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June 17, 2022

Submitted electronically via SEC.gov

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

Re: File No. S7-10-22; The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman:

In response to the proposed rule on Enhancement and Standardization of Climate-Related Disclosures for Investors (the "Proposed Rule") published by the U.S. Securities and Exchange Commission (the "SEC" or the "Commission") on March 21, 2022, Citigroup Inc. ("Citi") welcomes the opportunity to submit the following comment.

Citi has been engaged in sustainability matters for over two decades, and we have been at the forefront of the financial industry's efforts to identify and mitigate climate-related risks and support an orderly low-carbon transition. In 2018, we became the first U.S. bank to publicly report on our efforts to implement the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations, and in 2021, we announced our net zero commitment and co-founded the Net-Zero Banking Alliance. When we published our initial net zero plan in our 2021 TCFD Report, we also published our Net Zero Transition Principles, one of which was that we would take an active role in constructively engaging on climate policies and regulations. Citi is submitting this comment letter to the SEC as part of that commitment.

Citi supports the overall goal to provide consistent, comparable and reliable decision-useful climate disclosures. We believe that standardized, uniform, comparable and reliable disclosures focused on climate-related risks and opportunities would help various stakeholders, including investors and asset managers, to make decisions on where they wish to deploy and allocate capital. We strongly support the approach of leveraging existing voluntary disclosure frameworks, particularly the framework developed by the TCFD. We also agree with including greenhouse gas ("GHG") emissions reporting requirements for Scopes 1 and 2, and where material or part of a registrant's specific emission reduction targets, Scope 3 disclosures, with appropriate safe harbor provisions. We believe that the investments that would need to be made to comply with many of the disclosure requirements in the

Proposed Rule would also assist registrants in improving the quality and availability of data needed for established net zero emissions targets.

Citi has identified areas of significant concern with the Proposed Rule and suggests the following changes that we believe are necessary to make a final rule more decision-useful for investors as well as practical, workable and effective for registrants to implement. Our comments have been prioritized to address certain aspects of the Proposed Rule that we believe do not fully take into consideration the significant new infrastructure, systems, processes, policies, data standards and financial reporting and disclosure controls that registrants would be required or expected to develop, or that are impracticable in the Proposed Rule's current form, or both. Specifically, we believe that any final rule must remedy the following issues with the Proposed Rule:

1. Timing Matters: Any final rule should provide an extended and staggered timeline to allow for the significant development required, including both (i) extending the phase-in periods for initial compliance with the rules, and (ii) pushing back the adoption timeline for reporting Scope 3 disclosures and staggering reporting so that Scope 3 disclosures are permitted on a permanent one fiscal year time lag to the other required reporting outlined in the rule. This is critical to ensure that registrants are able to produce accurate, consistent and detailed information, including emissions data that are aligned with the GHG Protocol and provide investors with actionable and complete information.

2. Materiality Thresholds: The proposed requirements around climate-related line-item financial statements footnote disclosure would be significantly challenging to implement and maintain. The SEC should change the proposal by removing the line-by-line disclosure requirements. If the SEC proceeds with these requirements, the 1% materiality threshold should be replaced with established materiality criteria used for current financial reporting, applied on an aggregated basis, as opposed to a "line-by-line" basis.

3. Reporting Clarifications: As proposed, the Scope 3 emissions disclosure requirements are unclear and would create excessive liabilities for registrants. Any final rule should clarify or revise both (i) the materiality and categorization requirements for Scope 3 reporting, to ensure only information relevant for investors is captured, and (ii) the diligence required to satisfy safe harbor protection requirements.

4. Other Revisions: We also believe it is important to clarify the proposed scenario analysis, climate expertise, regulatory reporting disclosure requirements, and to confirm the timeline for implementation of historical GHG emissions reporting and safe harbor protections available, each as described in more detail below.

