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**worldwildlife.org**

June 16, 2022

The Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Chairman Gensler,

World Wildlife Fund (WWF) welcomes the opportunity to respond to the Securities and Exchange Commission (SEC) call for public input on climate-related financial disclosures and specifically the proposed rule S7-10-22, "The Enhancement and Standardization of Climate-Related Disclosures for Investors."

We commend the SEC for taking strong action on climate-related disclosures for investors from the early days of the Biden Administration, beginning in March 2021, when the initial public consultation requesting input from all stakeholders was released. President Biden's May 20, 2021, Executive Order (E.O. 14030) on "Climate-Related Financial Risk" emphasized the importance of the work the SEC was undertaking, and it is clear that the SEC has spent significant time and resources activating all stakeholders and acquiring the necessary input from investors and experts within this process. We thank you for this robust and deliberative approach.

The actions that the SEC is proposing reflect an understanding of the urgency and gravity of the climate crisis, which is increasingly affecting all Americans. The need for bold action has never been clearer: the most recent Intergovernmental Panel on Climate Change (IPCC) reports have shown that the world's global average temperature has risen by 1.1°C, and this is already causing enormous harm and damage to communities, economies, human health, food and water security, and critical ecosystems. We know from research by the Environmental Protection Agency that here in the US many of the communities hit first and worst with climate-related impacts are communities that are already overburdened and marginalized. The science is clear that we must at least halve global emissions by 2030 and reach net zero by 2050 in order to avoid these impacts of climate change. The proposed rule from the SEC would play an important part in achieving those goals by facilitating the shift of financial capital allocation away from carbon-intensive activities and towards investments that will speed the transition to a net-zero economy. The corporate disclosures required by the Commission's proposed rule will also help to address asymmetric information within financial markets that can leave investors with an unlevel playing field and inefficient markets.

Overall, WWF is highly supportive of this proposed rule. The SEC's proposal is part of a broader move by financial commissions within the US Government's financial markets architecture towards incorporating climate-related risk considerations, including through requests for comment, draft rules, and statements of principles. These are welcome and necessary steps. Based on our organization's experience and expertise in the areas of corporate sustainability, international finance, and climate risk, we are certain this proposed rule will help the broader investor community gain better insights into the climate-related financial risks posed by climate change. We also encourage the SEC to continue to engage with other government entities, international frameworks, and expert stakeholders like WWF to stay in step with new developments in science, data availability, and other climate-related disclosure standards.

We also note the overwhelming public sentiment that is behind the spirit of this rule, both domestically and internationally. While international governments and investors (particularly in the G7) have been clear in their support for the spirit of this rule, Americans - many of whom hold investments overseen by the SEC in the form of pensions, retirements, or growing retail participation - overwhelmingly support mandatory climate disclosure for U.S. companies as well: a recent poll shows that 87% of Americans across all political spectrums agree that public companies should disclose their risks from climate change.

**WWF Involvement in Corporate Sustainability and Climate Risk**

WWF works across 100 countries and enjoys the support of six million members, 16 million public supporters, and a growing list of corporate partners. As the world's largest science-based conservation organization, our mission is to build a future in which both people and nature can thrive. To deliver this mission as a civil society organization, we work to: conserve and restore nature; to reduce humanity's environmental footprint; to ensure the sustainable use and management of natural resources; and to drive efforts to address the biggest global environmental challenges, including climate change.

At the heart of WWF's work are our partnerships – with governments, international institutions, other NGOs, local communities, and with the private sector. Private sector markets and the world's largest corporations have an outsized impact in driving the decisions that affect nature, biodiversity, and the climate. Therefore, WWF has put strong focus on partnering with companies to promote sustainability in their operations and decision making, including working with them to set and scale climate ambition and to implement policies and embrace innovative approaches that support the conservation and restoration of nature. For 30 years, WWF has been helping companies to set targets, transform supply chains, develop responsible sourcing policies and industry standards, identify and mitigate sourcing risks, share best practices, and reduce the private sector's environmental footprint. WWF has also helped companies create climate resilience strategies that harness and protect nature's power to help them manage risk. At the writing of this comment, WWF US has over 130 active bilateral engagements with companies from a variety of sectors including food and beverage, retail, consumer packaged goods, technology, and textile and apparel.

