May 19, 2022

VIA EMAIL
Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: The Enhancement and Standardization of Climate-Related Disclosures for Investors Release Nos. 33-11042 and 34-94478; File Number S7-10-22

Dear Secretary Countryman:

On behalf of Dow Inc. and its consolidated subsidiaries ("Dow"), we thank the Securities and Exchange Commission (the "Commission") for the opportunity to comment on the proposal to enhance and standardize climate-related disclosures in registration statements and annual reports set forth in the above-referenced release (the "Proposed Rule"). We agree that standard reporting practices not only provide more comparable disclosures for investors, but also provide registrants with overall cost savings in the long-term. Specifically, we commend the Commission's:

- Utilization of existing standards and frameworks in the Proposed Rule – notably the framework developed by the Task Force on Climate-related Financial Disclosures ("TCFD") and the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.
- Efforts to provide consistent, comparable, and decision-useful information to investors while providing registrants with clear reporting obligations and guidelines along with safe harbor protections for Scope 3 disclosures.
- Adoption of standard reporting practices that will help ensure investors and business counterparts have similar and/or comparable information for U.S. registrants as they do for companies in foreign jurisdictions, enabling and promoting investment in and transactions with U.S companies.

While we support the Commission's efforts to develop comprehensive climate-related disclosure requirements, for the reasons outlined in this letter below, Dow respectfully requests that the Commission modify the Proposed Rule as follows:

(i) Reduce initial Scope 3 emissions disclosure and extend the implementation timeframe until international or national measurement standards are adopted and models to measure Scope 3 emissions are consistent and more reliable. Extend safe harbor protections until and after such standards are adopted and models are developed to ensure registrants are provided ample time to implement and develop controls around the disclosure process.

(ii) Eliminate the new financial metrics footnote disclosure requirements in their entirety and instead rely on U.S. GAAP, which already requires financial statement presentation or disclosure of the nature and financial effects of events or transactions that are infrequent in occurrence or unusual in nature. If the Commission determines additional disclosures should be required, modify the Proposed Rule to focus financial metrics disclosure requirements exclusively on direct financial impacts that are both identifiable and quantifiable until consistent and comparable approaches for indirect impacts are developed. The disclosure threshold should also be increased to 5 percent to ensure only material information is required to be disclosed. Financial metrics disclosures should be presented in Management's Discussion and Analysis rather than in the notes to the financial statements and delayed at least one year to help alleviate the administrative, cost and time burden on registrants.

(iii) Allow registrants to calculate and report GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard organizational boundary options. Under the GHG Protocol operational control approach, a company includes emissions from assets where it has operational control in its Scope 1 and Scope 2 GHG emissions reporting. This is the most appropriate reporting methodology for GHG emissions reporting as it requires a company to measure GHG emissions from assets it directly controls and makes operational decisions that impact the emissions generated from those assets.

(iv) Remove requirement for detailed disclosures around each internal carbon price and instead allow for general disclosures of methodologies used and the range of a registrant's internal carbon prices. Remove requirement to disclose estimates of how internal carbon price may change over time as such information may be of proprietary interest to registrants.

(v) Define short-, medium- and long-term time horizons in the Proposed Rule to ensure disclosures are comparable between registrants and across industries.

(vi) Eliminate separate climate-related reporting requirements for wholly owned subsidiaries, consistent with the abbreviated disclosure requirements historically afforded to such registrants as the climate-related activities and disclosures of these registrants are of little value to their investors and will be included with the reporting and disclosures of the related parent company.

(vii) Require disclosures to be provided in a document that is "furnished" to the SEC, outside of the registrant's annual filing, to alleviate the financial, time and legal burdens on registrants and to address time constraints and data availability for climate-related disclosures.

Our detailed commentary on the foregoing is respectfully submitted for the Commission's consideration in the Appendix to this letter.

We thank the Commission for the opportunity to share our thoughts, concerns and recommendations related to the Proposed Rule and we hope the Commission will find these perspectives from an issuer strongly committed to transparency in its sustainability journey to be meaningful and constructive. Dow supports the Commission's desire to create standard reporting practices for climate-related disclosures and we look forward to engaging more on this topic.

