

Vanessa A. Countryman  
Secretary Securities and Exchange Commission  
100 F Street NE  
Washington  
DC 20549  
United States of America

By email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov).

Dear Madam Secretary:

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

Minerva welcomes the Securities and Exchange Commission's (SEC) proposed rules on '*The Enhancement and Standardization of Climate-Related Disclosures for Investors*.' Climate risks have clear financial implications for institutional investors and investors have a role to play in driving progress in the transition to a low-carbon world. Investors have various tools to utilise, including capital allocation decisions, stewardship, and engagement, and the SEC should expect investors to use those tools.

Since 1995, Minerva's has provided objective and expert "Sustainable Stewardship" services comprising decision useful ESG and proxy voting data as well a supporting vote agency management. To deliver timely TCFD-aligned data that supports clients' stewardship and voting activities, instead of using private questionnaires, Minerva puts itself in the shoes of the typical shareholder and only uses publicly available information sources, annual reports, proxy statements and company websites. With up to 2,000 individual data points collected and analysed per company, we fully leverage the power of technology and data science to provide truly expert analysis. We have been finessing our approach to sustainability data identification, capture, analysis, and presentation for 27 years. Uniquely, Minerva enables clients to have complete flexibility over the models and how they integration. By which we mean that we do not have a "one size fits all" approach to governance and ESG models, rather we offer a "custom as standard" approach.

From a regulatory perspective, Minerva is a Stewardship Code signatory<sup>1</sup> and a founder signatory of the Best Practices Principles Group for Shareholder Voting Research (BPPG)<sup>2</sup>. These self-regulatory frameworks address stewardship conduct issues covering conflicts of interest, transparency, service quality and engagement.

Since 2015, the Minerva's "Say on Sustainability" research module and associated voting guidelines have offered consistent and comparable insights into the world's largest companies approach to sustainability reporting disclosure quality and are fully aligned to both the Transition Pathway Initiative<sup>3</sup> (TPI) and TCFD's principles. Our expert analysts have been collating Scope 1, 2 and where available, Scope 3 disclosures from public filings and so are well positioned to comment on the quality of data currently presented.

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<sup>1</sup> [Investors | UK Stewardship Code | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk)

<sup>2</sup> [Home | Best Practice Principles for Shareholder Voting Research \(bppgrp.info\)](https://www.bppgrp.info)

<sup>3</sup> [Home - Transition Pathway Initiative](https://www.transitionpathwayinitiative.org)

In September 2021, Minerva announced its participation in the Glasgow Financial Alliance (GFANZ)<sup>4</sup> Net Zero Financial Service Providers Alliance (NZFSPA)<sup>5</sup>. Central to that commitment is the alignment of relevant products and services to support the scaling and mainstreaming of Paris Agreement alignment into the core of our business.

Overall, we believe that the proposals put forward by the SEC will support investors' needs for climate-related data and we applaud the SEC's close alignment to existing international standards such as the TCFD and the Greenhouse Gas Protocol. Providing companies with standardised definitions for key concepts that are consistent with international standards is a significant development for the global climate disclosure regime. Importantly, in addition to supporting standardisation, the SEC's reporting process allows a comply or explain approach to disclosure, accommodating the varying approaches to measuring emissions and carbon footprint from sector to sector.

### **Response to "Requests for Comment #19-23"**

Minerva stands for evidence-based materiality disclosures. Therefore, we affirm that the requirements proposed by the SEC and outlined within requests for comment #19-23 should all be implemented in the final rule changes. Namely, the requirements for:

- A registrant to describe the actual and potential impacts of its material climate-related risks on its strategy, business model, and outlook, as proposed? Should we require a registrant to disclose impacts from climate-related risks on, or any resulting significant changes made to, its business operations, including the types and locations of its operations.
- A registrant to disclose climate-related impacts on, or any resulting significant changes made to, its products or services, supply chain or value chain, activities to mitigate or adapt to climate-related risks, including adoption of new technologies or processes, expenditure for research and development, and any other significant changes or impacts.
- A registrant to specify the time horizon applied when assessing its climate-related impacts.
- A registrant to discuss whether and how it considers any of the described impacts as part of its business strategy, financial planning, and capital allocation.
- A registrant to provide both current and forward-looking disclosures to facilitate an understanding of whether the implications of the identified climate-related risks have been integrated into the registrant's business model or strategy.
- The disclosures to include how the registrant is using resources to mitigate climate-related risks.

