

Vanessa A. Countryman
Secretary
Securities and Exchange Commission (SEC)
100 F Street, NE
Washington, DC 20549-1090
UNITED STATES

Submitted electronically

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Subject: Request for public input on 'The Enhancement and Standardization of Climate-Related Disclosures for Investors' (File Number S7-10-22)

Dear Madam Secretary,

Eumedion welcomes the opportunity to respond to the SEC's request for public input on its proposal 'The Enhancement and Standardization of Climate-Related Disclosures for Investors'.

Eumedion is the Netherlands-based dedicated representative of the interests of 53 Dutch and non-Dutch institutional investors, all committed to a long term investment horizon. Eumedion aims to promote good corporate governance and sustainability in the companies our participants invest in. We regard widely accepted financial and non-financial reporting standards as an element of critical importance for well-functioning capital markets, since investors are dependent on the quality of these standards for allocating their own and entrusted capital around the globe. Such standards are instrumental for responsible and engaged investors to live up to their fiduciary duties. Together our participants invest over \$ 8 trillion of capital in equity and corporate non-equity instruments.

From the perspective that none of our participants limit their investments to US capital markets only, we focus our attention to questions 183 to 189 that touch on the international dimension of sustainability reporting.

Q183. Should we adopt an alternative reporting provision that would permit a registrant that is a foreign private issuer and subject to the climate-related disclosure requirements of an alternative reporting regime that has been deemed by the Commission to be substantially similar to the requirements of proposed Subpart 1500 of Regulation S-K and Article 14 of Regulation SX to satisfy its disclosure obligations under those provisions by complying with the reporting requirements of the alternative reporting regime (“alternative reporting provision”)? If so, should we require the submission of an application for recognition of an alternative reporting regime as having substantially similar requirements for purposes of alternative reporting regarding climate-related disclosures? Should we permit companies, governments, industry groups, or climate-related associations to file such an application? Should we require the applicant to follow certain procedures, such as those set forth in 17 CFR 240.0-13?

Eumедion would welcome the adoption of the described alternative reporting provision, similar to how foreign private issuers currently are allowed to file IFRS financial statements in the US. We concur that an adequate procedure needs to be in place to recognize only high quality alternative reporting regimes, such as the ISSB framework, and those frameworks adopted by any local jurisdiction that are made pursuant to criteria developed by the ISSB.

Q184. If we adopt an alternative reporting provision, should we specify certain minimum standards that the alternative reporting regime must meet in order to be recognized and, if so, what standards? For example, should we specify that an alternative reporting regime must require the disclosure of a foreign private issuer’s Scopes 1 and 2 emissions and related targets, the proposed financial statement metrics, as well as disclosures pursuant to the TCFD’s recommendations regarding governance, strategy, and risk management disclosure? Should we specify that the alternative reporting regime must require the disclosure of Scope 3 emissions and, if so, should we deem the alternative reporting regime to be substantially similar even if its Scope 3 emissions requirements become effective after the Commission’s phase in period for Scope 3 emissions disclosure requirements? Should we specify that the alternative reporting regime must require the disclosure of scenario analysis if a registrant uses scenario analysis in formulating its strategy regarding climate-related risks? Are there certain climate-related disclosure requirements that have been adopted or are in the process of being adopted in other jurisdictions that we should consider to be substantially similar to the Commission’s rules for purposes of an alternative reporting provision? If so, which requirements should we consider?

The ISSB framework is drafted to allow jurisdictions by design to complement the global baseline with additional minimum requirements for (foreign) registrants. We can well imagine that SEC will consider to complement the ISSB’s global baseline. We are not convinced that there would be a need for the

SEC to also set minimum requirements at the level of the alternative reporting regimes. Especially since approving an alternative reporting regime is likely to be more complex than just meeting a number of minimum requirements. Allowing an alternative reporting regime will make the SEC a stakeholder of the ISSB with 'skin in the game', and we therefore expect the ISSB to consider the SEC's views on minimum reporting requirements for sustainability reporting with great care.

185. If we adopt an alternative reporting provision, should it be a mutual recognition system, so that, as a condition of our recognition of a particular jurisdiction as an alternative reporting regime, that jurisdiction must recognize the Commission's climate-related disclosure rules as an alternative reporting system that a registrant dual-listed in the United States and the other jurisdiction may use to fulfil the foreign jurisdiction's climate-related disclosure rules?

We are aware that many jurisdictions allow US private issuers to report under US GAAP and vice versa, although we cannot confirm that the observed mutual recognitions are the result of a formal 'mutual recognition system'. The sustainability reporting landscape can be expected to be larded with jurisdiction specific top-ups (in line with question 184). In line with our response to question 184, we are of the opinion that both the US and other jurisdictions can validly set minimum requirements that are on top of, or even deviate from for example a global baseline set by the ISSB. We would suggest that the SEC would also allow foreign jurisdictions to also set their minimum requirements, without the immediate consequence that the SEC would mechanically revoke the status of 'alternative reporting regime' of such foreign jurisdiction.

