requirements in line with cost and benefits. As noted elsewhere, DHC acknowledges that stakeholders take greater comfort in data and information that has been subject to some type of independent review. GHG emissions data has been subject to external validation and assurance for over a decade. Financial auditors, other accountancies, other audit firms, and technical consultancies have developed rigorous protocols for external review and assurance. DHC questions whether attestation over the full scope as proposed in the rule provides incremental value for investors assessing climate resilience, organizational strategy, or potential impact on climate-related risk and future financial performance. The proposal may be especially burdensome on smaller and medium registrants.

Q135 SEC also requests comment on whether additional disclosures should be subject to attestation. As DHC explains more fully in the General Comments section at the end of this document, DHC believes the attention and effort required for attestation of all the topics mentioned would be disproportionate to climate-related risk.

Q136 If the SEC elects to require attestation (or some other mechanisms of assurance, such as provided by technical firms) for Scope 3 emissions, it should not mandate that all Scope 3 emissions be in scope. The registrant should have flexibility to select which categories it obtains attestation (or other external verification) for, as long as it specifies these and explains the rationale. Given the state of maturity of data and information systems for many categories of Scope 3 emissions, the SEC should allow limited assurance (or equivalent for other independent verifiers) on an ongoing basis.

Q136 With regard to description of processes, DHC notes yet another opportunity to leverage the SEC's decision process for the Dodd-Frank Conflict Minerals Rule, considering comments received and the SEC's thorough outreach in the rulemaking process. The statute includes provisions for external assurance, in the form of an Independent Private Sector Audit (IPSA). The two objectives of the IPSA were specified in the statute, which were [simply put]: did the organization follow OECD Due Diligence Guidelines in all material respects; and did the organization do what it said it did? The first objective is process oriented. The second objective relates to narrative in the filer's Conflict Minerals Report. SEC acknowledged that IPSAs need not be performed by CPAs; other auditors could perform IPSAs using the performance audit standards of the Generally Accepted Government Audit Standards (GAGAS, or "Yellow Book"). In the first two years of [voluntary] IPSAs, half the filers opted for non-CPA auditors[6]. Firms performing verification audits using ISO 14064 are accustomed to reviewing processes, and have critical subject matter expertise in GHG emissions. The suitability of ISO 14064, and the available talent pool to perform external verification of emissions inventories, and to provide skill sets to external review of process descriptions should be included as options in SEC's final rule.

Q143 As described in General comments, DHC proposes that the GHG emissions metrics, and attestation (or other independent verification) reports should be provided separately. They should be in a standalone filing, with the calendar year as the reporting period, with a due date no earlier than May 31 of the following year.

Q143, part ii This question involves whether SEC should require registrants to include GHG emissions disclosures in audited financial statements so the disclosure would be subject to existing requirements for independent audit and ICFR. DHC does not believe so. There are several aspects of climate-related risks involving financial statement disclosures (Section F of the proposed rule); ICFR applies to these. The proposed rule does not mention Internal Audit. In the event SEC opts for the approach in the proposed rule, the SEC should include references to the Internal Audit function. The registrant should disclose what role, if any, the Internal Audit function has played in assuring internal controls over GHG emissions disclosures. DHC also notes that GHG emissions disclosures include

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[6] Disclosure: Douglas Hileman Consulting LLC was among the firms providing IPSAs as a non-CPA during each of the first two filing periods.

quantitative and qualitative information. Any SEC requirement should be clear to the scope of coverage for applicability of ICFR or ICFR-like disclosures. Also, the SEC should provide some relief from attestation (or other external assurance) if the Internal Audit performs procedures that are reasonably equivalent to the approach used for SOX testing.

Q143, part ii, subpart (d) DHC encourages the SEC to allow a range of qualified options for performing attestation or other suitable external verification of GHG emissions metrics disclosures. This could include non-CPA auditors, including ISO certification firms, technical firms. Many of these firms have been doing this for a decade or more, and have extensive and relevant experience. The field will need this talent pool. Effort by financial is likely to be more costly than some other options that would be fit for purpose for many registrants and investors.