Part I: Timing Matters

a. Extend and Stagger the Implementation Timeline

Assuming that a final rule would have an effective date in December 2022 and that the registrant has a December 31 fiscal year-end, the compliance date for the annual report disclosures for large-accelerated filers under the Proposed Rule would be fiscal year 2023 (filed in 2024),[1] with an additional year for Scope 3 disclosures.

Under the Commission's current timeline, large-accelerated filers would have to start developing, reviewing and testing the required infrastructure, systems, data operating model, internal controls over financial reporting and disclosure controls and procedures that would need to be operational by the start of fiscal year 2023. This effectively would require large-accelerated filers to begin the process of complying with the Proposed Rule in 2022, without having the certainty of the actual requirements in the Commission's published final rule. To avoid the potential for unnecessary anticipatory compliance efforts and the associated expense, there must be adequate time between the issuance of the final rule and its effective date to allow registrants reasonable and sufficient time to develop and implement processes and systems to comply with the final rule's requirements.

The Commission should prioritize accuracy over speed and tier the timeline for the proposed requirements based on the substantial implementation difficulty that registrants like us will undeniably experience. For example, information relating to existing governance structures and qualitative descriptions of existing processes will likely be the simplest for registrants to comply with on the proposed timeline. These areas include the proposed disclosures under Items 1501, 1502(a), 1502(b), and 1503 of the Proposed Rule. However, registrants will likely need additional time to comply with the proposed quantitative disclosure requirements such as those in Item 1504 and Regulation S-X. To the extent they are included in a final rule, the Commission should push back the initial implementation timeline for these quantitative disclosures for large-accelerated filers by an additional fiscal year following the issuance of the final rule to allow adequate time for the significant effort that will be required for registrants to build and incorporate the new requirements into their established financial reporting processes and systems.

b. Revise Scope 3 Emissions Reporting Timeline

The Proposed Rule allows for an additional one-year phase in for Scope 3 emissions disclosures.[2] Citi is concerned that the Proposed Rule does not provide enough time for registrants to gather, assess and process the data required for accurate Scope 3 emissions disclosure and that the SEC is significantly underestimating the time and resources needed to gather, prepare, and disclose Scope 3 emissions. These concerns stem from our own experience, as detailed below.

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[1] The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21,334, 21,412 (Apr. 11, 2022) (to be codified at 17 C.F.R. pts. 210, 229, 232, 239, and 249).

[2] The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. at 21,412.

Around the time of announcing our net zero commitment, we joined several voluntary initiatives to advance our industry's approach to reaching net zero, including the Net-Zero Banking Alliance ("NZBA"). As part of our NZBA commitment we have pledged to (i) transition relevant lending portfolios to align with pathways to net zero by 2050; (ii) set initial 2030 emissions targets for key sectors within 18 months of NZBA's establishment, set targets for additional sectors within the subsequent 18 months, and later set five-year interim goals from 2030 through 2050; (iii) annually publish absolute emissions and emissions intensity data in line with best practices; and (iv) within a year of targets being set, disclose our progress and transition strategy with proposed actions and climate-related sectoral approaches. Under NZBA, net zero commitments are expected to expand over time to include numerous carbon-intensive sectors on a comply or explain basis, likely including agriculture, aluminum, cement, coal, real estate, iron and steel, oil and gas, power generation, and transportation. We believe that the Proposed Rule could further support these efforts, but institutions will need more time to adapt and evaluate the appropriate breadth of their emissions, particularly Scope 3 emissions.

As Citi has explained in its most recent TCFD Report, "this process is not simple." Indeed, although Citi has dedicated significant resources towards the pursuit of emissions calculation and reduction target setting, it took us approximately one year to gather the data and establish meaningful targets for Scope 3 emissions for just the Energy and Power sector lending portfolios. In many instances, the client-level emissions data that are currently available to us are either (i) estimates of emissions data for companies that do not currently disclose their emissions, or (ii) self-reported data that may not be verified. Citi is currently in the process of enhancing our engagement with clients in the Energy and Power sectors to better understand the emissions profiles of our clients.