We have seen strong progress by many companies on climate action, but there is much more to be done, and the U.S. government has an essential role to play by creating the policies, incentives, and rules of the road that will drive greater private sector ambition on a more rapid timeline. This includes requiring a level of transparency and accountability for investors and governments alike to take action. Expanded and mandated disclosure of climate-related risk is an important step forward in aligning key metrics to measure progress and internalizing climate considerations in corporate and financial decision making.

In addition to being a science-based organization engaged in field conservation and policy advocacy, WWF's global network of offices also employs a host of experts in international finance, capital markets, and climate and nature-related financial disclosures. For over a decade, WWF has worked to develop and advance a number of initiatives in these areas:

- Taskforce on Climate-related Financial Disclosures (TCFD): The TCFD was created with the purpose of designing recommendations on how the financial sector could incorporate climate-related issues into its decision making, structured around four thematic areas representing core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. WWF has been working with the TCFD since it was launched in 2015, providing knowledge inputs, support for its piloting, and advocacy for jurisdictions to take up the taskforce with disclosure recommendations as mandatory reporting requirements.
- Taskforce on Nature-related Financial Disclosure (TNFD): The TNFD aims to support a shift away from nature-negative impacts and toward nature-positive global financial flows by providing a framework for organizations to report and act on nature-related risks, including impacts and dependencies. WWF was one of four founding partners to launch TNFD in 2020 along with United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Development Programme (UNDP), and Global Canopy.
- Greening Financial Regulation Initiative (GFRI): WWF launched GFRI to provide the necessary tools, scientific research, and assessments to support and accelerate the strengthening and harmonization of financial regulations and central bank policies in major financial markets worldwide. GFRI produced a 2022 report entitled, *WWF Guidance On Science-Based Climate Risk Disclosure And Standardized Reporting*, which encourages financial regulators to push for clear, reliable and comparable climate risk disclosure by financial actors. GFRI also produced the *Sustainable Financial Regulations and Central Bank Activities (SUSREG) 2021 Annual Report* which is WWF's baseline assessment of current practices, covering 38 jurisdictions accounting for more than 90% of global GDP, 80% of total GHG emissions, and 11 of the 17 most biodiversity-rich countries. In 2022, the SUSREG framework will be expanded to cover other key parts of the financial system, including the insurance sector.
- Science Based Targets initiative (SBTi) and Network (SBTN): WWF is a founding partner of SBTi alongside CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, and World Resources Institute. SBTi is a coalition established in 2015 which mobilizes companies to set science-based targets and boost their

competitive advantage in the transition to the low-carbon economy by defining and promoting best practice in science-based target setting, offering resources and guidance to reduce barriers to adoption, and independently assessing and approving companies' targets. SBTN is a network of over 45 organizations - including the same organizations behind the SBTi - developing methods and resources for science-based targets for nature for companies, and science-based targets for both climate and nature for cities.

- UN Net Zero Asset Owner Alliance: WWF is a key supporting organization of this alliance of 72 institutional investors with over $10.4 trillion in assets aiming to transition their investment portfolios to net-zero GHG emissions by 2050. The Glasgow Financial Alliance for Net Zero (GFANZ), comprising $70 trillion in assets and over 160 firms, including 43 banks from 23 countries, was built as a follow-on from this original alliance. GFANZ has been a vital thought leader on climate financial policy, believing the financial system must make ambitious commitments and operationalize those commitments with near-term action, including in their COP26 released annual progress report, *Our Progress and Plan Towards a Net-zero Global Economy*.
- Green Bonds and Capital Markets: WWF has been working on debt capital markets since 2016, calling for effective and credible international standards to be developed for global green bond markets. WWF joined the ICMA-led Green Bond Principles (GBP) as an observer in 2015 and has contributed actively to standard-setting efforts convened by the Climate Bonds Initiative, the GBP, the European Commission, and the International Standards Organization. WWF issued an important technical report in 2021, *Can Debt Capital, Markets Save The Planet?*

