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June 2, 2022

Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090  
rule-comments@sec.gov

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

Dear Secretary,

Enclosed is a letter from ASTM International's Executive Subcommittee E50.90 on Environmental Assessment, Risk Management and Corrective Action regarding the March 21, 2022, Notice and Request for Comment on Proposed Rule.

The attached letter was written by members of Subcommittee E50.90 and the contents were approved by this subcommittee.

Committee E50 on Environmental Assessment, Risk Management and Corrective Action is one of 147 ASTM technical committees composed of technical experts who represent producer, user, consumer, government, and academic stakeholder interests in the development of voluntary consensus standards for materials, products, systems, and services. Committee E50 adheres to well-regarded, industry- recognized, and time-tested principles for the development of consensus standards that reflect current technology and industry practice.

ASTM International is one of the world's largest voluntary standard development organizations and operates in accordance with the National Technology Transfer and Advancement Act of 1995 (P.L. 104-113). Federal employees from a broad spectrum of agencies, including EPA, NIST, and FEMA contribute to the standards development process in numerous ASTM Committees. Over 12,900 ASTM standards, which address health, safety, and the environment, are published annually. The standards, and related technical information, are widely used throughout the world as a basis of purchasing and other contracts, codes, and regulations.

If you have any questions regarding this matter, please contact Committee E50 Staff Manager, Molly Lynyak, at (610) 832-9743.

Sincerely,

A handwritten signature in cursive script that reads 'Katharine E. Morgan'.

Katharine E. Morgan

cc: M. Lynyak, ASTM Staff Manager



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

The ASTM Committee E50.90 Executive Subcommittee on Environmental Assessment, Risk Management and Corrective Action appreciates the opportunity to submit comments in response to the March 21, 2022 Notice and Request for Comment on the Proposed Rule.

Relevant to the request for public comment is Committee E50's standard guide titled "E2718-21, *Standard Guide for Financial Disclosures Attributed to Climate Change*," which was revised and published in 2021. E2718-21 serves as a brief overview of climate change disclosure practices. The efforts involved with developing E2718-21 closely reviewed the findings and guidance of several agencies and organizations, including:

- U.S. Securities and Exchange Commission (2010 Guidance)
- U.S. Commodity Futures Trading Commission
- Sustainability Accounting Standards Board
- Task Force on Climate-related Financial Disclosures

More generally, E2718-21 recommends approaches for climate change disclosures and is intended for use by reporting entities, including U.S. and international operations, when disclosing financial impacts attributed to

climate change. The degree and type of climate change disclosures recommended under E2718-21 depends on the scope and objectives of the financial statements.

A key component of E2718-21 addresses approaches for disclosing climate change adaptation impacts. More specifically, E2718-21 seeks to successfully address the following key question:

*Is a reader of environmental disclosures able to conclude if recent and upcoming climate change adaptation impacts (both good and bad) will be immaterial, or manageable, or unaffordable to a given entity?*

E2718-21 outlines two candidate approaches to climate change adaptation disclosures, “low impact” and “high impact,” both of which recommend approaches that directly tie to common financial statements. These E2718-21 approaches communicate findings succinctly and unambiguously in one to four pages of reporting tied to the existing balance sheet, income statement and cash flow statement.

In contrast, commonly published annual reports often provide 200-to-400 pages of discussion which, in many cases, only offers inconclusive qualitative boilerplate language and a lack of simple clarity on offsetting revenue and tax credits. The E2718-21 approach, however, results in reports that have specific, measurable, agreed, realistic and time-bound goals and results.

The following E2718-21 excerpt provides a small example of the E2718-21 recommendations.

As published in ASTM E2718-21 *Standard Guide for Financial Disclosures Attributed to Climate Change*:

6.3 *Common Format of Disclosures under E2718–E2718* is focused on identifying disclosures to the three common financial statements (balance sheet, income statement and cash flow statement), although entities are free to make other financial statements which may address the financial impacts of climate change adaptation.

6.3.1 *Low Impact Disclosure Format*—where an entity finds the impact of climate change adaptation to be immaterial, this low impact disclosure report provides succinct, timely and auditable evidence that - while the entity is aware of the impact of climate change scenarios - the impact is believed to be immaterial:

6.3.1.1 *Sample narrative to support adaptation model results in Table 1*— “sustained asset impairments continue to reduce the size of the enterprise, although at an immaterial rate. Pass-through of climate change adaptation operating expenses to customers continues to be successful and form our assumption that customers will continue to accept price increases driven by higher utility rates and raw material substitutions. This year, management concluded the business divestment program to sell assets with high exposure to climate adaptation risks; the associated costs to exit those businesses are expected to continue tapering off. The company continues evaluating power reliability investments (especially battery bays) to mitigate business interruptions in three North American and European locations.”