Because Citi's relevant Scope 3 emissions largely result from our financing activities, the most accurate source for our Scope 3 emissions calculations would be the emissions data reported by other registrants under the requirements of Item 1504 of the Proposed Rule. Our clients that are not subject to the SEC's reporting requirements (such as private companies) would present further challenges to calculating our Scope 3 emissions data that are unlikely to be resolved in the immediate future. To rely on this client emissions data, we would need to be able to obtain the emissions data from the companies we finance with sufficient time for further analysis. We believe it will likely take at least one to two quarters after year-end for most public companies to collect and report their GHG emissions data. Accordingly, we do not anticipate that our public and non-public company clients will be able to provide us with GHG emissions data on a timeframe that would allow us to rely on that data for our own Scope 3 emissions reporting at the time our annual Form 10-K is filed. To overcome this challenge and provide investors with the most accurate data available, a final rule must allow for a time lag in the reporting of financed Scope 3 emissions that would permit us to take into account the GHG data of our clients, including those clients filing annual reports with the Commission. Accordingly, any final rule should adopt deferred reporting requirements for financed emissions that allows this Scope 3 reporting to be permanently provided on at least a one fiscal year time lag from the relevant Scope 1 and Scope 2 emissions reporting.

For the above reasons, Citi urges the following changes:

1. Maintain the current timeline for matters in Items 1501, 1502(a), 1502(b), and 1503 of the Proposed Rule, but defer implementation for the quantitative disclosures (e.g., Scope 1 & 2 emissions) for large-accelerated filers by an additional year from the timeline in the Proposed Rule, and delay the initial assurance requirements by one additional fiscal year; and

2. Delay the initial implementation timeline for all Scope 3 disclosures for large-accelerated filers by two years from implementation, and permanently permit reporting on Scope 3 emissions on a one-year time lag to all other disclosures.

Part II: Materiality Thresholds

The Commission proposes to add a new article to Regulation S-X that would require climate-related financial statement line item impacts to be included in a note to the registrant's financial statements. This disclosure would fall within the scope of the registrant's Internal Control over Financial Reporting ("ICFR") and would be subject to its independent financial statement and ICFR audits.[3]

We support the provision of consistent decision-useful information related to the current activities and future prospects of the registrant. Continuous enhancement of registrants' financial statements and disclosures is an objective that we share with the staff of the Commission and one that we consider in all our filings. However, the proposed additions to Regulation S-X create substantial implementation difficulties and in some instances are unclear. Citi is concerned that the requirements to quantify a broad range of climate risks and opportunities and potential financial impacts in the proposed additions to Regulation S-X assume a level of precision in climate-related financial data that does not yet exist, will be challenging to develop and implement, and may be beyond what is decision-useful to investors.

First, Citi has concerns around the granularity of providing line-by-line climate-related impacts, which would seem to require developing processes and controls at the position or instrument level to disaggregate the impacts of climate versus other entity- or market-related economic factors when determining expected credit losses. Moreover, methodologies have not yet been developed to consistently or accurately perform the kinds of calculations that the SEC is proposing to require in the requested additions to Regulation S-X. For example, it is unclear how a registrant would assign a financial statement line-item impact to a particular variable (e.g., how a change in regulation would map onto a financial statement line item). Without specific guidance on such methodologies, each registrant's management would need to make their own bespoke estimates and assumptions as to how to allocate the portion of each line item that is or is not attributable to climate transition risk, or how to compute a backward-looking, regulatory-driven impact.

[3] *See* proposed 17 C.F.R. § 210.14-01.