Sincerely,

Howard Ungerleider
President and Chief Financial Officer
Dow Inc.

APPENDIX

Additional Detailed Commentary

DOW: A LEADER IN SUSTAINABILITY & DISCLOSURE

Dow is a materials science company dedicated to giving our customers the solutions they need to both achieve their goals and create a better tomorrow. For 125 years, we have continually worked toward designing and producing better products for society and the planet, as well as imagining and implementing better ways to make them. This is central to our business strategy and a priority for our company, which is outlined in our ambition: *"To be the most innovative, customer-centric, inclusive and sustainable materials science company in the world."*

Not only is sustainability a key element of our ambition, it also has been core to our culture and values throughout our history and is a strategic imperative for Dow to drive long-term value for all stakeholders, including shareholders. For more than 30 years, Dow has been a leader in our industry, establishing and performing against clear sustainability goals. Today, we continue to implement our 2025 Sustainability Goals[1] – our third generation of successful 10-year sustainability goals – as well as our progressive, multi-decade sustainability targets focused on advancing a circular economy and climate protection. Our climate target is our commitment to implement and advance technologies to manufacture products using fewer resources and that help customers reduce their carbon footprint. The goal is clear: By 2030, we will reduce our net annual carbon emissions by 5 million metric tons; a 15 percent reduction from our 2020 baseline, following a 15 percent carbon emissions reduction from 2005 to 2020. And by 2050, we intend to be carbon neutral (Scopes 1+2+3 plus product benefits).

We are collaborating to invest in and develop new technologies and processes that will decarbonize our industry, while also helping our customers reduce their carbon footprint by innovating lower-carbon technologies. Many Dow products lower our customers' emissions more than the carbon emissions used to produce them and improve safety for the users of our products, such as enabling lighter, safer and more fuel-efficient automobiles; more energy-efficient buildings; and food that stays safe and fresh longer—all critical for a world set to add two billion people by 2050.

Dow is recognized as one of the top companies in the global chemical industry for sustainability performance. We are a leader in voluntary and transparent sustainability reporting, issuing our 18th annual comprehensive report in 2021 based on the Global Reporting Initiative ("GRI") Standards Comprehensive option and including metrics and disclosures aligned with the Sustainability Accounting Standards Board ("SASB") Chemical Industry Standard. We also support TCFD and will fulfill our commitment to fully implement the TCFD disclosure recommendations in our 19th annual comprehensive report issued in 2022. In addition, we have obtained limited assurance on our GRI disclosures since 2007 and are adding Scope 1 and 2 GHG emission calculations prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard to the 2021 assurance process.

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[1] https://corporate.dow.com/en-us/science-and-sustainability.html

Dow's annual sustainability reporting also serves as Dow's communication on progress for its commitment to the United Nations Global Compact. We have reported details of our climate governance and performance to the CDP (formerly the Carbon Disclosure Project) since 2003 and were an early adopter of Scope 3 GHG emissions reporting. Dow's Board of Directors is directly engaged in and provides oversight for Dow's ESG strategy and performance reporting. As evidence of this, Dow provides a consolidated, comprehensive ESG report annually, which includes the company's performance on a variety of environmental/sustainability, social and governance-related matters. Going forward, we are also engaging with the World Economic Forum's International Business Council to help support consolidation of reporting frameworks and arrive at a consistent and comparable international reporting standard for ESG matters.

INTRODUCTION

As discussed in further detail below, we respectfully request the Commission to fully review the impacts of the Proposed Rule on registrants, including Dow and its wholly owned subsidiary and registrant, Union Carbide Corporation, and make the following modifications:

i) Extend the proposed implementation timeframe and limit initial Scope 3 emissions disclosure requirements due to data availability constraints and the lack of internationally or nationally recognized measurement standards and models. Clarify the definition of materiality for Scope 3 emissions categories. Extend related safe harbor protections.

