

Galvanize Comments for Proposed SEC Climate Risk Disclosures

Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0609

Re: Proposed Rules on the Enhancement and Standardization of Climate-Related Disclosures for Investors (Release Nos. 33-11042; 34-94478; File No. S7-10-22)

June 13, 2022

Part I: INTRODUCTORY LETTER

Dear Ms. Countryman:

On behalf of Galvanize Climate Solutions (“Galvanize”), we welcome the opportunity to respond to the Securities and Exchange Commission’s (“SEC”) request for public comment on the Proposed Rules on the Enhancement and Standardization of Climate-Related Disclosures for Investors (the “Proposed Rules”).

Who We Are

Galvanize is a mission-driven investment platform established to provide the capital and expertise needed to produce, accelerate and scale urgent climate solutions. We are an SEC-registered investment adviser and currently provide advisory services to pooled investment vehicles whose objective is to invest in private equity, venture capital and expansion strategies and in other portfolio companies to enable climate solutions to occur faster and at a greater scale than would otherwise be the case. For the reasons set out below, we strongly support the Proposed Rules.

Why We Care

As long-term investors focused on financial returns and climate impact, we are driven by innovation, entrepreneurship, transparent markets, and fair competition. The mandated data disclosures in the SEC’s Proposed Rules are relevant to our work at Galvanize in three ways:

1. **The Proposed Rules will Provide Investors Like Us with Decision-Relevant Data.** As investors, we are consumers of the types of disclosures that the Proposed Rules mandate. We believe that, over our investment horizon, the emissions footprint of a company is going to impact its cost position, its attractiveness to consumers, and its ability and license to continue to operate. As long-term investors focused on financial returns, we have an interest in *all* publicly disclosed data being consistent and comparable, as it informs our analysis of the long-term trajectory of the business,

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assessment of potential acquirers, and customers.

- 2. The Proposed Rules Create Clarity and Efficiency for Companies.** We currently invest in private companies, many of which work closely with public companies. Some of our portfolio companies may become public in the future. The Proposed Rules will provide relevant information not just to investors in public companies but for customers and clients of those companies. The Rules also provide a blueprint for the public companies of tomorrow to begin operating with clarity and efficiency around reporting requirements *today*. A standardized framework against which companies can begin to plan their own disclosure activities will set them up for long-term success.
- 3. The Proposed Rules Enable the U.S. Economy to Remain Competitive.** The current lack of mandatory disclosures has left U.S. companies at a distinct competitive disadvantage with respect to those foreign jurisdictions that require climate related disclosures. By disclosing standardized climate risk data, U.S. companies will have better access to foreign capital from institutional investors who are aligning their portfolios with the Paris Agreement. Access to, and competition from, foreign markets will further create opportunities for U.S. led innovation.

Climate Risk Gives Rise to Financial Risk

There is a clear and pervasive link between climate risk and financial risk, including the economic cost of climate-related disasters, reduced crop yields, and increased insurance premiums, to name just a few examples. Climate risk demands careful consideration by investors and the financial community broadly.

In 2021, the domestic cost of climate-related disasters was \$145 billion dollars, with 20 separate disasters causing over \$1 billion in damage each.¹ According to the world's leading experts, these climate-related disasters will only become more frequent, prolonged, and severe in the coming decades.²

The climate crisis broadly affects many sectors of the U.S. (and the global) economy. One area where we can see the broad impact is shifting insurance risk profiles and increasing insurance costs. For example, last November, NASA released a study finding that climate change could drastically alter global corn and wheat production, projecting that corn yields could decline by

¹ NOAA, *2021 U.S. billion-dollar weather and climate disasters in historical context*, Climate.gov (Jan. 24, 2022), available at <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>. What is perhaps more noticeable than the price tag of the disasters is the sheer diversity in type: 1 winter storm; 1 wildfire; 1 drought & heat wave; 2 flood events; 3 tornado outbreaks; 4 tropical cyclones (Elsa, Fred, Ida and Nicholas); and 8 severe weather events. *Id.*

² A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA, pp. 109-230.