Second, if the SEC were to proceed in requiring the proposed Regulation S-X disclosures, the 1% threshold for reporting the financial statement line-item impacts of climate change is an unusually low threshold and does not align with current materiality standards in U.S. GAAP. U.S. GAAP requires both quantitative and qualitative considerations and looks to what a "reasonable investor" would consider to be important.[4] The Supreme Court has held that a fact is material if there is: "a substantial likelihood that the ... fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."[5] We believe a more appropriate assessment of materiality for climate change effects would be those espoused by SEC Acting Chief Accountant Paul Munter in his statement on March 9, 2022. While Mr. Munter was discussing materiality in the context of evaluating errors, his comments are also relevant in this context. He stated:

> Since the concept of materiality is focused on the total mix of information from the perspective of a reasonable investor, those who assess the materiality of errors, including registrants, auditors, audit committees, and others, should do so through the lens of the reasonable investor. To be consistent with the concept of materiality, this assessment must be objective. A materiality analysis is not a mechanical exercise, nor should it be based solely on a quantitative analysis. Rather, registrants, auditors, and audit committees need to thoroughly and objectively evaluate the total mix of information. Such an evaluation should take into consideration all relevant facts and circumstances surrounding the error, including both quantitative and qualitative factors, to determine whether an error is material to investors.
>
> An objective analysis should put aside any potential bias of the registrant, auditor, or audit committee that would be inconsistent with the perspective of a reasonable investor.[6]

Further, even if a registrant were below the 1% threshold, and even if the financial impact were immaterial, the registrant would still need to perform the calculation to prove that it is below the threshold, a requirement that is significantly burdensome. Because similar requirements in the Proposed Rule do not currently exist under U.S. GAAP, the proposed Article 14 of Regulation S-X would present significant interpretive issues. Given the level of interpretation that would be required, we expect the high volume of analysis produced by each registrant would not be comparable across registrants or necessarily indicative of how a registrant monitors or manages climate risk in practice. Accordingly, we believe disclosure of information on an aggregate basis, as opposed to a 'line-by-line' basis, should be allowed. Given the novel and significant interpretive issues involved in complying

[4] *See, e.g., Basic Inc. v. Levinson*, 485 U.S. 224, 231–32 (1988); FASB, AMENDMENTS TO STATEMENT OF FINANCIAL ACCOUNTING CONCEPTS NO. 8—CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING—CHAPTER 3, QUALITATIVE CHARACTERISTICS OF USEFUL FINANCIAL INFORMATION (Aug. 2018); Staff Accounting Bulletin No. 99 (Aug. 12, 1999).

[5] *TSC Industries v. Northway, Inc*., 426 U.S. 438, 449 (1976). As the Supreme Court has also noted, determinations of materiality require "delicate assessments of the inferences a 'reasonable shareholder' would draw from a given set of facts and the significance of those inferences to him[.]" *TSC Industries*, 426 U.S. at 450. *See also Basic, Inc.*, 485 U.S. at 231–32.

[6] Paul Munter, Acting Chief Accountant, Statement: Assessing Materiality: Focusing on the Reasonable Investor When Evaluating Errors, SEC (Mar. 9, 2022), https://www.sec.gov/news/statement/munter-statement-assessing-materiality-030922.

with the proposal, we also believe there should be a safe harbor for any such Regulation S-X disclosures.

For the above reasons, Citi urges the following changes:

1. Remove the line-by-line disclosure requirements under Regulation S-X or, at the very least, replace the materiality thresholds in the Regulation S-X section of the current Proposed Rule with established materiality criteria used for current financial reporting that aligns with current U.S. GAAP application, as affirmed by the SEC Acting Chief Accountant Paul Munter's recent comments quoted above, as well as the Supreme Court, and that are required on the revised timelines proposed in the section above;

2. Require a disclosure of a registrant's financial impacts and expenditures on an aggregate basis, instead of on a line-by-line basis;

3. Focus the required disclosure on specific events and limit the determination of climate-related impacts to first order effects only; and