As our organization has initiated and expanded these efforts over the past decade, WWF has become a significant contributor to thought leadership on how the private and financial sectors should respond to climate change and incorporate and act on climate-related risks. We will continue striving to activate new lines of accountability for investors and governments in order to accelerate the urgent change we need. Expanding and mandating disclosure of climate-related risk is an important step forward to internalizing climate considerations in corporate and financial decision making. The SEC rules process that began in early 2021 is an essential part of this process, and we offer the following comments and feedback for consideration as the SEC works to issue a final set of rules in the coming months.

**Feedback on Technical Aspects of this Draft Rule**

Based on WWF involvement in this SEC rule process thus far, our consultations with companies in our networks for whom this rule applies, and technical considerations from our experts who have been working with TCFD, TNFD, and other related frameworks for years, we submit the following overarching considerations on provisions:

- Alignment to existing leading standards: We support the clear intent to align the rule with TCFD and the Greenhouse Gas Protocol. It is evident the Commission has examined extensively the TCFD literature and frameworks. TCFD is the leading global framework for assessing and reporting climate-related financial materiality which is widely accepted among countries and global financial institutions around the world,

including being mandated in at least eight global jurisdictions. The proposed rule requires that companies provide information on their internal governance and strategy for addressing climate-related financial risks. Such information can assist investors to understand how companies are positioned to address climate-related financial risks and opportunities. The rule also references using the Greenhouse Gas Protocol to measure Scopes 1, 2, and 3 greenhouse gas emissions, providing a common methodology that is already widely used in the marketplace as the basis for greenhouse gas emissions reporting.

- Climate and nature-related risk disclosure: We support the inclusion of TNFD considerations of nature-related risk disclosure in this rule or subsequent rules. Climate change and nature degradation (including biodiversity loss) are two sides of the major environmental crisis our world is facing. The IPCC and IPBES stated clearly in their joint *Workshop Report on Biodiversity and Climate Change* that feedback loops between both exist and that climate change cannot be solved without addressing biodiversity loss (and vice-versa). Physical impacts generate risks to biodiversity, the economy and human well-being, as well as financial and reputational risks. Physical risk needs to be linked to nature, ecosystem services, and with such specificity as land-use change and deforestation, for example. We know from the IPCC report that 22% of global GHG emissions come from the agriculture, forestry, and other land use (AFOLU) sector. Virtually all the scientific models for meeting the Paris goals require achieving zero net deforestation by 2030. Current SEC regulations do not explicitly cover the global forest and land use sector, and a new disclosure regime that fails to address these issues would be incomplete and ineffective without these risks disclosed. We believe explicitly including nature in this or a subsequent disclosure rule will further strengthen our collective ability to comprehensively address environmental risks.
- Comprehensive information: We support companies being required to provide information on both climate-related risks and opportunities, scenario analysis, and carbon transition plans, thereby providing a more holistic picture of how companies are positioned to reduce emissions, build resilience, and thrive in a low-carbon economy. This understanding allows them to better predict and evaluate their impacts and dependencies on ecosystem services. Because ecosystem service longevity is related to the preservation of biodiversity in those ecosystems, companies need to be able to understand these complex interconnections to preserve their supply chains sustainably. Whether these businesses can capitalize on the associating opportunities and avoid risks would, in turn, help build or undermine their competitive advantage within markets.
- Scope 3 emissions: We support the proposed rule's inclusion of Scope 3 reporting, but also recognize that Scope 3 measurement and reporting standards are still maturing. We support the rule recognizing the difficulty in providing an accurate estimate of Scope 3 emissions, requesting more information on how data should be assessed and disclosed, removing the requirement for smaller reporting companies (SRCs) to report Scope 3 emissions, and phasing in assurance for Scope 3 emissions from large companies and accelerated filers.
- Safe harbor: We support the current safe harbor liability provisions and believe they are sufficient to balance the ambition needed in target-setting while protecting companies