Section H, part 2 Attestation: GHG Emissions Attestation Provider Requirements

Q144 If the SEC requires external verification of GHG emissions metrics, it should specify that the firm should have certain minimum requirements. The SEC should also allow non-CPAs; in this case, the SEC should specify the auditors should have credentials from a relevant organization that is nationally or internationally recognized. This could include ISO, the Institute of Internal Auditors, or other organizations with relevant credentialling processes and codes of conduct. The firm should specify these credentials in their reports.

Q 144 and Q145 With regard to additional guidance for audit firm and auditor expertise, DHC suggests that SEC consider its requirements for auditors involved in privacy, cybersecurity, or other top risks identified by Board members.

Q146 The SEC should require the attestation (or other assurance) provider to be independent. DHC notes the Internal Audit function is independent of management, authorized by – and reporting to – the Board.

Q153 Potential liability is a concern for any auditor. DHC suggests that Potential liability under Section 11 of the Sanctions Act would deter many qualified assurance providers from supporting registrants with provisions of the proposed rule. DHC endorses an SEC approach to remove GHG emissions attestations and assurance efforts from relevant provisions of Securities Act and Commission rules.

Section H, part 3: Attestation: GHG Emissions Attestation Engagement and Report Requirements

Q154 The SEC should require that attestation or verification reports be provided pursuant to standards publicly available and established by groups that have followed due process for broad

stakeholder process. Development of ISO standards follows a similar trajectory. We are not sufficiently familiar with processes involved in establishing AA1000 standards to comment.

Q155 Attestation or verification standards should be publicly available, or provided on request of investors.

Q157 SEC should add a provision to describe the role of Internal Audit in the underlying GHG Emissions data, and whether or how the external verification/ attestation provider relied on Internal Audit's work. This follows precedent of reliance on Internal Audit for ICFR to improve efficiency, effectiveness, and to reduce costs to registrants.

Q159 The GHG Protocol would qualify as suitable criteria against which Scope 1 and Scope 2 emissions should be evaluated.

Section H, Part 4 Attestation: Additional Disclosure by Registrant

Q160 to Q162 DHC suggests the full suite of proposed requirements and content in these questions would be burdensome, and some may not be necessary. More fundamentally, DHC suggests that none of the proposed requirements in this section should be borne by the registrant. There are currently many service providers performing independent validation and verification of GHG emissions data and information. This includes CPAs and holders of credentials from ISO, the Board for Global EHS Credentialling, the Institute of Internal Auditors (IIA), and other groups. Professionals signing reports indicate their credentials. The entity granting and monitoring professional practice for these credentials should bear the responsibility for making public disclosures regarding parameters relevant and applicable for this topic. This includes independence, continuing education, quality assurance and improvement programs, independent oversight and review boards, and others. The granting entity should be responsive to credential holders and provide a suitable synopsis of relevant and applicable provisions on their website. The providers of independent validation, verification, or assurance services should be required to provide a citation to the granting entity's website.

Section H, Part 5 Attestation: Disclosure of Voluntary Attestation

No comments.

Section I: Targets and Goals Disclosure

Q170 DHC believes the SEC should require registrants to disclose how it intends to meet climate-related targets or goals. If plans must be described, this will act as a deterrent to overly

optimistic targets or goals. This will also help prevent greenwash. There is a flood of investments into ESG-screened investments. Registrant goals and targets are a factor in some of these investment decisions. Should a registrant knowingly disclose wildly optimistic targets or goals, and be rewarded with investors' money (at the expense of a competitor that has made more modest targets and dutifully disclosed their plans to meet them), this begins to look more like fraud. Requiring some disclosure of plans to achieve goals and targets levels the playing field, and is useful to investors. The SEC need not provide examples of targets, goals, projects, or methods; these are in ample supply from their own employees and business partners, peer companies, vendors, and consultants. The SEC should not require extensive detail in these disclosures, lest companies feel pressured to disclose intellectual property or confidential business information.

Q170, part 2 DHC also suggest that SEC require registrants to state in their disclosures if any targets or goals have changed from the prior reporting period. If so, what was the rationale for these changes, and how do the changes affect potential impact on financial performance in the short, medium, and long term? DHC notes that registrants may change targets and goals may change over time. They may meet one goal and set another. They may realize that targets are infeasible and change them. Even within certain targets or goals, registrants may shift focus. For example, a registrant may divert emphasis from one category of Scope 3 emissions to another category of Scope 3 emissions to achieve more cost-effective reductions in overall GHG emissions.