Scope 3 emissions are a critical aspect of many climate strategies. At Dow, we estimate that Scope 3 emissions constitute approximately two-thirds of our total carbon emissions. Given the current lack of supplier-specific GHG emissions data and the challenges tracking emissions in our downstream value chain, we appreciate and agree with the safe harbor protections the Proposed Rule provides as it relates to Scope 3 emissions disclosures. Scope 3 emissions analysis is still in the early stages of development, with data availability and calculation methodologies and models continuing to evolve. In fact, current models can return vastly different estimates of Scope 3 emissions when using the same data, further clarifying the need for additional development and testing of methodologies and models. Furthermore, while calculating and sharing product-level carbon data is becoming more common, there remains a disconnect for integrating product-level carbon data into annual Scope 3 carbon emissions accounting and including supplier-specific data in carbon footprints by product. The GHG Protocol describes four methods for estimating Scope 3 emissions, from a granular and resource heavy supplier-specific method to a basic spend-based approach for companies that have recently started their reporting.

The Proposed Rule would require registrants to disclose Scope 3 emissions if material or if the registrant has established a reduction target or goal that includes Scope 3 emissions. The requirements include disclosure of gross emissions disaggregated by each GHG and on an aggregate basis using carbon dioxide equivalents. Due to current data limitations, Dow's Scope 3 emissions accounting is currently based on a blend of our own primary data, emissions estimates and modelled assumptions, following the guidance of the GHG Protocol. For example, we use our internal primary data on quantities and spend for the various types of purchased goods and services, quantities and revenue from sold products, and quantities of waste produced in operations and use various assumptions to convert these values to emissions. Dow's goal is to integrate product carbon footprint data from key suppliers into its upstream categories. However, Dow operates

104 manufacturing sites in 31 countries with more than 32,000 vendors, who also have thousands of suppliers, creating a complex network of companies for Dow and its suppliers to coordinate emissions reporting. Additionally, verification norms are not yet well-defined and many suppliers are currently unable or unwilling to share these data, limiting our ability to reach this goal today. Dow is working to advance our data gathering capabilities by communicating expectations to suppliers and through partnerships with WBCSD Partnership for Carbon Transparency, CDP Supply Chain Program and Together for Sustainability. The downstream value chain is even more complex as Dow's broad portfolio of products and our position in the value chain as a producer of intermediates makes it particularly challenging to track downstream emissions. As a result of these challenges and necessary assumptions to calculate Scope 3 emissions, the estimates of Scope 3 emissions come with high uncertainty. This uncertainty, particularly for downstream categories, also makes it challenging to define a precise quantitative standard for Scope 3 emissions materiality across all industries and all sectors. In addition, we believe this Proposed Rule will have unintended consequences, resulting in companies refraining from announcing Scope 3 reduction targets or goals to avoid required and burdensome disclosures.

To help ensure the integrity and reliability of Scope 3 emissions disclosures and recognize the inherent complexities of Scope 3 emissions reporting, we recommend the Commission's Final Rule includes the following changes:

- Provide additional time for implementation of Scope 3 emissions disclosures in order for registrants to build internal systems, data collection strategies and supplier and customer networks that will ensure more accurate Scope 3 emissions accounting. We recommend a phased implementation timing strategy that prioritizes upstream value chains where Scope 3 emissions data is more accessible.
    - Under the Proposed Rule, large accelerated filers would be required to disclose detailed information about their Scope 3 emissions beginning in 2024, including disaggregation by each GHG. These requirements would apply to accelerated and nonaccelerated filers the following year. Given the complexity of data collection, assumptions and calculation estimates for upstream and downstream Scope 3 emissions and the lack of internationally or nationally recognized Scope 3 emissions measurement standards and models, this proposed timeline is overly aggressive. Therefore, we recommend the Commission delay the effective date for Scope 3 emissions disclosures until such information can be reasonably compiled and measurement standards and models are formally recognized and adopted.
- Clarify the definition of materiality for Scope 3 emissions categories. In our view, registrants should be allowed to establish materiality through a detailed assessment of their value chain(s) and use a reasonable basis to estimate emissions. Industry groups could help establish sector-specific guidance and criteria to assist with this process. For categories where a registrant can directly influence Scope 3 emissions, such as through procurement practices, investment decisions, and product design, additional efforts should be required to quantify emissions, with an expectation to increase accuracy over time.
- Ensure safe harbor protections are extended indefinitely as the process to calculate and report Scope 3 emissions matures. While we recognize that there may be a desire to remove safe harbor protections over time, it is important that the Commission understands the complexity and evolving nature of Scope 3 emissions reporting, necessitating the need to extend such protections.