If a registrant also employs green financial instruments such as green bonds, Minerva recommends that the SEC should require additional disclosures providing key performance metrics tied to such financing instruments.

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<sup>4</sup> [Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](https://www.gfanzero.com)

<sup>5</sup> [Committed to Net Zero - Net Zero Financial Service Providers Alliance \(netzeroserviceproviders.com\)](https://www.netzeroserviceproviders.com)

### **Response to “Request for Comment #25”**

Further to Minerva’s support for evidence-based materiality disclosure and allowing for the differing approaches to climate disclosure by companies, Minerva agrees that the SEC should allow registrants to provide a narrative discussion of whether and how any of their identified climate-related risks have affected or are reasonably likely to affect their consolidated financial statements. This qualitative information should be supported by the quantitative financial statement metrics proposed by the SEC in 17 CFR 210.14-02 (14-02 of Regulation S-X) that demonstrate that the identified climate-related risks have had a material impact on reported operations AND include tabular representations of those metrics.

### **Response to “Request for Comment #46”**

Regarding the SEC’s requirements for registrants that have adopted transition plans, Minerva agrees that each such registrant should describe the plan, including the relevant metrics and targets used to identify and manage physical and transition risks, as proposed. The SEC could take these disclosure requirements further by requiring registrants adhere to the Just Transition processes defined by the International Labor Organisation<sup>6</sup>.

Furthermore, Minerva believes that transition plan disclosure requirements should also be mandatory for ALL public corporations, whether it is their equity or fixed income instruments that are listed. If such a corporation does not currently have a transition plan in place, the SEC should require it to formulate a plan so that it can be described to the SEC as part of its climate disclosure, including the relevant metrics and targets used to identify and manage physical and transition risks. The threshold for an issuer to be subject to such mandatory submission of a transition plan could be determined using reference to the Science-based Targets Initiative<sup>7</sup>.

### **Response to “Request for Comment #133”**

Minerva fully supports the SEC’s ambition for mandating Scope 3 reporting from 2026 for large, accelerated filers, and 2027 for accelerated and non-accelerated filers. While these proposals go beyond the mandatory reporting requirements of the TCFD recommendations, there are many important and investment-performance aligned benefits associated with measuring and reducing Scope 3 emissions. By measuring Scope 3 emissions, corporations can:

- assess where the emission hotspots are in their value chain;
- identify resource and energy risks in their supply chain;
- identify which suppliers are leaders and which are laggards in terms of their sustainability performance;
- identify energy efficiency and cost reduction opportunities in their value chain;
- engage suppliers and assist them to implement sustainability initiatives;
- improve the energy efficiency of their products; and
- positively engage with employees to reduce emissions from business travel and employee commuting.

Due to the broader range of activities captured by Scope 3 emissions, we recognise that most corporations may not be prepared for such a high level of required reporting within the timeframe suggested. Instead, these reporting requirements are covered by safe harbour and exemption clauses, encouraging companies to report whatever data they have.

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<sup>6</sup> [International Labor Organisation - Guidelines for a Just Transition](#)

<sup>7</sup> [Ambitious corporate climate action - Science Based Targets](#)

While the proposals may improve the availability of Scope 3 data, we are concerned by the lack of a definitive timeline for fully liable scope 3 emissions disclosure. If such a sunset clause is not put in place, scope 3 reporting may become an exercise in box-ticking by companies.

**Response to “Request for Comment #157”**

On the topic of assurance, Minerva agrees with the level of assurance that the SEC expects of registrants. However, the proposals raise questions about the capacity and capability of the US assurance market to meet the body of work that these requirements will bring. The mandatory minimum requirements set forth in the proposal, including the phased implementation from limited to reasonable assurance, and the exemption of smaller filers, consider the needs of SEC registrants, but, based on the consultation do not appear to address the capacity and, very importantly, the trustworthiness and reliability of the US assurance market. Decisions about levels of assurance (limited or reasonable) to be applied should be based upon evaluation of the capacity of the assurance market. We do not believe that assurance costs should not be a concern as these can be weighed against the cost of not having adequately reliable data for important risk evaluation.