4. Provide a safe harbor for any new Regulation S-X disclosures.

<u>Part III: Reporting Clarifications</u>

The Proposed Rule would require disclosure of an organization's total Scope 3 emissions if material, or if the reporting entity has set a GHG emissions reduction target or goal that includes those Scope 3 emissions,[7] and would provide that any statement regarding Scope 3 emissions that is disclosed pursuant to §§ 229.1500 through 229.1506 and made in a document filed with the Commission is deemed not to be a fraudulent statement unless it is shown that such statement was made or reaffirmed without a reasonable basis or was disclosed other than in good faith.[8] The Proposed Rule would provide that if a registrant is required to disclose Scope 3 emissions, it must apply the same organizational boundaries used when determining its Scope 1 and Scope 2 emissions in identifying the sources of indirect emissions from activities in its value chain.[9] The Proposed Rule would require a registrant that has determined its organizational and operational boundaries to be consistent in its use of those boundaries when calculating its GHG emissions.[10]

The Proposed Rule should (1) clarify the requirements for Scope 3 reporting when a registrant has set a GHG emissions reduction target or goal that includes Scope 3 emissions, and (2) provide

[7] Proposed 17 C.F.R. § 299.1504(c)(1).
[8] Proposed 17 C.F.R. § 299.1504(f).
[9] Proposed 17 C.F.R. § § 229.1504(e)(3).
[10] *Id*.

necessary liability protections to registrants. As a result, the current Scope 3 requirements in the Proposed Rule should be adjusted for the following primary reasons.

First, the requirement in Item 1504(c)(1)[11] of the Proposed Rule is unclear, as it could be read to require disclosure of all Scope 3 emissions when a registrant has set a GHG emissions reduction target or goal that includes any Scope 3 emissions, or alternatively, disclosure of only those Scope 3 emissions that are part of an emissions reduction target or goal. The Scope 3 disclosure requirement is further complicated by the Proposed Rule's inclusion of 15 potential categories in its definition of Scope 3 emissions.[12] Disclosure should only be required for the portion of Scope 3 emissions for which specific targets or goals have been established and only for the categories, if any, or portions of categories, if any, in the case of financed emissions targets for specific sectors, that have been included in a registrant's voluntary disclosures.

Second, Citi is concerned that the Proposed Rule's Scope 3 emissions disclosure requirements would create unnecessary and excessive liabilities for registrants attempting to comply with a final rule. Although the Commission's proposed safe harbor in Item 1504(f) of the Proposed Rule protects against fraud concerns, the Commission has not provided adequate direction on how a registrant could satisfy the "good faith" or "reasonable basis" requirement of the proposed safe harbor for registrants to fully assess whether it provides meaningful protection. For example, it would be much more effective if Citi could rely on clients' third-party information, rather than conducting due diligence on each of these companies' GHG monitoring and reporting programs to meet the "good faith" or "reasonable basis" requirement.

For the above reasons, Citi urges the following changes:

1. Clarify that Scope 3 emissions disclosure is only required if (i) the category of Scope 3 emissions is material to the registrant, or (ii) for specific categories (or portions of categories) of Scope 3 emissions for which a registrant has publicly announced a specific emissions reduction target; and

2. Extend the application of safe harbor beyond that proposed in Item 1504(f) of the Proposed Rule that protects against fraud concerns, to clarify the existing safe harbor for Scope 3 emissions estimations to allow the registrant to rely on client emissions information, thereby removing the burden from the registrant to prove the accuracy of clients' disclosures.

[11] Proposed 17 C.F.R. § 299.1504(c)(1).
[12] Proposed 17 C.F.R. § 299.1500(r).

Part IV: Other Revisions

Citi also believes the following points should be addressed:

a. Scenario Analysis Disclosure

The Proposed Rule currently would require disclosure of the resilience of the organization's business in light of potential future changes in climate-related risks. This requirement would require a description of any analytical tools, such as scenario analysis, that the organization uses to assess the impact of climate-related risks on its business and consolidated financial statements, and to support the resilience of its strategy and business model. The requirement also would require that if the organization uses scenario analysis to assess the resilience of its business strategy to climate-related risks, the organization must disclose the scenarios considered (e.g., an increase of no greater than 3°C, 2°C, or 1.5°C, above pre-industrial levels), and describe the parameters, assumptions, and analytical choices and the projected principal financial impacts on the organization's business strategy under each scenario, including both quantitative and qualitative information.[13]

Citi agrees that scenario analysis is an important tool for risk management and agrees with the desire to ensure that companies are taking climate risks into account in their business decisions. Citi has long acknowledged in our voluntary disclosures that climate data availability, accessibility, and suitability for financial risk analysis, as well as climate risk modeling capabilities, are still emerging and evolving.