ii) Rely on U.S. GAAP disclosure requirements and eliminate the new financial metrics disclosure requirements. Alternatively, focus any newly required climate-related financial metrics disclosures exclusively on direct impacts that are material, identifiable and quantifiable, increase the disclosure threshold to 5 percent and require presentation in Management's Discussion and Analysis.

The Proposed Rule requires registrants to disclose, in a footnote to the financial statements, the disaggregated impacts of climate-related events and transition activities on each financial statement line item if the absolute impact exceeds 1 percent of the related financial statement line item. Further, if the total amount expensed for climate-related events and transition activities or the total amount capitalized for such events and activities exceeds 1 percent of a registrant's total expenditures or capitalized costs, disaggregated disclosures of these amounts would also be required.

We understand the purpose of this disclosure is to provide investors with decision-useful information related to the costs and benefits of climate-related events and transition activities on a registrant's financial statements and allow for comparisons of such impacts to other registrants. However, the degree of estimation and judgment involved in determining amounts to a 1 percent materiality threshold that are specifically related to such climate-related events and activities as opposed to normal business operations would, in our opinion, significantly and negatively impact the comparability and overall value of such disclosures. For example, in 2021 Dow experienced property damage and related repair costs as a result of a number of extreme weather events on the U.S. Gulf Coast. Those direct costs can easily be segregated, analyzed and quantified within our current processes. However, the indirect impact of these events also resulted in significant supply constraints during a period of increasing demand which provided business opportunities, with increases in selling price that were partially offset by increased feedstock, energy and raw materials costs. Quantifying the indirect impact of these events on sales and cost of sales would be exceedingly difficult and require significant judgment, estimates and assumptions, thereby limiting the comparability of such information with other registrants and the usefulness of such information to investors. Further, under the Proposed Rule, registrants would apply these disclosure requirements retrospectively, with large accelerated filers expected to disclose financial metrics in annual reports filed in 2024. As registrants will need to design and implement new and complex accounting and internal control processes to compile disclosure information for both direct and indirect impacts of climate-related events and transition activities and subject the processes and disclosures to ICFR, the timeline for implementation of this disclosure requirement appears overly aggressive and will cause a significant financial and administrative burden for compliance. Finally, these disclosure requirements are not included in the TCFD framework and it is unclear if these requirements would be adopted globally, thereby limiting its usefulness for global investors and potentially undermining investment in U.S. registrants.

For these reasons, we urge the Commission to focus disclosure requirements on direct impacts that are identifiable, quantifiable and material, and delay disclosures for indirect impacts until consistent and comparable approaches for measurement are developed, at which time further quantitative information for indirect impacts could be reasonably disclosed. However, as U.S. GAAP already requires financial statement presentation or disclosure of the nature and financial effects of events or transactions that are infrequent in occurrence or unusual in nature, we believe separate climate-related financial metrics disclosure requirements are not necessary and should be eliminated from the Proposed Rule.

If the Commission determines such disclosures will be required, we request the Commission to apply the reporting standards to direct impacts only and on a prospective basis, move the disclosure requirement from a footnote to the financial statements to Management's Discussion and Analysis and delay the required implementation at least one additional year to help alleviate the administrative, cost and time burden on registrants. This delay would provide registrants ample time to evaluate the disclosure requirements and develop appropriate processes and controls over the accounting processes over the direct impacts of climate-related events for disclosure.

