

**MEMO# 33574**

June 4, 2021

# ICI Responds to Request for Input on Public Company Climate Change Disclosures

[33574]

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TO: ICI Members

Investment Company Directors

ICI Global Members SUBJECTS: Disclosure

ESG RE: ICI Responds to Request for Input on Public Company Climate Change Disclosures

As we previously informed you, in March, then Acting Chair Allison Herren Lee issued a public statement requesting public input from investors, registrants, and other market participants on climate change disclosures.[\[1\]](#) We filed a letter today responding to the request.[\[2\]](#) The letter recommends that the Commission:

- require public companies and private companies that meet certain asset and shareholder thresholds to disclose Scopes 1 and 2 GhG emissions, narrative information consistent with the TCFD framework, and information on their Form EEO-1 to promote consistency, comparability, and reliability of key information;
- should promote the development of reporting practices, including assumptions, models, and methodologies before considering requiring companies to disclose Scope 3 GhG emissions;
- leverage private sector initiatives so that it more easily can catch up to, and solidify, the progress on sustainability-related reporting that US market participants voluntarily have achieved over the past decade;
- take steps to address companies' liability concerns associated with providing climate change-related information in Form 10-K to promote more fulsome disclosure;
- lead work to promote a global baseline of consistent and comparable sustainability-related disclosure to support the global character of companies and asset managers;
- not require companies to provide a new, separate "sustainability discussion and analysis" because doing so would be unnecessary given the existing requirement for management's discussion and analysis of financial condition and operations (MD&A);

- not mandate third-party assurance at this time given the rapidly changing state of sustainability disclosures, but phase in such assurance over time to increase the reliability of sustainability-related information for investors provided that the benefits of doing so exceed the costs; and
- establish, and seek the advice of, a committee of relevant market participants (including companies, funds, fund managers, investors) auditors, technical experts, and other relevant government authorities to allow the Commission to keep pace with the evolution of climate-change related reporting, well positioning it for undertaking any future rulemaking endeavors.

Dorothy M. Donohue  
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Gregory M. Smith  
Senior Director, Fund Accounting and Compliance

#### **endnotes**

[1] See Public Input Welcomed on Climate Change Disclosures (March 15, 2021) *available at* <https://www.sec.gov/news/public-statement/lee-climate-change-disclosures>.

[2] The letter is *available at* [https://www.ici.org/system/files/2021-06/21\\_ltr\\_rfi.pdf](https://www.ici.org/system/files/2021-06/21_ltr_rfi.pdf)

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