Even with evolving scenario analysis capabilities, however, the proposed requirement would create unique challenges for highly regulated banking entities. Citi is currently subject to regulatory requirements to conduct climate scenario analysis for some of its non-U.S. operations and expects it may face similar obligations in the U.S. soon. For example, the Office of the Comptroller of the Currency has requested feedback on its draft principles addressing climate-related financial risk issued on December 16, 2021, and the Federal Reserve Board formed the Supervision Climate Committee and the Financial Stability Climate Committee to better understand and address climate-related risks and is developing a program of scenario analysis to evaluate the potential economic and financial risks posed by different climate outcomes. The specific detailed results of regulatory financial scenario analysis to which Citi is currently subject are not publicly disclosed and are treated as confidential business information and in some jurisdictions may be considered confidential supervisory information. While Citi does not yet know what form any future climate scenario analysis or stress testing requirements from the prudential-financial regulators may take, we are concerned that the Commission's proposed requirements could conflict with the confidentiality protections that are required to be applied to stress testing results.

[13] Proposed 17 C.F.R. § 299.1502(f).

Citi therefore requests clarification that any scenario analysis conducted as part of required regulatory stress testing should not be subject to Item 1502(f)'s disclosure requirements and should instead continue to be provided confidentially to the relevant regulatory agency.

b. Climate Expertise

The Proposed Rule would require disclosure of information regarding "whether any member of the board of directors has expertise in climate-related risks" and, if so, to detail the nature of such registrant's board member expertise.[14]

For a large, international universal bank such as Citi, the sheer breadth of risks that the board has to oversee does not lend itself to requiring discrete board expertise for every risk. While it is critical that members understand the relevant risks faced by the company, they do not manage the company but rather oversee management, and thus they need not be "experts" in particular risks to provide valuable counsel and oversight. Single-expertise directors may not be able to contribute more broadly to the oversight of the company, leading to an imbalance in the board's operation. Instead, an effective board is one in which the members have the ability to oversee and advise on a broad range of risks that the company faces. As such, the board should instead be composed of individuals who are skilled in more than one area. Boards are best placed to understand the risks and priorities that require their oversight, including climate, among many others, and, given their collective fiduciary obligations, should make the determination as to the appropriate composition, skillset and expertise of the board.

While Citi has directors who have knowledge of climate-related issues, Citi has educated and continues to educate its entire board on climate risk – an ongoing effort in such a dynamic and evolving field. This enables broad board engagement and avoids the deference that could occur with one designated expert. In addition, we already disclose, as required by SEC rules, the primary skillsets of our directors,[15] including with respect to Environmental, Social, and Governance qualifications.

To achieve the goal of ensuring that the board has the ability to oversee climate risk, this requirement should be clarified to require disclosure of how the board is educated on climate change on a regular or ongoing basis, and otherwise continue with existing director skillset description requirements. These existing requirements do not dictate required expertise, but instead permit the board to determine the appropriate composition, including a mix of skills and backgrounds, that will enable it to most effectively oversee the broad portfolio of risks that the company faces. In the alternative, if the director-expertise disclosure is retained as contemplated in the Proposed Rule, we believe it would be important to include safe harbors commensurate with similar SEC proposed rules for board members,[16] so as to protect members with expertise in climate-related risks from liability

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[14] Proposed 17 C.F.R. § 299.1501(a).
[15] 17 C.F.R. § 299.401(e)(1).
[16] *See, e.g.*, Proposed Rule on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure, 87 Fed. Reg. 16590 (Mar. 23, 2022).