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24% while wheat could potentially see a 17% yield increase by 2030.³ Such fluctuations will cause farmers to increasingly rely on crop insurance (if available).⁴ The increasing cost of flood insurance for millions of Americans due to the National Flood Insurance Program's new risk calculation method that takes into account both a rise in sea levels and an increased threat of extreme weather is another example of shifting insurance risk profiles and increasing premiums.⁵ Insurance experts have labeled climate change "the No.1 long-term risk."⁶

Another area of significant impact is public health. Last September, 200 medical journals released an unprecedented joint statement, citing climate change as the "greatest threat" to global public health.⁷ It is easy to see why: in the U.S. alone, air pollution and climate change already generate more than an estimated \$800 billion in annual health costs.⁸

As an investor in 2022, we believe that it is critically important to conduct appropriate diligence on the transition and physical risks that a company is facing related to the climate crisis. At Galvanize, we firmly believe that the companies best positioned to deal with the realities of a changing climate, and those working to reverse the impacts, will be the ones that will do best financially in the long term.

Disclosures Are An Established Tool To Manage Risk

Reducing systemic risk has always been a central tenet of the SEC's longstanding commitment of protecting investors, maintaining fair, orderly, and efficient markets and facilitating capital formation. One of the central tools the SEC has at its disposal for advancing its mission is the creation of new disclosure requirements to respond to changing risk profiles.

By updating disclosure requirements to include climate risk data, the SEC is continuing its successful history of responding to changing market conditions by providing investors with timely, decision-useful information needed to make informed investment decisions.

³ Gray, Ellen "Global Climate Change Impact on Crops Expected Within 10 Years, NASA Study Finds," NASA (Nov. 21, 2021), available at <https://climate.nasa.gov/news/3124/global-climate-change-impact-on-crops-expected-within-10-years-nasa-study-finds/>

⁴ See Douglas, Leah, *U.S. crop insurance payouts rise sharply as climate change worsens droughts, floods*, REUTERS (January 27, 2022), available at <https://www.reuters.com/markets/commodities/us-crop-insurance-payouts-rise-sharply-climate-change-worsens-droughts-floods-2022-01-27/#:~:text=The%20cost%20of%20insuring%20crops,%2C%20soybeans%2C%20wheat%20and%20cotton.>

⁵ Flavelle, Christopher, *Climate Threats Could Mean Big Jumps in Insurance Costs This Year*, NEW YORK TIMES (February 22, 2021), available at <https://www.nytimes.com/2021/09/24/climate/federal-flood-insurance-cost.html>.

⁶ Irfan, Umair, *The \$5 trillion insurance industry faces a reckoning. Blame climate change*. VOX (October 15, 2021), available at <https://www.vox.com/22686124/climate-change-insurance-flood-wildfire-hurricane-risk>.

⁷ Choi-Schagrin, Winston, *Medical journals call climate change the 'greatest threat to Global Public Health'*. The New York Times (November 4, 2021), available at <https://www.nytimes.com/2021/09/07/climate/climate-change-health-threat.html>.

⁸ Batra, Neal, *et al*, *Why climate resilience is key to building the health care organization of the future*, Deloitte Insights (April 2, 2022), available at <https://www2.deloitte.com/xe/en/insights/industry/health-care/climate-change-and-health.html>.

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The SEC's Proposed Rules, as written, provide disclosure standards without prescribing specific actions that registrants must take beyond disclosures. The Proposed Rules create a mechanism through which investors like Galvanize are able to make their own data-driven decisions based on the information provided.

The Proposed Disclosures Are Necessary in the Context of Increasing Climate Risks.

The Proposed Rules ensure climate-related disclosures will be more complete and consistent, enabling investors to better compare, evaluate, and understand material financial risks before making investment decisions. Improving the consistency of these disclosures is critical to increasing decision-useful information. Like all market participants, we rely on the SEC to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

We fully support the Proposed Rules, particularly around mandating Scope 3 disclosures as a crucial step towards ensuring the SEC is able to effectuate its regulatory mission and respond to new and growing threats to the stability of the U.S. financial system.

In the technical comments below we detail our support for the Proposed Rules and elaborate how these disclosures will provide investors like us with decision-useful information around risk that can both create opportunities and lead to a more transparent and competitive US system.

We thank you for your time and consideration.

Tom Steyer

Co-Executive Chair, Galvanize Climate Solutions

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Part II: TECHNICAL COMMENTS

We are pleased to provide you with the following technical comments in response to the SEC's request for comment on the Proposed Rules.

1) The Proposed Rules create decision-useful information for investors to make determinations concerning climate related risks and opportunities.