Q171 Disclosures should include data and information on progress towards achieving previously disclosed targets and goals.

Q172 SEC should not require specific formats for disclosures, as far as graphical depictions. Tabular formats may be most useful for analysis, or others who process disclosures via machines. Bar charts or other graphical depictions may be more useful to users who seek a broader view of the registrant's performance. DHC also notes that much of the content of disclosures is narrative.

Q173 DHC supports a requirement for registrants to disclose the amount of carbon reduction represented by offsets or RECs. The nature of the offsets or RECS could be helpful, as the confidence in the quantity may vary among types of offsets. DHC also notes that the reliability of an offset may change over time. Costs and asset values should already be disclosed as part of Financial Statement Metrics (Section F of the proposed rule).

Q174 See General comments on Q133 and Q134 for perspectives on safe harbor provisions. DHC supports broader safe harbor provisions for forward-looking information – both narrative and quantitative. SEC requirements to provide rationale and/ or supporting information for forward-looking disclosures should mitigate the risk of abuse of safe harbor provisions.

Section J Registrants Subject to the Climate-Related Disclosure Rules and Affected Forms

Q175 DHC suggests the SEC consider separate filing(s) for climate related disclosures. This would be consistent with the SEC's approach for the Conflict Minerals Rule. See Section III for General Comments.

Q177 The SEC should require registrants to disclose any material changes to climate related disclosures, as compared to the prior reporting period. This includes changes in governance, strategy, processes or outcome of risk assessment, and targets and goals – not just changes in previously-reported quantitative information. Since the SEC's primary purpose is to serve the interests of the investment community, registrants should also be required to discuss rationale for substantial changes, and the extent to which (or whether) the changes are reasonably likely to impact financial performance in the short, medium or long term.

Section K Structured Data Requirements

No comments.

Section L Treatment for Purposes of the Securities Act and Exchange Act

No comments.

Section M Compliance Date

Q198 DHC supports delay in effective date for requirements related to Scope 3 emissions data and information in disclosures to the SEC. Scope 3 emissions calculations are notoriously difficult. Some categories of Scope 3 emissions rely heavily on data and information provided by others. Accurate, reliable data depends upon strong controls. How do organizations apply "controls" over entities and factors they do not control (suppliers, government entities, business partners, users of products or services, etc.)? They must rely on influence, which does not necessarily lead to a desired outcome. [Ask any parent or in-law]]. Companies subject to the Dodd-Frank Conflict Minerals rule learned this, with difficulties in obtaining data, information, and attestations from several tiers of suppliers. Many suppliers were outside the U.S. and/or private companies who felt the rule did not apply to them. This

took years. DHC suggests this effort is relatively simple, compared to the effort that will be required to gather operational inputs, emissions factors, calculation methods, and assumptions to compile Scope 3 emissions. A delay of one year may not be sufficient.

Q198, part 2 DHC notes that many companies report Scope 3 emissions now – or at least some categories of Scope 3 emissions. These are submitted to CDP, to business partners, or are posted on company websites. This data and information are typically clearly explained, but it may not have been subject to third party validation, or to attestation to the level described in the SEC proposed rule. Nonetheless, it is public and can help investors with decisions. DHC suggests the SEC allow and encourage registrants to describe where users may find supplemental Scope 3 GHG emissions information, without drawing information reported via these other channels under the auspices of Securities Law. Information on location of supplemental Scope 3 emissions information outside of the SEC filings should be encouraged, and should be subject to safe harbor provisions.

Q199 The SEC should split the disclosure requirements into two disclosure requirements. The backward-looking data and information of GHG emissions disclosures, and attestation/ verification requirements should be submitted using a calendar year reporting period for all registrants. All other data and information should be submitted as aligned with the fiscal year. See Section III for more perspectives and rationale.

