



June 17, 2022

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

Re: File Number S7-10-22
Submitted via E-mail

Dear Ms. Countryman:

The American National Standards Institute's National Accreditation Board (ANAB) appreciates this opportunity to respond to the United States Securities and Exchange Commission's (SEC) request for public comment on its proposed amended rule changes entitled, "The Enhancement and Standardization of Climate-Related Disclosures for Investors" hereinafter referred to as the "Proposed Rule". ANAB supports the SEC's efforts to provide investors with comparable, consistent, and reliable disclosure of sustainability information necessary to inform investment and voting decisions.

Background on ANAB and its involvement with greenhouse gas emissions (GHG) disclosure.

ANAB is a U.S.-based nonprofit organization that oversees the work of conformity assessment bodies in numerous fields. ANAB is the largest multi-disciplinary accreditation body in North America and the only peer recognized accreditation body operating an accreditation program for oversight of greenhouse gas (GHG) validation and verification bodies (attestation providers)¹ in the United States. ANAB operates in compliance with international standards and requirements for accreditation bodies as outlined in ISO/IEC 17011 *Conformity assessment – Requirements for accreditation bodies accrediting conformity assessment bodies* and accredits greenhouse validation and verification bodies to the requirements of ISO 14065, *General principles and requirements for bodies validating and verifying environmental information* and related standards, as outlined in more detail below.

ANAB is recognized globally as a signatory to the International Accreditation Forum (IAF) Multilateral Recognition Arrangement (MLA) and regionally as signatory to both the Inter-American Accreditation Cooperation (IAAC) MLA and Asia Pacific Accreditation Cooperation (APAC) MRA. ANAB undergoes rigorous peer evaluations in order to maintain its international recognition in this field.

¹ Validation and verification are defined in ISO 14065:2020 respectively as, validation – process for evaluating the reasonableness of the assumptions, limitations and methods that support an environmental information statement about the outcome of future activities, and verification - process for evaluating an environmental information statement based on historical data and information to determine whether the statement is materially correct and conforms to criteria. For the purpose of aligning terminology used in our comments, "attestation" and "attestation providers" as referred to in the Proposed Rule are synonymous with verification and validation, and verification bodies (VVBs), respectfully.

ANAB ISO 14065 accredited validation and verification are widely recognized or required across a number of mandatory and voluntary GHG disclosure programs. As noted by SEC as well as by the many commentators on the SEC's request for public comment on the Proposed Rule, the landscape of sustainability disclosure is fragmented among reporting standards and frameworks. ANAB accreditation helps to ensure consistency and transparency of GHG disclosures by ensuring that validation and verification bodies meet robust requirements for performing validation or verification engagements, managing impartiality, and maintaining competent personnel. ANAB accredited attestation providers represent engineering firms, accounting firms, qualified environmental consultants, and other specialized GHG validation and verification providers. These accredited attestation providers are required to perform their verification work according to the following international standards:

- ISO 14065, *General principles and requirements for bodies validating and verifying environmental information.*
- ISO 14064-3, *Greenhouse gases – Specification with guidance for the verification and validation of greenhouse gas statements*
- ISO 14066, *Greenhouse gases – Competence requirements for greenhouse gas validation teams and verification teams.*

ISO 14064 series standards specify the internationally prevailing data compilation, detection and quantification and verification methods for GHG emissions for organizations and projects. These standards can improve the consistency, transparency, and reliability of reported GHG emissions and can facilitate higher quality attestation. Some of the programs recognizing or requiring ANAB accredited validation or verification include:

- Province of Alberta, Technology Innovation and Emissions Reduction Regulation²,
- American Carbon Registry³,
- Architecture for REDD+ Transactions, The REDD+ Environmental Excellence Standard⁴,
- British Columbia Greenhouse Gas Emission Reporting Regulation⁵,
- British Columbia Greenhouse Gas Emission Control Regulation⁶
- Climate Action Reserve⁷
- The Climate Registry's Greenhouse Gas (GHG) Reporting Program or Carbon Footprint Registry⁸,
- Canadian Greenhouse Gas Offset Credit System Regulations: SOR/2022-111⁹,
- Canadian Output-Based Pricing System Regulations¹⁰,
- Canadian Clean Fuel Regulations¹¹,
- The Gold Standard, Standard for the Global Goals¹²,
- Ontario Regulation O.Reg. 390/18¹³,

² <https://www.alberta.ca/technology-innovation-and-emissions-reduction-regulation.aspx>