As institutional investors, we want to know that prospective companies – and those in their supply chain – fully understand and account for climate risks and are transitioning accordingly. Crucial to this diligence effort is access to information regarding how companies are identifying and preparing for climate-related risks posed to their unique business operations. This type of data allows investors to assess whether companies have long-term, sustainable business models that will yield the highest rate of return.

If adopted, these Proposed Rules will yield decision-useful information that will enable investors to have better access to data including physical risks, transitional risks, and emissions-related risks.⁹ Without a basic understanding of what risks threaten an issuer and how they plan to address them, it is more difficult for investors to create a balanced and resilient portfolio.

Therefore, we agree with the Proposed Rules at 17 CFR 229.1502(a) and 229.1504. We urge the SEC to require issuers to disclose any climate-related risks that are reasonably likely to have a material impact on the issuer's business or consolidated financial statements.¹⁰ Additionally, we applaud the SEC's choice to require disclosure of any material climate related opportunities; just as investors have a right to know about material detriment, they should also be entitled to know about potential benefits.

As an innovation-focused firm, consistent and comparable data will help us better understand the potential market for our portfolio companies' products and services. Understanding both climate risks and opportunities that public companies face will help us make better investments in companies that help to solve those problems.

a) Disclosure of physical risks will enable investors to understand how climate change will affect the issuer's tangible business operations.

Weather patterns, shorelines, and temperature ranges that were once taken as given are beginning to shift. Different geographies inherently carry different forms and varying degrees of risk, and these geographic differences will only become starker as the pace of the climate crisis accelerates. There must be a mechanism for financial markets to reflect this reality, as

⁹ Response to Request for Comment 2, Page 57.

¹⁰ Response to Request for Comment 8, Page 72.

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continued economic stability depends on investors having access to information regarding how issuers are planning on protecting their physical assets in the face of a rapidly changing climate.

Through the Proposed Rules, the SEC is providing a mechanism through which issuers are required to disclose relevant physical risk information. This information will enable investors to compare operations across similarly situated issuers to determine which is best suited to adapt to changing physical conditions, thereby creating a higher degree of protection for investors and ultimately aiding in more capital formation.

The proposed disclosures are a natural continuation of the SEC's long standing use of disclosures to inform investors about physical and transitional risks. For example, in 1982, the SEC amended disclosure requirements on what is now Form S-K to require issuers to disclose "the location and general character of the principal plants, mines and other materially important physical properties of the registrant and its subsidiaries."¹¹ The newly amended regulation went on to require "such information as reasonably will inform investors as to the *suitability, adequacy, productive capacity and extent of utilization* of the facilities by the registrant." These disclosure requirements from 1982 mirror one of the goals of the Proposed Rules - to surface information about potential risks to physical assets.

For example, § 229.1502(a)(1) requires issuers to disclose "the location and nature of the properties, processes, or operations subject to the physical risk," as well as "how [the registrant] takes into account or reassesses the expected useful life of the registrant's assets." This type of disclosure (done properly) would no doubt include information about the suitability and productive capacity of the issuer's physical assets. While the cause of the risk in the Proposed Rules is explicitly climate-change, the spirit of the Proposed Rules are no different than amendments from 40 years ago: to provide investors with better information to make more informed decisions.

b) Disclosure of transitional risks will provide investors with vital information regarding how the issuer is preparing for regulatory changes and shifts in public opinion.

We agree with the Proposed Rules at 17 CFR 229.1503(a)(1)(i)-(iv). The SEC should require issuers to disclose how they expect climate change will influence laws and regulations relevant to their business operations and how such changes will impact the issuer's bottom line.¹² Similarly, the SEC should require issuers to disclose how they anticipate shifts in consumer preference and public opinion to influence their financial projections, as proposed.¹³

¹¹ 47 FR 1140 (1982).

¹² Response to Request for Comment 43, Page 113.

¹³ *Id.*

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We believe the following types of shifts could carry the most risk, or, under certain circumstances, present new opportunities:

Domestic Emissions Restrictions: One of the most important considerations for transitional risk disclosures includes determining whether an issuer's emissions profile could become an asset or a liability.¹⁴ This type of information will only be made reliably available through mandatory disclosure of Scope 1, 2 and in some cases, Scope 3 emissions.¹⁵ With verifiable emissions disclosures, investors would be able to determine how and to what extent issuers' emissions – and by extension, the issuers themselves – might be affected by future policy actions at the local, State, and Federal levels.