from action by the Commission. The proposed rule recognizes a need to provide safe harbor, especially for certain greenhouse gas emissions data, which is often based on estimates and can be incomplete. The science around climate and nature target-setting is continuously evolving, which makes for a dynamic reporting environment. These targets are fluid and subject to change as new scientific information becomes available, the costs of clean energy technologies decrease, and new expectations from consumers and investors emerge. Transition plans are also a new development, with few companies experienced in developing and reporting them. A safe harbor that protects companies from both third-party litigation and action by the commission could reduce a chilling effect for companies to set ambitious targets, report Scope 3 emissions, and conduct scenario analyses.

- Guidance and resources: We support enhancing guidance and resources for companies relating to the rule. To assist registrants of all sizes to comply with the rule, the SEC should consider including guidance on the use of scenario analysis, development of greenhouse gas emissions inventories for Scopes 1, 2, and 3, use of data (e.g., emissions factors), and development of carbon transition plans. These efforts are necessary to fill a current knowledge gap and can help develop or validate existing tools and support best practices for calculating climate risks.
- Auditing and financial metrics: While we support mandating climate-related risk disclosure in this rule immediately, we also support further consideration of auditing needs by the issuance of this rule. Based on feedback from stakeholders, there are no currently agreed upon controls or metrics by which auditors can assess climate-related financial risks. We recognize that standards are needed for reporting, and we are supportive of further development of these metrics.
- Developing and continuing expertise: We support the SEC convening an interagency working group from across the financial regulatory agencies and agencies with experience working with industry on climate change, to keep in step with evolving climate disclosure needs, data availability, and market changes resulting from improved disclosures. It should also undertake an internal research agenda focused on relevant topics such as understanding transition and physical risk disclosures at an industry-level and continue to hire staff with climate science and climate economics experience. Finally, it should designate a regular sustainability standards board to oversee climate disclosure standards. This board should be composed of civil society and private sector experts versed in the field of climate-related risk disclosure. The board would work closely with the SEC and be overseen by the Commission to ensure that ongoing standards account for emerging best practices in science and policy that may affect ongoing disclosure needs. WWF-US would gladly contribute to the design of this process or participate as a civil society expert on such a board. As a related case study, a member of the WWF-US Board of Directors participated on the CFTC's Climate-Related Market Risk Subcommittee which produced the report, *Managing Climate Risk in the US Financial System*.

**US Leadership and Alignment to Global Initiatives**

The Commission's rule is a major leap for the US in leading the greening of the global financial regulation needed to address the climate crisis. American leadership can meet and eventually drive international ambition on climate and nature-related risk disclosure. At present, G7 and G20 countries are leading the charge. Globally, the financial sector is setting standards, goals, and strategies with the aim of transforming financial portfolios and catalyzing companies to act on their long-term risks related to climate change. Among these are the United Nations-convened Net Zero Asset Owners Alliance, the recently launched GFANZ, and the Central Banks and Supervisors Network for Greening the Financial System (NGFS), a group of central banks and financial regulators from about 90 countries – including the US, EU, China, and nearly all of the G20.

Numerous markets including the EU, UK, Canada, Japan, Singapore, Hong Kong, New Zealand, and others already have similar disclosure requirements in place. The EU's new master environmental, social, and governance (ESG) disclosures program, designed around their vision for an era of robust social action, particularly around climate, is the Corporate Sustainability Reporting Directive (CSRD) which will replace the Non-Financial Reporting Directive (NFRD) in 2023 and is expected to roughly quadruple the number of covered organizations—many of which will be reporting in depth on their carbon emissions for the first time. And, in the UK, more than 1,300 large companies and financial institutions face new climate disclosure rules under the upcoming migration to their new Sustainable Disclosure Requirement (SDR) which was designed to centralize the UK's new enhanced climate and ESG reporting regimes.