³ <https://americancarbonregistry.org/>

⁴ <https://www.artredd.org/trees/>

⁵ https://www.bclaws.gov.bc.ca/civix/document/id/lc/statreg/249_2015

⁶ https://www.bclaws.gov.bc.ca/civix/document/id/lc/statreg/250_2015

⁷ <https://www.climateactionreserve.org/>

⁸ <https://www.theclimateregistry.org/>

⁹ <https://www.codifylaws.com/canada-bill-details/sor-2022-111-canadian-greenhouse-gas-offset-credit-system-regulations-federal-regulation/r/recwt3tvuUZatUkiq>

¹⁰ <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2019-266/index.html>

¹¹ https://publications.gc.ca/collections/collection_2020/eccc/En4-419-4-2020-eng.pdf

¹² <https://globalgoals.goldstandard.org/109-par-validation-verification-body-requirements/>

¹³ <https://www.ontario.ca/laws/regulation/180390>

- Oregon Department of Environmental Quality, GHG Reporting Program¹⁴,
- Quebec Regulation Q-2, r.15 Reporting Regulation¹⁵,
- Quebec Regulation Q-2, r.46.1 Cap & Trade Regulation¹⁶,
- International Civil Aviation Organization (ICAO), Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)¹⁷,
- Verra's Verified Carbon Standard¹⁸
- World Bank Forest Carbon Partnership Facility¹⁹

Q 115. Should we require a registrant to use a particular methodology for determining its GHG emission metrics? If so, should the required methodology be pursuant to the GHG Protocol's Corporate Accounting and Reporting Standard and related standards and guidance? Is there another methodology that we should require a registrant to follow when determining its GHG emissions?

We recommend that SEC recognize additional programs to the GHG Protocol. Both the GHG Protocol as well as ISO 14064-1, *Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals* are commonly used for reporting greenhouse gas emissions. The two standards share common reporting principles and both are widely used in GHG disclosure. ISO 14064-1 has also been developed, and updated, with due process procedures. ISO 14064-1 should therefore be recognized as an acceptable disclosure standard under the Proposed Rule. In addition, the Climate Registry's General Reporting Protocol outlines best practice in GHG accounting and has also been developed by achieving consensus among industry, environmental and government stakeholders. Therefore, we recommend that it should also be recognized as an acceptable GHG reporting standard in the Proposed Rule.

Q 135. Should we require accelerated filers and large accelerated filers to obtain an attestation report covering their Scope 1 and Scope 2 emissions disclosure, as proposed? Should we require accelerated filers and large accelerated filers to obtain an attestation report covering other aspects of their climate-related disclosures beyond Scope 1 and 2 emissions? For example, should we also require the attestation of GHG intensity metrics, or of Scope 3 emissions, if disclosed?

ANAB supports the SEC's requiring accelerated registrants and large accelerated registrants to obtain an attestation (verification) report covering their Scope 1 and Scope 2 emissions disclosures. Since its inception in 2007, the ANAB GHG accreditation program has learnt that even organizations with mature GHG disclosure practices can misstate emissions and make other reporting errors. ANAB is also in support of requiring attestation of GHG intensity metrics. Attestation for Scope 3 emissions presents a greater challenge. The typical magnitude of a company's Scope 3 emissions make this an essential category to monitor and disclose. However, there are challenges with reporting and verifying Scope 3 emissions such as data uncertainty, reliance on assumptions, and risk of double counting. Therefore, we recommend that if SEC requires attestation for Scope 3 emissions that it allow a limited level of assurance engagement to be provided as per ISO 14064-3, and also that it considers phasing in such a requirement over a longer time period. Setting a future goal for limited assurance attestation of Scope 3

¹⁴ <https://www.oregon.gov/deq/ghgp/3pv/Pages/default.aspx>

¹⁵ <https://www.legisquebec.gouv.qc.ca/en/document/cr/Q-2,%20r.%2015>

¹⁶ <https://www.legisquebec.gouv.qc.ca/en/document/cr/Q-2,%20r.%2046.1>

¹⁷ <https://www.icao.int/environmental-protection/CORSIA/Pages/CCR.aspx>

¹⁸ <https://verra.org/project/vcs-program/>

¹⁹ <https://www.forestcarbonpartnership.org/about>

emissions will help to encourage further standardization of Scope 3 monitoring, reporting and attestation processes.

Under the proposed rule, Scope 1, Scope 2, and Scope 3 emissions disclosures would be included in a special "Climate-Related Disclosure" section in an issuer's annual Form 10-k. Many companies file the form in advance of the SEC's deadlines, early in the year. This reporting timeline for GHG emissions is not consistent with existing programs which typically allow for a longer period of time for reporters to prepare the disclosure and to obtain attestation. Therefore, ANAB recommends that the proposed reporting deadlines be more aligned with current practice with respect to compliance deadlines for GHG reporting and attestation.