Preference for Environmentally Conscious Companies: The demands and preferences of consumers, investors, employees, and businesses are actively beginning to shift towards companies with strong Environmental, Social and Governance (“ESG”) commitments. “Net-zero” pledges and other climate metrics have accelerated this trend in recent years, with both public and private companies using climate action as a marketing mechanism and a recruitment strategy. Registrants who make such public declarations should be expected to provide information regarding their ability to meet their voluntary commitments, especially those that center on emissions reductions. Investors would benefit from knowing which issuers choose *not* to engage in voluntary climate initiatives, as management teams that are ignoring ESG risks are likely vulnerable to threats that competitors may have foreseen.

International Climate Policy: Transitional risks cannot be seen in domestic isolation. Investors want to know that issuers understand how changes in international climate policy could disrupt their domestic financial outlook. Transnational policies such as carbon border adjustments, carbon pricing, and emissions trading schemes all have the potential to impact U.S.-based issuers' current and future financial statements.

c) Disclosure of Scope 3 emissions will provide investors a holistic picture of climate risks associated with their investment decision.

As Commissioner Herren Lee stated, “There is a concentration of risk in the financial sector that is not readily ascertainable except through Scope 3 emission disclosures.”¹⁶ By some estimates, in some industries the average company's Scope 3 emissions (often referred to as

¹⁴ Response to Request for Comment 94, Page 183.

¹⁵ A prerequisite for determining emission exposure risk is understanding the issuer's overall emission profile. As we discuss in Section 1(c), we support the inclusion of the Scope 3 emissions disclosure standards found at 17 CFR 229.1504(c).

¹⁶ Comm. Allison Herren Lee, *Playing the Long Game: The Intersection of Climate Change Risk and Financial Regulation*, Keynote Remarks at PLI's 52nd Annual Institute on Securities Regulation (Nov. 5, 2020), available at <https://www.sec.gov/news/speech/lee-playing-long-game-110520>.

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supply chain emissions) are 5.5 times higher than the direct emissions from its own assets and operations.¹⁷

We acknowledge that presently, Scope 3 estimates may pose challenges for some registrants and sources compared to Scope 1 and 2 emission estimates, as Scope 3 emissions calculations may rely on a wide array of assumptions and must avoid double counting. While we encourage a clear incentive for actual data over approximations, an estimate is far more valuable than no data at all and some methods for estimating these emissions are more accurate than others. The Proposed Rules should indicate a clear preference for actual data where it exists and is available, and allow use of industry averages in other instances. Over time, this approach is more likely to lead to widespread adoption of a superior accounting method based on actual supply chain emissions.¹⁸ And it is far superior to a vague materiality standard that is fleshed out in the courts.

Mandating Scope 3 Disclosure Will Accelerate the Learning Curve and Drive Down Disclosure Costs. The GHG Protocol Scope 3 accounting and reporting standard referenced by the Proposed Rules were first published in 2011 and is now in use at thousands of major companies across the world.¹⁹ The mere act of attempting to quantify and submit Scope 3 emissions over the course of the last 11 years is driving a level of formulaic rigor in emissions calculations as well as accelerating the market opportunity for companies operating in the emissions accounting space. The burgeoning regulatory technology market is already providing issuers the ability to identify, track, and measure their Scope 1 - 3 emission.²⁰

As a firm that is exclusively focused on investing in innovative companies in climate, we have seen this first hand. Over the course of the last year, our team has fully examined the ecosystem of businesses focused on enabling companies to implement the emissions accounting necessary to comply with the Scope 1, 2, and 3 disclosure requirements of the Proposed Rules. As long-standing investors in the software ecosystem, our assessment of this space is that while it is young, these companies are quickly scaling the experience curve to

¹⁷ Cannon, Charles, Suzanne Greene, Thomas Koch Blank, Jordy Lee, and Paolo Natali. *The Next Frontier of Carbon Accounting: A Unified Approach for Unlocking Systemic Change*. Rocky Mountain Institute, 2020. <https://rmi.org/insight/the-next-frontier-of-carbon-accounting/>.