In addition, less than a month ago, G7 climate and environment ministers met in Berlin and issued a resulting communiqué that urged efforts in transitioning to a net-zero, nature-positive, resilient, and sustainable future. The G7 ministers called for Paris-aligned and nature-positive COVID-19 recovery measures and specifically emphasized the critical role of private finance in advancing transformative changes towards nature-positive economies and called on private actors to align their financial flows. The ministers also directly urged governments and regulators to support the development of TNFD framework for market participants.

We are also seeing American leadership across the US federal government's financial and regulatory portfolio via President Biden's whole-of-government federal approach. We commend the Commodity Futures Trading Commission (CFTC), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) for all moving in synchronicity and with similar conviction to embed climate-related risk analysis into their purviews. Moreover, the SEC has just issued on May 25 new amendments to rules and reporting forms that would push financial firms such as asset managers to lay bare more details about their sustainability-related activities and ESG investment products. Attempting to correct "greenwashing" by investment funds through enhancing ESG disclosure for funds is a vital step that we fully support.

We believe that this whole-of-government approach is not only the exact approach needed, but imperative for success – multiple commissions aligning allows for harmonized approaches,

shared success, and de-risks each commission from political and legal attacks that would otherwise be more difficult for a single commission to face alone.

**From Patchwork to Framework**

Our technical recommendations above stem from our understanding of the core need of companies for such a rule. Based on our work to promote corporate sustainability to set and scale climate ambition and to implement policies and embrace innovative approaches that support the conservation and restoration of nature, we believe it is essential to have uniform sustainability frameworks and standards to allow consistency and comparability of information. The current universe of climate disclosures is an incomplete patchwork of voluntary information presented in different places using different formats. The clear and evident solution is therefore a government-led structure that would allow companies to simplify climate change disclosure by reporting under a single disclosure framework. The SEC is the exact body to harmonize and align a single, user-friendly framework. In fact, we could not agree more with Chairman Gensler's recent statement emphasizing this in his personal capacity to Ceres investors:

> *"It is important that investors be able to find consistent, comparable, and decision-useful information in one place rather than having to piece together information from different locations that might, in turn, differ from one issuer to another."*

Climate factors are already an important part of global investment decisions, and investors are increasingly calling for more standardized information. About 75% of professional investors say they incorporate ESG factors into their investment practices. In addition, 70% of U.S. retail investors and retirement savers support the SEC requiring mandatory climate disclosures and 58% would be likely to factor climate information into their investment decisions if it were free, standardized, and easy to find. In fact, trust among retail investors in climate disclosures increases from 38% for voluntary disclosures to 58% for disclosures filed with the SEC, to 71% if filed disclosures are also subject to third-party audit. Furthermore, The International Organization of Securities Commissions (IOSCO), which regulates more than 95% of the world's securities markets in some 130 jurisdictions and includes the SEC as a member, has recently called for more globally consistent standards for reporting climate change-related risks and opportunities. IOSCO research demonstrates that climate-related information is not being properly met through voluntary compliance with the current patchwork of overlapping and competing disclosure frameworks.

The types of methodologies used in assessments also vary and affect the outcomes of the assessment results. A recent study compared 14 different transition climate risk assessment methods applied to the same portfolio of companies. The research concluded that despite consistently identifying the firms emitting the most and least greenhouse gases, there is considerable variation between different risk assessment results for the majority of companies. The researchers show that the level of climate-related financial risk depends largely on the method that has been selected to assess the risk in the first place.

Because most reporting is still voluntary, companies are taking matters into their own hands. According to CDP, in 2021 over 14,000 organizations disclosed data on climate change, water security, and deforestation issues. This covers over 13,000 companies (3,900 from the US) worth over 64% of global market capitalization, including Small and Medium Enterprises (SMEs) supplying some of the world's biggest corporations. Ceres, the foremost investor-led group focused on ESG, has also pushed its own network in lieu their being mandatory reporting and climate goal setting. Ceres, the UN PRI, and other regional investor networks launched Climate Action 100+, an investor-led initiative with more than 570 investors, responsible for over $54 trillion in assets under management. Designed by investors for investors, the initiative works to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change by improving climate governance, cutting GHG emissions, and strengthening climate-related financial disclosures. Even SEC staff have noticed this firsthand: in reviewing nearly 7,000 annual reports submitted in 2019 and 2020, the Commission found that a third included some disclosure related to climate change.

