

MEMO# 33552

May 26, 2021

Your Comments Requested by June 2 on ICI Draft Comment Letter Responding to then SEC Acting Chair Lee's Request for Input on ESG Public Company Disclosure

[33552]

May 26, 2021 TO: Broker/Dealer Advisory Committee

ESG Advisory Group

ESG Task Force

SEC Rules Committee

Small Funds Committee RE: Your Comments Requested by June 2 on ICI Draft Comment Letter Responding to then SEC Acting Chair Lee's Request for Input on ESG Public Company Disclosure

As we previously informed you, in March, then Acting Chair Allison Herren Lee requested public input on how the Commission can best regulate, monitor, review, and guide climate change disclosures in order to provide more consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them.[\[1\]](#) Attached is a draft comment letter responding to the request for input. The draft letter is briefly summarized below.

The draft letter recommends that the SEC should:

- require public companies and private companies that are required to report on Form 10-K to disclose Greenhouse Gas Scope 1 and Scope 2 emissions, narrative consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations; and information that is disclosed on Form EEO-1;
- work towards establishing a consistent global baseline provided that any requirements are sequenced in a manner that assure that public company disclosure precedes any corresponding fund disclosure and does not incorporate the concept of double materiality;
- rely on a domestic standard setter to maintain the currency of climate change related information provided any such standard setter has appropriate funding, governance, and due process features;
- provide a safe harbor or something similar to mitigate companies' concern with potential liability for climate related disclosures;

- create a committee of market participants and experts—investors, companies, auditors, scientists, and academics—that could support a longer-term approach to this complex and ever-evolving area.

We will be filing the final comment letter with the Commission no later than June 4. Please provide any comments on the attached draft as soon as possible but not later than noon on June 2 to Dorothy Donohue at ddonohue@ici.org.

We recognize that you likely will have multiple persons from your firm on the member groups that are receiving the draft letter. To assure that we understand your firm's overall view, please provide one collective response for your firm.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

endnotes

[1] See Memorandum No. 33195 (Mar. 15, 2021), *available at* <https://www.ici.org/memo33195>.

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