

June 16, 2022

VIA ELECTRONIC MAIL to rule-comments@sec.gov

The Honorable Gary Gensler
Chair
U.S. Securities & Exchange Commission
100F Street NE
Washington, D.C. 20549

Re: Response to Request for Public Input on Climate Change Disclosure

Dear Chair Gensler:

As an accounting professional with a background in environmental science, I welcome the invitation for public comment on the proposed climate change disclosure requirements. I am writing to provide useful feedback on specific items that the Commission has requested for comment. In general, I agree with utilizing the TCFD framework. The SEC's proposal has utilized a protocol that most companies are already using to calculate their greenhouse gas emissions and a reporting framework built by preparers and users of financial disclosures across the G20. Thank you for utilizing these two robust resources. In addition, as you know, the ISSB has also issued their exposure draft for IFRS S2 Climate-related Disclosures. I would encourage the SEC to align with the IFRS/ISSB Disclosure Standard as much as possible, particularly with regards to the industry-based disclosure requirements as that would give the strongest chance of consistency and comparability to the widest range of filers within an industry. In essence my comments below continue to go back to a fundamental question: what is the purpose of the disclosure? I believe the purpose of a disclosure is to inform investors and provide a way for a company to communicate their internal quality control and risk review procedures. My response to the request for comments has been prepared with this in mind.

In regards to the specific feedback you were hoping for, please see the below information that is listed by "Request for Comment" number. I hope you find this information helpful.

#8 – In regards to requiring a registrant to disclose any climate-related risks that are reasonably likely to have a material impact on the registrant, the answer is **yes**. Any material impacts to the financial statements that would affect an investor's decision should be disclosed on the financial statements. As far as specifying a particular time-period or minimum or maximum range of years, I believe time period definitions should be consistent with the financial data and financial projections already disclosed in the financial statements, whether that's as a disclosure, in the M&A section or on the financial statements themselves. However, consideration should be given to the time period with which the topic is relevant. Since there are a number of different possibilities in regard to what may be relevant to a registrant, my suggestion is to allow the registrant to define what they consider as short-, medium- and long-term as long as that definition is applied consistently throughout their filing.

Although climate change is a long-term process, there is an immediate call for action by investors and consumers. We are currently experiencing the effects of a changing climate and the

timeline definitions included in the filings should include both a consistency with financial data and the immediacy called upon by investors and consumers. I would emphasize the immediate impact within the short-term range. One year may be too long as the starting point for a minimum of the definition of 'short-term'. I would suggest starting with the immediate impact. This would emphasize what companies can immediately take action on and what benefits that currently provides as well as immediate reductions in greenhouse gas emissions.

#12 – In regards to the identification of properties or processes subject to an identified material risk, I would suggest the geographic information that should be included in the disclosures should be as much about the business itself as about the environment in which it operates. However, the disclosure should only disclose geographic detail to the extent necessary to show to relationship between the climate-related risk or opportunity and the business' operations. If the climate-related risk is not bound by zip codes, then it does not make sense to report the concerns by zip codes. As an example, a beverage-producing company that operates the beverage-making portion of its operations in a water-stressed region, should be disclosing the area in which they are drawing water from, but that place may not be within one zip code. Water use is often discussed in peer reviewed articles and by the federal and state agencies overseeing those resources in geographic terms such as watersheds, basins or even aquifers. For example, the US Geologic Service reports water usage data in terms of watersheds (<https://www.usgs.gov/mission-areas/water-resources/science/total-water-use>). All of these transcend social and political boundaries, such as zip codes and state or municipal boundaries. As such, it would be more beneficial to report those material concerns in terms of named watershed or water source from which the registrant is dependent on.

In addition, here is some information directly from the Water Resilience Assessment Framework (WRAF) from the UN Global Compact that would address the usefulness of how geographic information is reported: "There are numerous examples of water accounting methods, tools and practices that are used to assess water status and trends. These assessments can be done through the creation of local and global datasets on water availability both in quantity and quality, access, and use (e.g., WA+, FAOSTAT, WaterStat). In many cases, these approaches are designed for specific sectors, or to address specific water resource challenges. For example, the framework presented by Huink and colleagues (2019), which has been applied across five river basins in Europe, helps to synthesize basin-level information on climate change impacts to support policymaking on climate adaptation, water resources and agriculture. Many other approaches may be used for the WRAF process, and the selection will vary based on factors such as the challenges faced within the system, the stakeholders involved and data availability." (Water Resilience Assessment Framework - <https://ceowatermandate.org/resilience-assessment-framework/>)