**TABLE 1 Sample Low Impact Disclosure (\$ millions)**

Climate change adaptation impacts (\$ millions)	Average of Last 3 Years (2019–2021)	Current Year (2021)	Average of Next 3 Years (2022–2024)	Trend Beyond 2024
Dollar value of "material" used in this table	\$100	\$110	\$120	\$125
A. Impact to shareholders equity	(\$10)	(\$10)	(\$10)	Same
A.i. Impact to above caused by asset impairments alone	(\$10)	(\$10)	(\$10)	Same
B. Impact to net income	\$10	\$10	\$10	Same
B.i. Impact to above caused by change in <i>revenues</i> alone, including pass-through of costs to customers	\$20	\$20	\$20	Stable
B.ii. Impact to net income caused by change in <i>expenses</i> alone	(\$10)	(\$10)	(\$10)	Stable
B.iii. Impact to net income caused by purchase or creation of emission credits, GHG offsets and similar regulated assets	\$0	\$0	\$0	\$0
C. Changes in capital expenditures	(\$60)	(\$50)	P10: \$10 P50: (\$30) P90: (\$60)	Declining
D. Claims from discontinued products	(\$50)	(\$50)	(\$25)	Declining

A read-only copy of the entire E2718-21 Standard Guide can be viewed on the ASTM International website at <https://go.astm.org/E2718-21>. We would also be happy to share a copy directly for your review.

E2718-21 provides effective guidance on climate change adaptation disclosures. We would be pleased to answer any technical questions about the Standard Guide or provide a virtual meeting session for presentation and discussion of its technical merits.

Additionally, ASTM Subcommittee E50.07 on Climate and Community is working on the development of a draft Standard Guide for Environmental, Social, and Governance (ESG) Disclosure Related to Climate and Community (WK77095). We would welcome participation in this effort by SEC representatives. ASTM E50 has a long history of working with federal and state agencies, and we welcome the SEC to join E50 to help us shape the best industry standards possible on these issues.

#### *About ASTM International & Committee E50*

ASTM is a leading, non-profit organization devoted to the development of voluntary consensus standards. For more than 120 years, ASTM has served society by providing a global forum for the development and publication of voluntary consensus standards for materials, products, systems, and services that are utilized by 90 industry sectors in the United States and in most geographic regions of the world. ASTM is accredited by the American National Standards Institute (ANSI), operates in accordance with the National Technology Transfer and Advancement Act of 1995 and meets the World Trade Organization's (WTO) six principles for the development of international standards. Individuals from over 150 countries, including manufacturers, retailers, consumers, regulators, academics and researchers, serve on ASTM's 147 technical committees. Within ASTM's technical committees, members develop standards in areas such as consumer products, medical services and devices, textiles, metals, paints, plastics, petroleum, construction, aviation, energy, water, and the environment. ASTM's diverse array of standards are used around the world to improve product quality, enhance safety, facilitate market access and trade, and build consumer confidence.

A strong and effective reliance on the non-governmental sector for development and maintenance of the standards at use across all sectors of the economy is supported in the U.S. by federal law and agency guidance. ASTM has a long history of working in conjunction with U.S. federal agencies to develop standards that meet evolving regulatory needs. According to the National Institute of Standards and Technology (NIST) Standards Incorporated by Reference Database, there are over 2,000 references to standards from ASTM International incorporated by reference in the U.S. Code of Federal Regulations. The public can view and read ASTM

standards that are incorporated in U.S. federal regulations – at no cost – by visiting the ASTM Reading Room at [www.astm.org](http://www.astm.org).

In ASTM, each technical subcommittee is responsible for the maintenance of the standards under its jurisdiction. Subcommittees can update or revise their standards at any time and as often as they deem appropriate. This flexibility allows subcommittees to react quickly to advances in technology and to accommodate other industry changes.

ASTM Committee E50 on Environmental Assessment, Risk Management and Corrective Action was created in 1990 and there are currently nearly 1,000 members who maintain approximately 100 standards. The scope of the Committee includes but is not limited to multi-media environmental assessment and risk management issues including environmental assessment, environmental management, corrective action, due diligence, and sustainability. In particular, ASTM Committee E50, in coordination with other ASTM technical committees, can assist the Commission in carrying out its important mission more effectively by continuing to bring together stakeholders to develop voluntary consensus standards in three areas:

- Basic air, water, waste and land standards.
- International climate standards.
- Data, maps and other information to be preserved

Thank you for your time and attention. We sincerely value our relationships with our regulators and the shared commitment to climate and environmental needs. If you have any questions, please do not hesitate to contact ASTM Staff Manager, Molly Lynyak, at [mlynyak@astm.org](mailto:mlynyak@astm.org).

Regards,

*Tim Haley*

Tim Haley  
Chair, Committee E50

cc: Molly Lynyak  
ASTM Staff Manager