For our part, since 2012 WWF has been producing the *Power Forward* report, which tracks the climate and energy commitments among the largest American companies in the Fortune 500. By 2020, 60% of Fortune 500 companies had set a climate or energy-related commitment, a 12% increase over 2017. Science-based target setting has also grown significantly, with 63 Fortune 500 companies (13%) having set targets approved by SBTi, six times the number of companies that had done so in 2017.

And, just last month, SBTi released its third annual progress report, *Scaling Urgent Corporate Climate Action Worldwide*. The report highlights a period of exponential growth throughout 2021 - doubling the number of new companies setting and committing to set targets to align with the commitments of the Paris Climate Agreement and tripling the rate at which new targets were validated. By the end of 2021, more than 2,200 companies covering over a third of the global economy's market capitalization were working with the SBTi - a rate of more than 110 new companies per month. SBTi companies with approved targets are reducing emissions at an accelerating pace, collectively achieving 12% scope 1 and 2 emissions reductions in 2020. This resulted in a total-emissions decrease of 29% between 2015 and 2020 (compared to 25% between 2015 and 2019). Beyond the impact of COVID-19 on global emissions, this demonstrates that SBTi companies have delivered excess reductions in comparison to their peers within their countries.

Because of this latent energy, we believe US regulatory standards for disclosure should align to existing science-based initiatives for companies and investors. When considering what to track and report, companies should follow the methodologies developed by the SBTi for climate emissions and developing methodologies from the SBTN for nature-related impacts. The structured assessment and target-setting process helps companies define a clear pathway to ensure they are doing enough across their value chains to address their climate impacts and dependencies on nature.

US disclosure standards that align to SBTi and SBTN methodologies will streamline reporting and ensure consistency for year-over-year comparison of environmental performance that is

decision-relevant and actionable to corporate managers, board directors, and investors alike. Environmental performance is one input into TCFD and the TNFD. These analysis and reporting frameworks on climate- and nature-related dependencies (which generate financial risks) and physical impacts (which generate risks to biodiversity, the economy and human well-being, as well as financial and reputational risks for companies) will reduce systemic financial risks and steer financial flows toward outcomes that are nature-positive and in alignment with global goals including the Paris Agreement, the Convention on Biological Diversity (CBD) Post-2020 global biodiversity framework, and the United Nations' Sustainable Development Goals (UN SDGs). Science-based climate disclosure requirements will help prepare US companies to remain competitive and nimble in a changing natural world and a more demanding global market that expects them to set targets and take action on climate change and nature loss.

**Systemic Risk and the Business Case**

We believe strongly that the Commission's rule addresses systemic risk within the US financial system while affording companies multiple new opportunities to better engage in the new, green economy. We know from our conversations that companies and investors are beginning to understand that the financial materiality of climate change and nature loss is systemic, i.e., degrading the biosphere weakens the economy because all business depends on it, therefore environmental degradation decreases value for the private sector overall. Unfortunately, in the US, climate emissions and related financial materiality have been confined to firm-focused risk. Given the magnitude of the challenges ahead, we need to address both firm-level financial risks and systemic risks of climate change and nature degradation that impact every company. American businesses stand strongly to benefit from this SEC rule which helps them translate and navigate broader systemic environmental issues to firm-level risk.

In 2022, six out of 10 global risks from the *World Economic Forum's Global Risk Report* are related to disruptions in the environment: climate action failure, extreme weather, biodiversity loss, infectious diseases, human-environmental damage, and natural resource crises. These climate- and nature-related risks are inseparable – the loss of nature increases emissions and decreases resilience, while climate change exacerbates the drivers of nature loss. Climate change is a risk amplifier for companies, enhancing risks like reputational risk, risk to social license to operate, business continuity risk, and risk to health and well-being of the workforce. These are just some of the reasons why investors are clamoring for more climate-related disclosures through groups such as GFANZ.