Additionally, we recommend the Commission increase the proposed 1 percent disclosure threshold for climate-related financial metrics to 5 percent of financial statement line items, expenditures and capitalized costs. The examples of 1 percent thresholds provided in the Proposed Rule do not share many similarities to the operating nature of climate-related activities and, if the requirement for financial metric disclosures is retained in the Final Rule, we urge the Commission to increase the disclosure threshold consistent with balance sheet disclosure requirements in *S-X 210.5-02 – Balance sheets*, to ensure only material impacts and events require disclosure.

iii) Allow registrants to calculate GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard organizational boundary options.
While we support the Commission's objective to help investors understand the scope of a registrant's operations included in its GHG emission metrics, we disagree with the proposal to require registrants to follow and apply the same organizational boundaries used to prepare the consolidated financial statements. Many companies, including Dow, have established work processes that follow methodology allowed for setting organizational boundaries under the GHG Protocol Corporate Accounting and Reporting Standard. Dow follows the GHG Protocol operational control approach in which the company includes 100 percent of the emissions from assets where Dow has operational control in its Scope 1 and Scope 2 GHG emissions reporting. Dow believes this is the most appropriate methodology to follow as it requires the company to measure GHG emissions from assets it directly controls and makes decisions that impact the emissions generated from those assets. Dow also includes GHG emissions calculated in accordance with the GHG Protocol operational control approach in our annual ESG report under the Global Reporting Initiative Standards Comprehensive option and in reporting submitted to CDP.

Registrants will face additional cost and reporting burdens if they are required to maintain two separate sets of records in order to meet SEC reporting standards and obligations. We believe this will create confusion and make the reporting less transparent for investors as they will obtain different GHG emission values depending on which report they utilize. In addition, registrants will be reliant on other parties to calculate and submit GHG emissions data for entities that are accounted for under the equity method of accounting or that follow proportional consolidation rules. We ask that the Commission align with the proposal included in the International Sustainability Standards Board's Exposure Draft for Climate-related Disclosures, which requires companies to report GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard options.

iv) Remove detailed disclosure requirement for each internal carbon price and instead allow general disclosures around methodologies used and the range of a registrant's internal carbon prices. Remove requirement to disclose estimates of how internal carbon price may change over time.

Internal carbon prices are used by many companies to help them assess and mitigate climate-related risk factors. At Dow, carbon pricing is used primarily for: evaluating long-term capital requirements, ensuring compliance with regulatory frameworks, adding additional justification for investments in energy efficiency and emission reduction projects to meet internal climate and carbon emissions targets, and aiding in climate change risk management. Ultimately, the goal of utilizing an internal carbon price is to mitigate the risk of Dow's carbon exposure in order to ensure future resiliency. Given that background, we agree that disclosures related to internal carbon price would be useful for investors to evaluate how registrants plan for and manage climate-related risks and we support disclosures for that purpose. However, internal carbon pricing is necessarily geography- or country-specific and providing detailed disclosures separately for each internal carbon price, as required in the Proposed Rule, would be unnecessarily cumbersome and provide little additional value to investors. Therefore, we recommend the Commission reduce the disclosure requirements for each internal carbon price to general disclosures around the registrant's methodologies and disclosure of a range or overall weighted-average of a registrant's internal carbon price. Additionally, the Proposed Rule would require registrants to disclose how their internal carbon price is estimated to change over time. We believe disclosing such information would be similar to disclosing our views on future feedstock and raw material prices and product pricing, which could undermine our business strategy and overall competitive advantage. Therefore, we recommend the Commission review the proposed disclosure requirements to balance information needs of investors with the needs of registrants as they develop strategies that build on their competitive advantage to maximize shareholder value.

v) Define time horizons.

The Proposed Rule requires registrants to disclose whether any climate-related risk is reasonably likely to have a material impact over the short, medium and long term. These time horizons are purposely not defined in the Proposed Rule to allow a registrant to select time horizons that are most appropriate to its circumstances. Therefore, registrants in the same or similar industries may have different definitions of short-, medium- and long-term time horizons, limiting the comparability of climate-related disclosures. To ensure comparability of climate-related information disclosures, we recommend that the Commission work with industry groups to define these terms by industry to remove ambiguity around time horizons and increase comparability among registrants.

vi) Eliminate separate climate-related disclosure requirements for registrants that are wholly owned subsidiaries of other reporting companies as such disclosures will be included in climate-related disclosures of the related parent companies.