By requesting the information to be reported in a consistent and comparable way to the agencies' that oversee those natural resources it would provide the highest level of comparability among issuers and publicly available data and reports. In addition, users of the resource could start to understand the larger picture of the management of the natural resource their business depends on as well as their part in the overall use of the resource. It could also help registrants communicate risks and opportunities. Here are two examples from the WRAF:

Ex #1: "Denver Water (a utility service) in Colorado, USA, receives the majority of its water supply from forested ecosystems on the eastern slopes of the Rocky Mountains, well beyond their

service area's physical boundary. This forest functions as vital infrastructure for the utility and bolsters their system's resilience. In the WRAF process, Denver Water would likely include these distant forested ecosystems within its system boundary."

Ex #2: "Many companies are looking to build long-term resilience and improve water security by investing in nature-based solutions. Danone, for example, has invested in nature-based solutions in the Rejoso watershed in Indonesia. Unsustainable practices throughout the watershed led to serious water shortages, erosion and poor water quality. These challenges were, in part, caused by excess chemical application and inefficient water use by farmers, a general intensification of agriculture due to higher food demands from population growth, as well as increased water extraction from urbanization. Danone partnered with local NGOs, academic institutions and local farmers to understand the system components, including the different communities and organizations located within the watershed and their dependence on the water resources, governance and management structures, existing infrastructure and landscape elements. Defining the system characteristics enabled the company to develop a broader set of actions to enhance system resilience."

14 – In regards to requiring the quantification of assets where a material risk is directly connected to the location of assets in regions of high or extremely high water stress, **yes**, registrants should be required to report both the book value and the percentage of its total water usage from water withdrawn. This would provide readers of the disclosures with both an idea of the relative materiality and importance of the asset to the business as well as the asset's relative responsibility for water stress on the water system as a whole, something the SASB would call "double materiality". In order to provide useful & comparable information, they should be disclosing the total amount of water withdrawal from each source and 1) the percentage that they are responsible for and 2) the % of their production that is relying on that water intake. For example, a peer reviewed journal article from Science Direct concluded: "Estimates of water withdrawal show the level of rivalry and reliance on water assets. Withdrawing water faster than it can be replenished may mean an inability to meet both present and future needs. Abuse of water can likewise hurt environments, especially those that rely upon shallow ground water or lasting streams. Requests that surpass supply can prompt clashes between clients, among upstream and downstream groups, and between withdrawal needs and recreational and natural interests (Hossain, 2015)." (<https://www.sciencedirect.com/topics/engineering/water-withdrawal>)

#18 – In regards to the definition of climate-related opportunities as proposed, **yes**, I agree with the proposed definition. In regards to the question of green-washing, it should be addressed by allowing registrants to disclose opportunities in a broad sense without having to quantify the exact amount of projected benefit as well as having the registrant confirm that they have applied the same level of independence and professional skepticism to that information as they have to the rest of their financial statements. They may also be required to report out the progress on any listed opportunities until the opportunity has either passed or the initial goal has been reached. By being able to track the progress of the opportunities presented year-over-year, investors and credit-rating industries can make comparable analysis as to a company's progress over time as well as on an industry-by-industry basis.

20 – In regards to requiring a registrant to disclose climate-related impacts on, or any resulting significant changes made to, its products or services, supply chain or value chain, activities to mitigate or

adapt to climate-related risks, including adoption of new technology, **yes** the SEC should require the disclosure of impacts resulting in significant changes to its supply or value chain as well as activities or measures that have been put in place to safeguard against supply chain disruptions. Significant changes in these areas could lead to going concerns related to a business' feasibility and profit margins if there are no alternatives in place. As the world has seen with COVID, global supply changes were severely disrupted and many businesses were negatively affected. If there is a concern over privacy or strategy, one alternative might be to allow companies to state that they have reviewed their supply chain and have measures in place to safeguard disruptions without specifying all of the details. However, again, statements should be certified as being made with both the same professional skepticism and independence as has been used while preparing their financial statements.

Thank you for taking the time to draft this proposal. I look forward to the final version.

Sincerely,

A handwritten signature in cursive script that reads "Jacklyn Beebe".

Jacklyn Beebe

Accountant, Environmental Scientist and Concerned Citizen