Section III GENERAL REQUEST FOR COMMENTS

Proposed Requirements vs. Investor Needs

DHC notes that there are 256 pages in the Discussion section of the SEC's proposed rule on climate-related disclosures. Of these, 176 cover financial statement metrics, GHG emissions metrics, and attestation of GHG emissions metrics. Over two-thirds of the content pertains to backwards-looking data and information. Similarly, there are 116 questions in Sections F (Financial Statement Metrics), Section G (GHG Emission Metrics Disclosures), and Section G (Attestation of GHG Emissions Disclosures) – all backwards-looking data and information. There are 39 questions total for Sections C (Climate-Related Impacts on Strategy, Business Model and Outlook), D (Governance), E (Risk Management) and I (Targets and Goals). The number of questions regarding retrospective data and information outnumbers those for forward-looking information almost three to one.

DHC suggests that investors' primary interest is in the future. Investors are interested in future [financial] performance, and – in this instance – the extent to which climate-related risk could impact the performance. Investors are keen to minimize downsides; they are just as interested in identifying opportunities to improve financial performance. Forward looking disclosures in SEC filings should logically be subject to more robust controls than forward looking statements on company websites, at conferences, or in other, less formal channels. It is not unreasonable to expect registrants to be cautious, so as not to over-promise on opportunities. Opportunities often involve innovations, intellectual property, or confidential business strategy or information.

Consider a relatively simple example of a registrant that owns and operates ski resorts. The proposed rule would require substantial effort to describe expenses. The registrant would compile Scope 1 and Scope 2 emissions inventories, checking to make sure they include all the combustion of propane in fire pits and heat lamps. GHG attestation providers will review emissions factors, ask if the registrant included emissions from all registrant-owned vehicles used for snow removal. There may be discussions about the benefits of swapping diesel fuel for biodiesel as fuel in snowplows. Investors should be more interested in how the registrant is planning for a future without snow. The registrant could presume this will not occur for 30 years, reducing net present value of asset retirement obligations to a value below materiality threshold. Scientific consensus, however, may suggest this will occur in 10 years or less. The registrant could disclose climate-related strategy of expanding recreational uses in off-season for camping, hiking, and special events. Climate-related risks could intrude here as well if extended drought kills the trees, or wildfires make the area unappealing for weddings. Agriculture, energy and transportation sectors have different risks – but they have risks. Conglomerates may choose to exit certain businesses, but find that climate-related risk has impaired their value. DHC acknowledges the value of having complete, accurate, reliable and decision-useful data and information in SEC filings. DHC suggests, however, that the SEC reconsider the relative effort, burden, cost, and stakeholder value as allocated between retrospective and forward-looking disclosures on climate-related topics and risk.

Insurance [Q52, Q55, Q56 and throughout]

DHC notes that insurance is a widely used mechanism to transfer risk. The SEC's proposed rule for climate-related disclosures mentions insurance, but not in all the areas it could apply, or all areas where information could be useful to investors. The SEC should explicitly mention insurance in all areas where it is applicable and relevant, and where applications of the rule would be useful to investors.

There are insurance policies to cover losses from catastrophic events, including floods and fires. The insurance market is subject to regulation, with policies, pricing, and coverage varying by state or region. DHC suggests that it would be possible for a registrant to rely heavily on insurance coverage to transfer climate-related risks, and interpret aspects of the proposed rule in a way that would substantially reduce complete, decision-useful disclosures. Climate-related risks could be outsourced to insurance carriers. Costs for climate-related coverage could be included with broader insurance provisions; with no ability to distinguish this information, it cannot be disclosed – nor would investors have insight into trends.

Setting aside registrants in the insurance business, insurance as a risk transfer could affect any or all of the items listed below.

- Section B – Disclosure of Climate-Related Risks: To what extent has / does/ will the registrant use insurance to transfer climate-related risks? What risks? What is the coverage, and what are the deductibles? If insurance is provided, how does the registrant evaluate underwriters (e.g., must they have minimum rating)? Has the registrant's approach to using insurance changed since the last reporting period?

- Section C - Strategy, Business Model and Outlook: Does the registrant use insurance as a mechanism to transfer risk of inability to achieve strategy influence by climate-related risk? Does the registrant incorporate protection from insurance as a safeguard around business outlook as disclosed? If so, to what extent?

- Section D - Governance: Who is responsible for insurance, evaluating applicability to climate-related risks, whether coverage is appropriate or sufficient – or reliable as a mechanism for transferring risk?