Historically, the Commission has permitted abbreviated reporting for certain registrants that are wholly owned subsidiaries "in an effort to more precisely tailor the reporting requirements to these particular companies and to the needs of their investors." As these investors are often debt holders focused on debt paying ability, the Commission has permitted abbreviated disclosure of the Business and Management's Discussion and Analysis for these registrants, tailored to the needs of investors, with such relief evidenced in the General Instructions to Form 10-K. As recently as 2015, these instructions were revised to allow for the omission of Item 402 information by certain wholly owned subsidiaries. As written, the Proposed Rule would require these wholly owned subsidiaries to include separate stand-alone climate-related disclosures in their Annual Reports, although these entities are generally not governed or managed to address climate-related risks on a stand-alone basis but rather as part of a broader consolidated group of companies, with climate-related activities also required to be included in the reporting of the parent company. For example, the climate-related activities of Union Carbide Corporation ("UCC"), a separate SEC registrant and a wholly owned subsidiary of Dow, are included in Dow's current sustainability reporting. Under the Proposed Rule, Dow would continue to include UCC in its climate-related reporting and disclosures, and UCC would also be required to report its climate-related activities on a stand-alone basis in its separate Annual Filing.

The title of the Proposed Rule indicates the proposed enhancements and standardization of climate-related disclosures are for the benefit of investors. For wholly owned subsidiaries that have historically been permitted abbreviated reporting, parent company climate-related disclosures would provide more useful information as such disclosures would be more broad-based and comprehensive and seemingly more than sufficient for their investors. Therefore, we strongly urge the Commission to provide such registrants with relief from all disclosure requirements included in the Proposed Rule, including those proposed to be included in a note to the financial statements, to ensure the proposed requirements do not create new administrative and reporting burdens on registrants for minimal, if any, benefit to investors.

vii) Require climate-related disclosures to be included in a document "furnished" to the SEC.
We support the Commission's overall approach to incorporate the concepts and terminology utilized by TCFD and the GHG Protocol in the Proposed Rule. Additionally, we support the International Sustainability Standards Board's plans to build on SASB's industry-based standards and approach to standards development and the inclusion of TCFD recommendations in their Climate-related disclosures exposure draft.

Dow is implementing TCFD disclosure recommendations in our 2021 integrated ESG report and currently utilizes the GHG Protocol Corporate Accounting and Reporting Standard to measure our Scope 1 and 2 GHG emissions. Since 2007, Dow has obtained limited assurance on its GRI disclosures and, for its 2021 reporting, will also obtain limited assurance on its GHG emissions metrics calculated in accordance with the GHG Protocol, which would be required as part of the Proposed Rule. Accordingly, we report many of the proposed disclosures in our current ESG reporting. However, due to data collection processes used and timely availability of information, our comprehensive ESG report is not published until June each year. Dow is not alone. Many of our peer companies do not publish sustainability reports until their fiscal second quarter, at the earliest; well beyond the timeline for filing Annual Reports on Form 10-K. Therefore, while we support the provision permitting a registrant to use a reasonable estimate of its GHG emissions for its fourth fiscal quarter to help accelerate the reporting process, we believe the benefit of requiring inclusion of climate-related disclosure on an accelerated basis in the Form 10-K is not clear or supported, considering the reporting infrastructure investment and ongoing cost required to provide this information in the prescribed timeframe with the proposed attestation requirements. We also differ with the Commission's inference that inclusion of climate-related disclosures in a "filed" document promotes the accuracy and reliability of such disclosures as the distinction between "filed" and "furnished" is of limited importance to the typical investor. Obtaining assurance of disclosures in a separate furnished document promotes the same accuracy, reliability and usefulness of the disclosures sought by the Commission, without burdening registrants and auditors with additional responsibility and urgency to file such information in a Form 10-K. Additionally, furnished disclosures will not subject companies to strict liability standards, which should encourage disclosure that is prepared using estimates and projections or contains forward-looking information. Therefore, we recommend that the Commission remove the requirement to include the new climate-related disclosure information in the "filed" Annual Report that is often prepared on an accelerated timeframe to meet the needs and expectations of investors as it relates to availability of financial information and, instead, allow such information to be provided in a separate document that is "furnished" to the SEC.