based on decisions taken in good faith on a reasonable basis. Failing to include such safe harbors would be a disincentive for climate risk experts to come forward to take on board positions.

c. Interaction of Proposed Item 1506 and Other Legal Requirements

The Proposed Rule would require a registrant to provide disclosure under Item 1506 of the Proposed Rule if it has, among other things, set "any other climate-related target or goal such as actual or anticipated regulatory requirements."[17]

Citi is concerned that this provision would require registrants to include any and all targets or reports issued pursuant to regulatory requirements in other jurisdictions. Such a reading would be problematic as it would create an unnecessary burden for registrants to gather and link to its separate reporting programs. For an entity such as Citi that operates in approximately 160 countries and is subject to a myriad of regulatory programs, this seemingly simple provision will require excessive time and resources to accomplish, especially without any reference to only scoping in where material. This disclosure would not provide any additional benefit to the public, as publicly available disclosures are made available on the relevant timeline pursuant to regulatory requirements in other jurisdictions.

Citi therefore recommends that the language "actual or anticipated regulatory requirements" be removed from the final rule or be revised to clarify that this provision only requires the disclosure of voluntary targets and goals where material to the parent entity, and not those required under the applicable regulations of other jurisdictions.

d. Grandfathering of Historical Comparison Periods

The Proposed Rule would require disclosure of financial statement metrics and a registrant's GHG emissions for its most recently completed fiscal year, and for the historical fiscal years included in its consolidated financial statements.[18] The historical periods are clarified in the definitions[19] as follows:

> A registrant that is required to include balance sheets as of the end of its two most recent fiscal years and income statements and cash flow statements as of the end of its three most recent fiscal years would be required to disclose two years of the climate-related metrics that correspond to balance sheet line items and three years of the climate-related metrics that correspond to income statement or cash flow statement line items.

A final rule should clarify whether the historical financial metrics and GHG emission reporting was intended to only be required on a go-forward basis, i.e., is subject to grandfathering, or whether historical reporting would be required beginning as of the final rule's effective date. Given that

[17] Proposed 17 C.F.R. § 299.1506.
[18] *See* proposed 17 C.F.R. § 229.1504.
[19] *See* proposed 17 C.F.R. § 210.14-10.

registrants generally have not yet created the infrastructure and started logging data and tracking the relevant emissions information, gathering and disclosing this historic data from relevant counterparties beginning on the effective date of the final rule would not be feasible. As a result, the Commission should clarify that reporting under the final rule would only be required for fiscal periods after implementation of the final rule (e.g., on a go-forward or prospective basis).

e. Clarification or Expansion of Safe Harbor Protections

Citi believes the proposed scenario analysis disclosure and any forward-looking statements made in response to specific climate-related disclosure items, such as proposed Item 1502 and 1505 (concerning targets and goals), should be covered under the Private Securities Litigation Reforms Act of 1995 forward-looking statement safe harbor. Accordingly, Citi requests that the Commission explicitly state or clarify that the safe harbor provisions in the final rule explicitly apply to such disclosures.

Conclusion

Citi has long supported the development and implementation of strong governmental climate policy, and we continue to make progress to improve our climate disclosure capabilities. Citi is committed to working constructively with its clients, vendors, the Commission, and all relevant stakeholders on the issue of climate change. We support measures to provide material climate-related information that would inform investor decision-making without distracting readers with immaterial or inaccurate information and placing unnecessary costs and burdens on registrants.

We believe our input and suggested revisions would result in a more practical and sustainable approach to climate disclosure, building on the important work that Citi and its peers are already performing in this space. We look forward to ongoing dialogue on this topic. If you have any questions about the contents of this letter or if we can be of assistance in any other way, please do not hesitate to contact me.

Sincerely,

/s/ Johnbull E. Okpara
Controller and Chief Accounting Officer
Citigroup Inc.

Cc:

Mark A. L. Mason
Chief Financial Officer

Brent McIntosh
General Counsel and Corporate Secretary

Edward Skyler
Global Head of Public Affairs

Valerie Smith
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