¹⁸ See Kaplan, Robert S., Ramanna, Karthik, *We Need Better Carbon Accounting. Here's How to Get There*, *Harvard Business Review* (April 12, 2022), available at <https://hbr.org/2022/04/we-need-better-carbon-accounting-heres-how-to-get-there>.

¹⁹ See <https://www.cdp.net/en/articles/media/cdp-reports-record-number-of-disclosures-and-unveils-new-strategy-to-help-further-tackle-climate-and-ecological-emergency> and <https://ghgprotocol.org/standards>

²⁰ See FINTECH, REGTECH AND THE ROLE OF COMPLIANCE 2021, Thomson Reuters (2020), available at <https://legal.thomsonreuters.com/content/dam/ewp-m/documents/legal/en/pdf/reports/fintech-regtech-and-the-role-of-compliance-in-2021.pdf>. When asked about the greatest benefits or value firms expect to see from financial and regulatory technology in the next year, firms responded that (1) improved efficiency, (2) greater transparency in decision-making and (3) cost reductions were the highest priority. *Id.* at 13.

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develop a robust, scalable, and affordable tool set. The sooner the SEC is able to provide regulatory clarity and consistency, the lower the cost of compliance will be.

Safe Harbor Provision Should Be Phased Out While Attestation Should Be Phased In: We are in support of the Commission's use of the Safe Harbor Provision to protect against any potential chilling effect the Proposed Rules could have on Scope 3 disclosure. We agree that issuers should not be held liable for imprecision or inaccuracies unless the SEC is able to demonstrate fraudulent intent. However, we believe that the Safe Harbor Provision should be phased out over time as Scope 3 emissions data becomes more reliable. Similarly, we agree with the Proposed Rules at 17 CFR 229.1505(a) that attestation is necessary for Scope 1 and Scope 2, but not Scope 3 at the present time. Similar to our suggestion to phase *out* the Safe Harbor Provision for Scope 3, the attestation requirement for Scope 3 should be phased *in* over the mid-to-near term. One potential approach to phasing in the attestation requirement for Scope 3 emissions could be requiring issuers to attest to the process or methodology for calculating their Scope 3 emissions, but not the end result of such calculations.

2) Standardized climate and emissions disclosures will create efficiency, clarity, and additional market opportunities.

Overall, we believe that the more consistent and comparable data provided by the implementation of the Proposed Rules will help create a more level playing field for investors.

Ensuring the comparability of disclosures across issuers is a necessary condition to creating decision-useful information for investors. The SEC's choice to align the Proposed Rules with the Task Force on Climate Related Financial Disclosures ("TCFD") will elicit consistent, comparable, and reliable climate-related disclosures by providing issuers with a clear reporting framework.²¹ Modeling off the TCFD will also streamline data collection and reporting, thereby reducing reporting burdens for companies over a short time horizon.²²

While there is a cost of compliance with these disclosures there is also a cost of allowing the patchwork of reporting regimes to flourish. This lack of standardization means climate-related information that companies proactively choose to provide is not comparable across industries or sectors. Spending time to measure and disclose this type of information voluntarily is laudable, yet the information provided is often not decision-useful to investors without standardization. Indeed, a recently published survey of issuers with a combined market capitalization of over \$3.8 trillion dollars found that, on average, corporate issuers are spending

²¹ Response to Request for Comment 3, Page 57.

²² For a detailed look at the cost of compliance, see The Sustainability Institute by ERM, *Costs and Benefits of Climate-Related Disclosure Activities by Corporate Issuers and Institutional Investor* (May 17, 2022), available at <https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/costs-and-benefits-of-climate-related-disclosure-activities-by-corporate-issuers-and-institutional-investors-17-may-22.pdf?mkt_tok=MTI3LUxRUjQ2ODgAAAGEcXUPFBAH_GK_Tt0qDWiyVg-EH1Sm52kM-ML_iPFxWSio9n7T6y-gTX21iCuG3g48DcqU68GhCYkih_p5ZzyraRZ3Da0C9644-XkyZo>

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\$533,000 annually on climate-related disclosure activities, while institutional investors are spending an average of \$1,372,000 annually to acquire and analyze climate data to inform their investment decisions.²³ The cost of annual *voluntary* climate-related disclosures is merely \$3,000 more than the SEC's own cost estimate of Rule implementation.²⁴

Instead of wasting both issuers' and investors time compiling and sorting through data with little real world utility, standardized disclosures will enable investors to more efficiently identify companies that present the best investment opportunities in light of climate-related risks. The Proposed Rules also reduce regulatory uncertainty and promote efficient disclosure practices for issuers.