Q 144. Should we require a registrant to obtain a GHG emissions attestation report that is provided by a GHG emissions attestation provider that meets specified requirements, as proposed? Should one of the requirements be that the attestation provider is an expert in GHG emissions, with significant experience in measuring, analyzing, reporting, or attesting to GHG emissions, as proposed? Should we specify that significant experience means having sufficient competence and capabilities necessary to: (a) perform engagements in accordance with professional standards and applicable legal and regulatory requirements and (b) enable the service provider to issue reports that are appropriate under the circumstances, as proposed? Should we instead require that the GHG emissions attestation provider have a specified number of years of the requisite type of experience, such as 1, 3, 5, or more years? Should we specify that a GHG emissions attestation provider meets the expertise requirements if it is a member in good standing of a specified accreditation body that provides oversight to service providers that apply attestation standards? If so, which accreditation body or bodies should we consider (e.g., AICPA)? Are there any other requirements for the attestation provider that we should specify?

We recommend that SEC require GHG emissions attestation providers to be accredited to ISO 14065 by ANAB or a signatory to the IAF MLA. We also recommend that SEC recognize attestation providers other than registered public accounting firms. It has been recommended in other comments, including those of the U.S. Chamber of Commerce, that SEC should allow for a market-developed approach to third-party attestation, allowing registrants the choice of choosing an assurance provider. Notwithstanding that many public accounting firms have expertise in GHG accounting, reporting and assurance; there is a much larger professional network of organizations that can offer assurance under the Proposed Rule. These organizations include specialized environmental consultants, engineering firms, and other service providers. ANAB believes that these qualified organizations should be permitted to provide assurance as long as they undertake engagements in accordance with these international standards or other standards which could serve as a basis for consistent and transparent reporting under the Proposed Rule. Expanding assurance beyond accounting firms has the added benefit of providing a much larger pool of assurance providers, which could potentially lower compliance costs. We recognize the importance of developing oversight systems that are fit for purpose and help achieve intended results. Therefore, ANAB is open to working with groups such as the Center for Audit Quality of the Association of International Certified Public Accountants as well as other groups that may participate to help build capacity and ensure conformance with the Proposed Rule.

Q146. Should we require the GHG emissions attestation provider to be independent with respect to the registrant, and any of its affiliates, for whom it is providing the attestation report, as proposed? Should we specify that a GHG emissions attestation provider is not independent if such attestation provider is not, or a reasonable investor with knowledge of all relevant facts and circumstances would conclude that such attestation provider is not, capable of exercising objective and impartial judgment on all issues

encompassed within the attestation provider's engagement, as proposed? The proposed provision is based on a similar provision regarding the qualification of an accountant to be an independent auditor under Rule 2-01 of Regulation S-X. Is Rule 2-01 an appropriate model for determining the independence of a GHG emissions attestation provider? Is being independent from a registrant and its affiliates an appropriate qualification for a GHG emissions attestation provider?

ANAB supports the SEC requirement that attestation providers be independent with respect to the registrant and any of its affiliates. This requirement is supported by accreditation requirements such as those referenced above.

Q 152. Accountants are already required to comply with the relevant quality control and management standards when providing audit and attest services under the PCAOB, AICPA, or IAASB standards. These quality control and management standards would apply to accountants providing GHG attestation services pursuant to those standards as well. Should we require the 247 GHG emissions attestation provider to comply with additional minimum quality control requirements (e.g., acceptance and continuance of engagements, engagement performance, professional code of conduct, and ethical requirements) to provide greater consistency over the quality of service provided by GHG emissions attestation providers who do not (or cannot) use the PCAOB, AICPA, or IAASB attestation standards? If so, what should the minimum requirements be?

As stated above, ANAB believes that ISO standards, including ISO 14064-3, ISO 14065, and ISO 14066 form the basis for quality auditing of GHG emissions and environmental information, and that attestation bodies should be required to perform attestation engagements in accordance with these requirements.

We take this final opportunity to thank again the SEC for producing a compelling argument in favor of mandatory GHG disclosure and in attempting to make the Proposed Rule transparent, standardized, and useful to investors and financial markets.

Kind Regards,

A handwritten signature in black ink, appearing to read "Ann M. Howard". The signature is written in a cursive, flowing style.

Ann Howard
Senior Director of Accreditation, Validation and Verification, ANAB