Comments on Proposed Rule: Enhancement and Standardization of Climate-Related Disclosures for Investors

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06/17/22

It is with excitement that I welcome the inclusion of climate-related disclosures on financial statements. I believe that the use of TCFD and CDP as a foundation will help its adoption. A lot of thought has been placed on the development of the Rule and it covers in great deal the many indicators for good governance. I appreciate requesting detailed information, but I ask you to avoid unnecessary burden or duplication of requests in the various sections. I advocate for consolidation of requirements and for the more granular details around methodologies and processes to be referenced to a registrant's sustainability report or standalone climate change report. Also, to aid standardization and comparability, I would advise for clear definitions to be provided (e.g. climate change expertise) and for methodologies and databases to be recommended (e.g. IPCC, development of a scenario analysis standard.)

Please find below comments aligned with the enumeration format used for "Request for Comment" on the Proposed Rule document.

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1. It should be a subpart to Regulation S-K. Having the information under the same statement can provide a more complete view of a company.

3. Use of TCFD would mitigate burden as it is currently widely accepted, and it also aligns with the IFRS approach. No need for a different framework. The only update would be to not make Scope 3 emissions voluntary reporting as if omitted, it would not provide an accurate understanding to investors of the risks a company has.

6. Some of the information should be allowed to be incorporated by reference such as an scenario analysis report, methodology of material risks. But there should be a minimum of data points that should be standardized as basic requirement within financial disclosures, such as: Scope 1 and 2 (and 3 if mandatory) intensity, internal price on carbon, the existence of an scenario analysis and outcomes of such analysis, and a summary of the management approach.

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7. It would provide more consistency across all filers if all are required to file it on the annual report. Many stakeholders do not look at other reports.

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8. The terms should be defined. The main concern by not defining them would be comparability. The methodology for climate scenario analysis is not well defined providing much uncertainty to first time implementers which are forced to make sometimes arbitrary definitions and categories. Short term 1-5 years, Medium 5-10 years, Long term >10 years.

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9. Yes, it should be defined as actual and potential, yet there should be mention of extend of the risk (magnitude and likelihood). And yes, both physical and transitional risks should be included.

11. I do not find this part necessary as the description of the risk itself should provide any obvious connections with other risks.

12. More than the concern about safety and competitiveness, the question should be about what is the value of providing this data? This kind of granularity is what I would expect on a scenario analysis report which can be reference on the 10K disclosure. And the locations on that analysis are used with the intention of understanding the physical risk under various climate scenarios.

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13. This can be a difficult metric to consistently capture across organizations. Is it based on number of facilities? Square foot? Throughput? Physical risks like location in a flooding area will have a different likelihood depending on the climate scenario being looked at. Maybe looking at percentage of revenue at risk due to flooding? and the likelihood of that risk? And yes, definitions need to be provided as well as preferred tools.

14. Yes, water used in high water stressed regions should be requested and rule should provide definitions. Also, maybe it should be % pf revenue derived from assets in water stress regions.

15. A metric that provides a sense of extend of the risk such as severity and likelihood.

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18. Yes, opportunities should be allowed to be disclosed by the registrant. This is the part that will help an investor understand if a registrant organization is developing solutions to help address climate change. There might be a risk for greenwashing, however, those should become more obvious to spot as reporting evolves.

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19. Yes, this would encourage registrants not to merely list the universe of possible risks but to identify which are most material and how they should be addressed.

22. Understanding the management approach to those material risks is needed for investors to understand how those risks are likely to escalate or not.

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23. If a green bond is allocated, it makes sense that a description on how the funds will be used be also provided.

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26. While having detailed information is nice, I think that by reporting whether an internal price exists, the value of that price and a rational description should suffice to inform investors.

27. I think it is the other way around. When reporting on how climate-related risks are managed and having an internal price on carbon can be described as one of the ways risks are managed.

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30. Scenario analysis is one of the key tools that can be used by management to really develop a climate change strategy. I would agree with it to be a requirement. However, given the complexity of the exercise, I would give some grace period for adoption. Also, most GIS analysts supporting physical risks scenario analysis use IPCC's data base. It would be helpful to have a consistent database to be used to aid comparability.

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34. If climate change expertise at Board level is going to be requested, a definition of what such expertise means is necessary. While knowledge on climate change is valuable for Board members to already have, the reality is that today most of them do not have an expertise on this space. In the meantime, awareness and/or a level of knowledge of the topic should be requested. And the expertise can be brought in by external advisors, and/or an individual in the management team responsible to bring these topics to the table.

35. Yes, but this is more of a checkmark part of the exercise.

36. Yes, it should be included.

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37. Yes, it should be included.

38. Yes, however, what would count as climate change expertise needs to be defined in the rule

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42. For a TCFD report, yes, for the 10K it seems unnecessary to describe the process.

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49. This question seems to have been already addressed when listing the opportunities and climate targets as a timeline and plan are also needed there. Consolidation of requirements would help with how easy is to process the information and would reduce redundancies and burden.

50. An annual update on progress towards the targets is a good idea. I do not think it needs to be a separate question but included with the requirements for targets and metrics.

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52. Yes, provide guidance and examples to aid consistency and comparability.

53. Provide additional guidance.

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55. It would be challenging to implement and then backtrack historical data to meet historical requirements. But moving forward, historical information would be helpful for investors to see the trends, and it would reflect external dependencies that might have not be accounted for in the climate-related disclosures.

56. No, data should be provided from the beginning of the compliance date moving forward.

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59. This data would be useful not only to investors, but governments and the creation of overall statistics.

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60. Even for the cases when disaggregation is feasible, there are other factors that need to be mentioned. So maybe a comments column is needed on this disclosure table.