- Section E: Risk Management Processes and Transition Plans: To what extent, if any, is the registrant using insurance as a risk management mechanism? What role, if any, does insurance play in transition plans? Does that role change over the short, medium, and long term?

- Section F: Financial Statement Metrics: How much did the registrant spend on insurance coverage for climate-related risks (by type of risk) in the reporting period? How does this compare to prior reporting periods? What level of coverage was provided? Can the cost of insurance coverage be normalized, and by climate-related risk? In notes to the financial statement metrics, where is the registrant most reliant on insurance to mitigate risk – by types of risk, locations, business operations, or other relevant factor(s)? What were the changes in expense for insurance coverage, by type of climate-related risk [and, should the "1% rule" prevail, the provisions of this]? What claims have been filed, and for what amount? Does the

registrant consider potential proceeds from these claims as a contingent asset; if so, for what amount? What claims have been denied (and for what amount)? Has the registrant included data from insurance carriers as input to Asset Retirement Obligations?

- Section G - GHG Emissions Metrics Disclosures: If offsets have been used as a component of GHG emissions disclosures, does the registrant look to insurance as protection that the offsets will be available over time?

- Section H – Attestation: Has the attestation / independent verification provider included aspects of insurance coverage in scope? If so, what aspects? What procedures were performed, and to what level of assurance (if applicable)?

Two Filings (Not One) [Q99 to Q102]

DHC suggests the SEC require two distinct filings with content pertaining to climate-related risk, and on different schedules. Content that is directly related to registrants' fiscal year should be required concurrent with fiscal year filings. This would include disclosure of climate-related risks (Section B), climate-related impacts on strategy, business model and outlook (Section C), governance (Section D), risk management (section E), and targets and goals (section I). This data and information are inherently consistent and compatible with existing financial filings. Financial statement data is already subject to ICFR and attestation.

Other content in the proposed rule is not. GHG emissions metrics disclosures (Section G), and attestation of the disclosures (Section H). DHC believes these a separate filing, based on calendar year reporting period, with due date of May 31 each year would ease the burden on registrants, and on the resources that support them. It would enhance the consistency of this information as prepared for and submitted to other regulatory entities and stakeholders. It would also yield more directly comparable, decision-useful information. DHC offers support for this rationale below.

- Many companies already have systems and internal controls to compile GHG emissions on a calendar year basis. Many government entities require reporting on a calendar year basis. Many companies already submit GHG emissions inventories to CDP or other parties on a calendar year basis.

- One company's Scope 1 or Scope 2 emission becomes another company's Scope 3 emission. Scope 3 emissions involves upstream and downstream emissions; compilation involves data and information exchange up and down the supply chain and value chain. Registrants raised the specter of a continuous churn of data and information requests to accommodate filers in the

supply chain to meet the needs of filers with different fiscal year-ends. This would also result in "rolling releases" of current information, making it difficult for analysts to have directly comparable data.

- DHC references SEC's decision process for the Dodd-Frank Conflict Minerals rule regarding the timing of submittal for the Form SD and Conflict Minerals Report. Commenters indicated – and SEC agreed – that registrants and the resources they rely on (Legal, external auditors) are already strained in capacity with obligations for financial reporting and disclosures. SEC designated a calendar year basis, with filing deadline of May 31 for the prior calendar year. This enabled registrants to shift essential expertise and resources from core financial reporting to conflict minerals-related efforts after financial statements and reports are submitted.

Safe Harbor Provisions [Q51, Q133, Q134, Q174]

DHC notes that several aspects of the proposed climate disclosure rule involve forward looking content, including opportunities, planned risk mitigation measures, goals, and targets. DHC suggests that the universe of stakeholders interested in climate related disclosures in financial filings is broader than the common investor; it includes impact investors, other regulators setting climate related public policy and developing regulations, local communities, and activists. This array of stakeholders may not be able to differentiate which forward looking statements are subject to safe harbor, and which are not. DHC suggests more clarity in the eventual disclosure requirements that would enable a broader array of stakeholders to understand what [forward-looking] content is subject to safe harbor provisions, and what is not.

Respectfully submitted,

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