As concluded by the IPBES-IPCC Co-Sponsored workshop report, "neither climate change nor biodiversity loss will be resolved unless both are tackled together." It is increasingly clear that the current Paris commitments will fail to keep us under 2° Celsius, with all the consequences that failure brings. Even with significant mitigation efforts, up to one-fifth of wild species are at risk of extinction this century due to climate change alone, with some of the highest rates of loss anticipated in biodiversity hotspots. In 2020, WWF's Living Planet Index showed that, globally, population sizes of mammals, birds, fish, amphibians, and reptiles have dropped 68% on average since 1970 due primarily to human activities, with even higher declines in some regions and among certain sets of species. For example, the abundance of freshwater species has declined a

shocking 84% in that same period of just five decades. These trends are not only clearly unsustainable but also dangerous, threatening the viability not just of ecosystems but of economies and societies as well.

The intertwined emergencies of climate change and nature loss carry increasingly mounting costs to the US and global economies. In 2021, climate-related disasters in the U.S. alone totaled nearly $100 billion. Over half of the world's GDP, $44 trillion of economic value, is at moderate or severe risk due to nature loss, with $2.1 trillion of the US economy being dependent on nature. At the same time, the need to shift to a sustainable future for finance also offers great opportunities for profitability. The Paris Climate Agreement could open up climate-related opportunities worth nearly $23 trillion by 2030 in sectors like renewable energy, energy efficiency, and low-carbon technology. And, achieving the UN Sustainable Development Goals could create at least $12 trillion in market opportunities, ranging from reducing food waste to transforming urban public transport systems. A recent report by the Global Commission on Adaptation concludes that investments in adaptation can generate significant economic returns—2 to 10 times their costs. The commission reports that investing $1.8 trillion globally in five areas of adaptation from 2020 to 2030 could generate $7.1 trillion in total net benefits, and half of the world's biggest companies say, "climate adaptation solutions could result in $236 billion in increased revenue." Other data suggests that in the food and land-use sector alone, the climate challenge provides an annual business opportunity of $4.5 trillion a year by 2030.

Non-market benefits are typically hard to quantify but are no less important. For example, many Nature-based Solutions (NbS) that reduce flooding also increase biodiversity and make the air and water cleaner. Restoring coastal mangrove forests, as another example, does not just protect coastal communities from more dangerous storm surges; it also provides critical habitat to sustain local fisheries. While mangrove forests provide more than $80 billion per year in avoided losses from coastal flooding—and protect 18 million people—they also contribute almost as much ($40–$50 billion per year) in non-market benefits associated with fisheries, forestry, and recreation. Combined, the benefits of mangrove preservation and restoration are up to 10 times the cost.

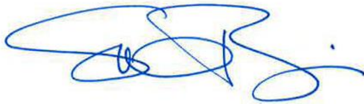
As the US Government takes increasing steps to factor climate-related risks into its decision making, it must also begin doing the same for the risks related to the loss of nature and the value it provides. The recent Executive Order (E.O. 14072) on "Strengthening the Nation's Forests, Communities, and Local Economies" issued on Earth Day is a welcome and perhaps transformative move in this direction, with its directive to OMB to issue guidance to federal agencies to begin accounting for the economic value of nature – and its loss – due to proposed federal actions and investments. The Administration should continue firmly down this path to ensure we are moving towards not only a net-zero future but a "nature-positive" one as well.

**In Closing**

WWF is grateful for the opportunity to share our perspective based on decades of experience working side-by-side with the corporate and financial sectors. We commend the SEC on this bold and invaluable process which has led to a technically competent and highly researched draft

rule. We encourage the SEC to act swiftly to require science-based, climate-related disclosures in the final rule. WWF welcomes further opportunities to explore this important and dynamic issue and to support the whole-of-government approach that President Biden and the Administration are taking to addressing climate change and its impact on nature and people, including through the SEC.

Sincerely,



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