

17 June 2022

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

submitted by email to: rule-comments@sec.gov

Institut der Wirtschaftsprüfer
in Deutschland e. V.

Wirtschaftsprüferhaus
Tersteegenstraße 14
40474 Düsseldorf
Postfach 32 05 80
40420 Düsseldorf

TELEFONZENTRALE:
+49(0)211/45 61-0

FAX GESCHÄFTSLEITUNG:
+49(0)211/4 54 10 97

INTERNET:
www.idw.de

E-MAIL:
info@idw.de

BANKVERBINDUNG:
Deutsche Bank AG Düsseldorf
IBAN: DE53 3007 0010 0748 0213 00
BIC: DEUTDE33XXX
USt-ID Nummer: DE119353203

**Re.: SECURITIES AND EXCHANGE COMMISSION 17 CFR 210, 229, 232,
239, and 249 [Release Nos. 33-11042; 34-94478; File No. S7-10-22] RIN
3235-AM87**

**The Enhancement and Standardization of Climate-Related Disclosures for
Investors**

Dear Ms. Countryman,

We would like to thank you for the opportunity to provide U.S. Securities and Exchange Commission with our comments on SECURITIES AND EXCHANGE COMMISSION 17 CFR 210, 229, 232, 239, and 249 [Release Nos. 33-11042; 34-94478; File No. S7-10-22] RIN 3235-AM87.

The Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW) represents the Wirtschaftsprüfer [German public auditors] (WP) profession in Germany. Amongst our membership, we include a number of German firms currently registered with the PCAOB who may be involved in financial statement audits of US issuers or foreign private issuers.

Rather than commenting on each aspect of the proposals contained in the above-mentioned file (hereinafter: "the Proposal"), we have restricted our comments to selected specific aspects pertaining to foreign private issuers, on the basis that the Proposal would also impact those of our members who currently, or in future may, registered with the PCAOB in so far as the proposed climate-related financial statement metrics and supporting disclosures could be included in the financial statements and thus subject to audit procedures within

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
Dr. Daniela Kelm, RA LL.M.;
Melanie Sack, WP StB

Page 2 of 4 to the Comment Letter to the SEC of 17 June 2022

the scope of audit of the financial statements, including requirements regarding internal control over financial reporting.

The Proposal may also potentially impact our members if, in future, they were to perform or be substantially involved in an attestation engagement for a proposed Scope 1 and Scope 2 GHG Emissions Disclosure of an issuer required to file such an attestation report.

General comments

Our members have expressed their support for the ongoing initiatives to develop a global baseline for reporting entities to ensure a basic level of consistency in sustainability reporting. Furthermore, to the extent that SEC registrants will require information from non-US suppliers or other third parties within their value chains for the purposes of calculating Scope 3 emissions, a global baseline would be beneficial.

To this end, we support the fact that the ISSB has recently established a Jurisdictional Working Group to enhance compatibility between global baseline and jurisdictional initiatives on sustainability disclosures, with representatives of the US Securities and Exchange Commission and the European Commission amongst its membership. We also support the fact that the SEC has chosen to consult on its Proposal and on the impact on foreign private issuers in particular.

Responses to selected questions relevant to foreign private issuers:

Q. 183 *“Should we adopt an alternative reporting provision that would permit a registrant that is a foreign private issuer and subject to the climate-related disclosure requirements of an alternative reporting regime that has been deemed by the Commission to be substantially similar to the requirements of proposed Subpart 1500 of Regulation S-K and Article 14 of Regulation SX to satisfy its disclosure obligations under those provisions by complying with the reporting requirements of the alternative reporting regime (“alternative reporting provision”)? If so, should we require the submission of an application for recognition of an alternative reporting regime as having substantially similar requirements for purposes of alternative reporting regarding climate-related disclosures?”*

Page 3 of 4 to the Comment Letter to the SEC of 17 June 2022

Yes. We support the principle of allowing foreign private issuers to report in accordance with an alternative reporting provision that has been assessed and considered substantially similar to the final SEC requirements.

Q 184. *“... Are there certain climate-related disclosure requirements that have been adopted or are in the process of being adopted in other jurisdictions that we should consider to be substantially similar to the Commission’s rules for purposes of an alternative reporting provision? If so, which requirements should we consider?”*

For foreign private issuers in Germany sustainability reporting under the so-called Corporate Sustainability Reporting Directive, which at the date of this letter is in the process of finalization would be a potential alternative reporting provision for the SEC to consider assessing in this context.

Q. 185. *“If we adopt an alternative reporting provision, should it be a mutual recognition system, so that, as a condition of our recognition of a particular jurisdiction as an alternative reporting regime, that jurisdiction must recognize the Commission’s climate-related disclosure rules as an alternative reporting system that a registrant dual-listed in the United States and the other jurisdiction may use to fulfill the foreign jurisdiction’s climate-related disclosure rules?”*

As explained above, we believe that the achievement of a global baseline for sustainability -related reporting would be valuable in terms of allowing compatibility to drive investment towards sustainable behaviors. In principle it would be appropriate to seek to achieve mutual recognition of reporting provisions between the US and Europe to the extent possible.

Q. 187. *“If we adopt an alternative reporting provision, should we require a registrant using that system to:*

- *State in the filing that it is relying on this alternative reporting provision;*
- *Identify the alternative reporting regime for which the climate-related disclosure was prepared;*
- *Identify the exhibit number of the filing where the alternative disclosure can be found; and •*

Page 4 of 4 to the Comment Letter to the SEC of 17 June 2022

- *File a fair and accurate English translation of the alternative climate-related disclosure if in a foreign language?*

Would these requirements enhance the accessibility of the alternative disclosures?”

The suggested clarifications would be appropriate in cases where an alternative reporting provision has been applied.

Q. 189. *“An International Sustainability Standards Board (ISSB) has recently been created, which is expected to issue global sustainability standards, including climate-related disclosure standards. If we adopt an alternative reporting provision, should that provision be structured to encompass reports made pursuant to criteria developed by a global sustainability standards body, such as the ISSB? ...”*

As explained above, we support the development of a global baseline. Consequently, we would also support the SEC allowing an alternative reporting provision to encompass reports made pursuant to criteria developed by the ISSB, as such a global baseline. Furthermore, as noted in our response to q. 183 above, we also support the principle of allowing foreign private issuers to report in accordance with an alternative reporting provision that has been assessed and considered substantially similar to the final SEC requirements, such as that due to be finalized for application within the European Union.

We would be pleased to provide you with further information if you have any additional questions about our response, and would be pleased to be able to discuss our views with you.

Yours truly,



Klaus-Peter Naumann
Chief Executive Director



Bernd Stibi
Technical Director Reporting