

June 7, 2022

The Honorable Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Proposed Rule: *The Enhancement and Standardization of Climate-Related Disclosures for Investors*
[File Number S7-10-22]

Via email: rule-comments@sec.gov

Dear Chairman Gensler:

Zions Bancorporation welcomes the opportunity to respond to the Proposed Rule: *The Enhancement and Standardization of Climate-Related Disclosures for Investors* (Proposal), recognizing the Commission's charge to "protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation."

We are one of the nation's premier financial services companies with annual net revenue of \$2.9 billion in 2021 and more than \$90 billion of total assets. We operate distinct brands in 11 western states: Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. We are a full-service bank that strives to create value for our customers, the communities we serve, our employees, and – most importantly – our shareholders.

We are a consistent recipient of national and state-wide customer survey awards in small and middle-market banking, as well as a leader in public finance advisory services and Small Business Administration lending, ranking as the tenth largest provider in the U.S. of the SBA's Paycheck Protection Program loans. We serve more than one million customers, of which nearly 25 percent are businesses. Nearly 90 percent of those business customers are small businesses with gross annual revenue less than \$10 million per institution.

Our stock is held by a diverse group of institutional and retail investors, including investment advisors, banks, hedge funds, pension funds, insurance companies, sovereign wealth funds, trusts, insurance companies, individual investors, and corporate insiders.

When engaging with our investors, our aim is to provide decision-useful information that is relevant and reliable, remaining mindful of, and accountable for, managing shareholder resources responsibly. In our experience to date, climate-related questions are seldom raised by investors, notwithstanding the increased interest in climate information more broadly (e.g., by some large institutional investors and ESG-oriented funds). This could be attributed, in part, to voluntary disclosure of related information in

our Corporate Responsibility Report, together with other existing disclosures related to our investing and lending activities.¹

As currently written, we do not believe that the Proposal would serve or protect the interests of the vast majority of investors due to:

- The excessive expected cost of compliance and the disproportionate emphasis on climate-related risk compared with other business risks;
- The attendant challenges of reliably identifying, assessing, and measuring climate impacts, which undermine the usefulness of resulting disclosure and impair comparability;
- The inoperability of many aspects of the Proposal such as the lack of fully developed standards and definitional elements, unworkable effective dates and transition provisions, and the implied data gathering requirements, the challenges of which would be exacerbated for institutions, such as ours, serving small businesses that do not collect greenhouse gas emissions (GHG) data and for which we have no contractual or legal right to obtain it;
- The potential for misinformation arising from double counting (or more) of emissions data and the tenuous correlation between financed emissions and climate-related risk for banks; and

Further, we believe the reporting burdens arising from this proposal will create a material disincentive for firms to access capital in the public markets and to list their securities on public exchanges.

We question whether a reasonable investor would choose to incur the costs required to comply with the far-reaching requirements in the Proposal in view of these challenges and obstacles, particularly given existing financial and non-financial disclosures (both voluntary and mandatory). As such, we believe that any final rule on climate-related disclosures should be much narrower in scope.

We recommend that the Commission adjust the Proposal, as follows:

- 1) Remove disclosure requirements for Scope 3 financed emissions, relying instead on existing disclosures regarding industry concentration such as Pillar 3 disclosures;²
- 2) Report Scope 1 and Scope 2 emissions data on a lagged basis (e.g., one year) using a separate, newly devised form that is furnished with the Commission and eliminate the associated independent attestation requirement given the attendant costs as well as the lack of qualified attestation providers and fully developed professional standards;
- 3) Allow registrants to report their Scope 1 and Scope 2 emissions data net of applicable offsets;
- 4) Remove the prescriptive one percent threshold for required disclosure of financial line-item impacts and the requirement to aggregate the absolute value of positive and negative impacts, allowing the “reasonable investor” standard of materiality³ to govern climate-related risk disclosure;

¹ Our 2021 Corporate Responsibility Report can be found on our website, www.zionsbancorporation.com.

² Among other requirements, banking institutions subject to Pillar 3 disclosures are required to disclose geographic distribution and industry or counterparty type distribution of exposures, categorized by major types of credit exposure.

³ The Supreme Court has held that a fact is material if there is “a substantial likelihood that the... fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.”

- 5) Rely on principles-based disclosure of climate-related risk management and related oversight and governance as opposed to the detailed, prescriptive requirements in the Proposal that exceed requirements for other business risks;
- 6) Remove the requirement to disclose projected principal financial impacts for registrants that use scenario analysis;
- 7) Provide a broad safe harbor for climate-related disclosures; and
- 8) Extend the proposed effective dates considerably to allow practitioners to mobilize and for associated measurements, standards, and risk management routines to mature (for example, we recommend that the Commission allow at least three years for large, accelerated filers to prepare for the new requirements after any final rule has been published).⁴

We believe that these recommended adjustments would greatly improve the relevance, reliability, and operability of the Proposal, and would further the Commission's mission of protecting investors by tailoring the requirements to meet the needs of most investors in a cost-effective manner.

We would be pleased to meet with you or your staff to discuss these recommendations. Please feel free to contact me [REDACTED] if you have any questions or if you would like to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harris H. Simmons", written in a cursive style.

Harris H. Simmons
Chairman and CEO

⁴ A minimum of five years (post rule finalization) would be required to prepare for Scope 3 disclosure requirements, if retained in the final rule.