Consistent, comparable, and widespread disclosure of climate risks and opportunities is central to our work as investors. Even though our main investment activity today at Galvanize is private equity, many companies in our portfolio either partner with or sell products and services to publicly traded companies. Some of our portfolio companies may be acquired by publicly traded companies or even go public themselves. Understanding from the outset what public companies must disclose, and in what manner, will enable private companies to operate with more clarity regarding the data and information they need to collect today, and may need to disclose in the future.

3) The Proposed Rules will create a more competitive US market.

As the global financial system moves to address the impacts of the climate crisis, more countries are beginning to adopt climate-related financial disclosures.²⁵ Keeping pace is critical to the sustained growth, competitiveness, and success of the U.S. economy. Therefore, we agree with the SEC that use of the TCFD framework would act to mitigate the reporting burden for issuers and facilitate understanding of climate-related information by investors as the framework is widely used by companies domestically and internationally.²⁶ Further, we believe harmonizing with an internationally recognized reporting framework would open up additional sources of capital, such as overseas green bond markets, for U.S. companies.

²³ ERM, *et al*, "Costs and Benefits of ClimateRelated Disclosure Activities by Corporate Issuers and Institutional Investors" (May 17, 2022), available at <https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/costs-and-benefits-of-climate-related-disclosure-activities-by-corporate-issuers-and-institutional-investors-17-may-22.pdf>

²⁴ Proposed Rules at 390.

²⁵ Countries that currently or will soon align with TCFD (Brazil, the European Union, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Switzerland, and the United Kingdom).

²⁶ Response to Request for Comment 3, Page 57.

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a) Aligning climate disclosures around an internationally accepted standard will enable US Companies to be more competitive in the global economy.

The SEC's decision to build on TCFD is responsive to investor calls for global standards. The lack of standardization and comparability leaves U.S. companies and investors at a relative disadvantage to global counterparts; falling behind foreign companies that are already able to reliably quantify and report this information, and attract investment because of it. U.S. companies are already effectively at a disadvantage when seeking to operate or do business with foreign countries that require this type of information.

In many instances, multinational companies that are listed on public markets already face carbon pricing in the EU and China. However, because we don't have disclosures today - particularly from companies with operations facing a carbon pricing regime - we, as investors, are not being presented with a true and fair view of the financial risk and potential liabilities. Any company that has manufacturing facilities, power facilities, or basic industry exposure in Europe today will be exposed to the EU Emissions Trading System. If those companies are not similarly required to disclose their emissions, investors like us will not be able to determine the extent of that liability. This is a deficiency in our current disclosure requirements that the Proposed Rules would help address.

b) The Proposed Rules will create opportunities for U.S.-based companies to innovate

The lack of consistency amongst climate-related disclosures also leaves the United States increasingly behind other major capital markets and financial centers, which are moving forward with uniform, regulated schemes that not only address climate change but also attract capital from the increasing number of financial institutions and asset owners that are aligning their investment decisions with the Paris Agreement. Companies that have more sustainable business models have higher multiples in global public equities markets. Therefore, we believe there is an incredible opportunity for U.S. companies to not just catch up, but to become leaders in this space and ensure the global marketplace is looking to the SEC as the gold-standard when it comes to this type of disclosure.

These disclosure mechanisms will also filter down to create individual economic opportunities for U.S.-based companies. Many of the US-based companies Galvanize has looked at for potential investment are already looking to the European market for opportunities created by the EU regulatory environment and, in some cases, are identifying more growth opportunities in Europe than the United States. By adhering to the TCFD recommended disclosures, U.S. companies would likely be in a position to acquire international financing in the form of green bonds previously inaccessible due to lack of climate risk data. Companies that are part of a robust climate risk disclosure regime will also likely see a lower cost of debt than companies who are not required to provide such information.

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Conclusion

The information disclosed under the Proposed Rules will have an overall net-positive impact on the U.S. financial system and on investors' ability to make sound investment decisions in light of a rapidly changing climate and related risk profiles. The Proposed Rules, while creating new data requirements, are consistent with other risk disclosures required by the SEC and are well suited to eliciting decision-useful information regarding issuers climate-risks. We support the SEC in implementing these Proposed Rules.