186. If we adopt an alternative reporting provision, should we require a registrant filing the alternative climate-related disclosure to make certain changes that we deem necessary as a condition to alternative reporting? For example, should we require a registrant to comply with 282 XBRL tagging requirements as a condition to filing alternative climate-related disclosure? Are there other specific conditions that we should impose on disclosure under an alternative climate reporting provision?

We only agree if the alternative reporting regime has no taxonomy of its own. In principle, if an alternative reporting regime has its own taxonomy, XBRL tagging should in our view be required and based on this respective taxonomy. We fear that using a taxonomy (the SEC's) that is different from the framework applied (for example the ISSB's) may prove to be rather impractical for both preparers and investors and is likely to result in a lower quality of digital reporting.

We would look to the ISSB to accommodate in their taxonomy the possibility of tagging disclosures that result from requirements set by local jurisdictions in excess of the global baseline set by the ISSB. This would result in a single XBRL file for sustainability reporting. The alternative where an ISSB XBRL file is complemented with a separate XBRL file to meet additional minimum US sustainability

reporting requirements may result in duplication of tagged information. Processing two XBRL files with (partly) duplicate information can be expected to make it substantially more difficult for investors to find and process these files; especially since the jurisdiction specific format is likely to differ per jurisdiction.

187. If we adopt an alternative reporting provision, should we require a registrant using that system to:

- State in the filing that it is relying on this alternative reporting provision;*
- Identify the alternative reporting regime for which the climate-related disclosure was prepared;*
- Identify the exhibit number of the filing where the alternative disclosure can be found; and*
- File a fair and accurate English translation of the alternative climate-related disclosure if in a foreign language? Would these requirements enhance the accessibility of the alternative disclosures? Are there other requirements that we should impose to enhance the transparency of the alternative climate related disclosure?*

We agree.

Q188. If we adopt an alternative reporting provision, should we permit a registrant to follow the submission deadline of the approved alternative reporting regime even if that deadline differs from the deadline for reporting under our rules? If so, what conditions, if any, should apply to permit the use of such alternative deadline? For example, should the registrant be required to provide adequate notice, before the due date of the Commission filing in which the alternative disclosure is required to be included? Should such notice indicate the registrant's intent to file the alternative disclosure using the alternative jurisdiction's deadline? If so, what would constitute adequate notice? For example, should the deadline for filing the notice be three, five, 283 or ten business days before the Commission filing deadline? Should we permit a registrant to provide such notice through an appropriate submission to the Commission's EDGAR system? Should we permit a registrant to indicate in its Form 20-F or other report that it will file the alternative disclosure at a later date if permitted to do so by the alternative reporting regime? In that case, should we permit the registrant to file the alternative disclosure on a Form 6-K or 8-K? Should we instead require a registrant to submit the notice via a form that we would create for such purpose? Should there be any consequences if a registrant fails to file a timely notice or fails to file the alternative disclosure by the alternative regime's due date? For example, should we preclude such a registrant from relying on the alternative reporting provision for the following fiscal year?

Sustainability reporting and financial reporting should be made public simultaneously. The sustainability reporting requirements set by the ISSB are investor-focused and aim to generate in decision-useful sustainability reporting for investors. The interconnectedness between financial reporting and sustainability reporting should not be underestimated. We expect companies to integrate sustainability performance in their existing reporting and audit cycle. Sustainability reporting is not

different from financial reporting in the sense that will also be used to inform decisions to buy, sell, hold equity and debt instruments and to exercise rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources. Eumedion would recommend the SEC to require (foreign) registrants to adhere to the proposed requirement 66 of the ISSB exposure draft 'IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information sustainability reporting', which reads: 'An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.'

Q189. An International Sustainability Standards Board (ISSB) has recently been created, which is expected to issue global sustainability standards, including climate-related disclosure standards. If we adopt an alternative reporting provision, should that provision be structured to encompass reports made pursuant to criteria developed by a global sustainability standards body, such as the ISSB? If so, should such alternative reporting be limited to foreign private issuers, or should we extend this option to all registrants? What conditions, if any, should we place on a registrant's use of alternative reporting provisions based on the ISSB or a similar body?

We reiterate our response to question 183, where we suggest that only the ISSB framework itself and those frameworks adopted by any local jurisdictions that are made pursuant to criteria developed by the ISSB could be permitted through such procedure. Our stance is a slightly more stringent approach than suggested in the question, as we believe that the global push for comparability is and should going forward remain centered around the framework that the ISSB is establishing.

We would warmly support extending the option to all registrants, as this would constitute a major step towards global comparability. Such move would still allow the SEC to set additional requirements on top of the global baseline set by the ISSB.

We hope that our comments and suggestions are of any assistance. If you would like to discuss our views in further detail, please do not hesitate to contact us. Our contact person is Martijn Bos (martijn.bos@eumedion.nl, tel. +31 70 2040 304).

Yours sincerely,



Rients Abma
Executive Director