

May 19, 2022

Ms. Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

**Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors
Release Nos: 33-11042; 34-94478; File No. S7-10-22**

Dear Ms. Countryman:

Dell Technologies Inc. (“Dell”) welcomes the opportunity to comment on the proposed rules issued by the Securities and Exchange Commission (the “Commission” or “SEC”) that, if adopted, aim to enhance and standardize climate-related disclosures. Dell supports ongoing efforts to establish globally consistent, comparable, and reliable climate reporting, which will allow businesses to streamline reporting and build public trust through greater transparency of their climate initiatives.

Dell’s program of climate action is aligned with the Paris Agreement on Climate Change. We support mandatory reporting of climate performance data, including information on climate-related risks, governance on climate issues, and greenhouse gas emissions related to an organization’s overall footprint. Dell has a long track-record of setting ambitious sustainability goals and providing annual reporting against our climate goals, two of which have been reviewed and validated by the Science Based Targets initiative. In addition, we have made a long-term commitment to reach net-zero carbon emissions across our full greenhouse gas inventory by 2050 or sooner, inclusive of Scope 1, 2, and 3 carbon emissions (upstream and downstream). We are committed to annual reporting on the progress made towards the achievement of these goals. We also currently include highlights of our goals and initiatives in our annual proxy statement and our Form 10-K annual report.

Summary

Dell acknowledges the need for consistent and comparable climate reporting and supports mandatory reporting of climate performance data to achieve this goal. Dell appreciates the Commission’s thoughtfulness and responsiveness to many areas discussed by registrants in comments submitted in response to Acting Chair Lee’s March 15, 2021 request for public input on climate change disclosures. In particular, Dell is supportive of items such as: 1) a phased approach for adoption; 2) assurance required over GHG emissions disclosures; 3) reliance on the TCFD and GHG protocols; and 4) the safe harbor for Scope 3 GHG emissions disclosures.

Dell recognizes that the objective of the SEC in developing mandatory climate disclosure rules is to provide investors with consistent, comparable, and decision-useful information for their investment decisions and to provide consistent and clear reporting obligations for registrants. To further that objective, Dell believes it is imperative to have a reporting standard that further aligns operability considerations for registrants with the needs of investors. Accordingly, Dell respectfully requests that the Commission consider the following areas of comment which are designed to constructively improve the clarity and operability of the standard.

Proposed Article 14 of Regulation S-X

Dell recognizes that, to the extent material,¹ information regarding financial impacts and expenditures that occur because of the impacts of climate change would be decision-useful to an investor in evaluating impacts of climate-related risks on a registrant's results of operations and financial condition. To best achieve the objective under proposed Article 14 of Regulation S-X, Dell requests the Commission to consider the following revisions, which Dell believes would significantly enhance the operation of the new requirements for registrants while ensuring that investors receive relevant material disclosures: 1) grant registrants additional time before initial compliance; 2) eliminate the transition activity disclosure requirements; and 3) replace the 1% bright-line disclosure threshold with a materiality standard.

Extension of Compliance Timeline. To effectively prepare for the disclosure requirements under proposed Article 14 of Regulation S-X, Dell strongly believes that registrants need significantly more time before compliance is required and requests that the Commission grant an additional 24 months until the initial mandatory compliance date. Dell believes that preparation for initial compliance with the new requirements will require substantial resources and investment and that the initial compliance schedule proposed by the Commission (with expected finalization in December 2022 and compliance beginning January 1, 2023) would not afford registrants sufficient time to prepare adequately. The content and level of disclosure currently proposed would require changes to Dell's data architecture and system landscape in order to build an efficient and complete view of this information at the transaction level. Changes to a company's data architecture and systems landscape take significant time to implement and involve cross-functional and often, third-party, engagement. Furthermore, all data, judgments, and conclusions will need to be developed and documented at a level of quality sufficient for reasonable assurance.

Elimination of Transition Activities Disclosure Requirements. Dell recommends that the Commission eliminate from Article 14 the transition activity disclosure requirements. As further explained below, the majority of transition activities are difficult to separate from ongoing costs of operations and their inclusion creates a significant operability concern. Dell believes that investors would be able to ascertain the relevant information regarding the impacts of transition risk on a registrant's business from the proposed Regulation S-K subparts 1500-1506 disclosures and, as such, requests that the Commission consider limiting Article 14 of Regulation S-X requirements to physical impacts and related expenditures only.

The impacts and expenditures associated with transition activities present significant complexities for registrants that will require extensive judgments and estimates which would, in turn, reduce comparability across companies. As companies integrate climate related activities into their day-to-day operations, it becomes increasingly complex to separate and distinguish expenses and/or impacts associated with transition activities from normal run-the-business expenses and/or impacts.

Transition activities generally consist of an evolution of existing processes rather than net new investments. For example, Dell incurs costs associated with both routine maintenance and upgrades of facilities that may, in part, contribute to reduced GHG emissions but may not be the primary objective of the activity. Isolating or allocating the cost of such activities to be classified as transition-related expenditures would involve significant judgement and complexity which may result in a lack of comparability across registrants. Further, Dell has engineers that work to develop products with lower carbon emissions as part of their overall product development work. Dell also has team members across the organization that work towards its ESG goals, regulatory compliance, and reporting as part of their broader roles. In both instances, Dell would be required to estimate the percentage of time spent on climate-related activities and allocate the associated costs to the newly required transition expenditures disclosure.

Estimates such as those described above require significant judgment and may create complexities that limit a registrant's ability to systematically track these impacts. Further, Dell believes these estimates would become subject to increasing uncertainty that would affect the estimate's reliability as the economy becomes progressively less carbon-reliant and as climate-related activities become more and more integrated.

Replacement of 1% Bright-Line Threshold with Materiality Standard. Dell requests that the Commission consider adopting a materiality standard to replace the bright-line 1% threshold currently proposed for disclosure of financial impact metrics and expenditures metrics under Article 14. Dell believes that the required assessment of 1% is inconsistent with the level at which registrants currently assess materiality for most disclosures and does not appropriately reflect a full analysis of relevant qualitative considerations. As a result, Dell believes that such a threshold may elicit irrelevant and immaterial disclosure and that an investor focused materiality assessment is more appropriate for disclosure in the financial statements and notes. Dell also believes that the requirement to assess disclosure using a 1% threshold for Article 14 disclosures could result in disclosure determinations under Regulation S-X that would differ from those under Regulation S-K, which are, as proposed, predominantly guided by the materiality principles established by the Supreme Court. Dell believes that any such divergence in disclosure standards could elicit varied disclosure determinations across registrants and, as such, result in inconsistent disclosure.

If the Commission elects to retain a bright-line test as proposed, Dell requests that the Commission consider: 1) raising the threshold to a level more commonly used by entities when assessing quantitative factors only²; and 2) replacing the absolute value requirement with a net impact test. Dell believes that the requirement to disclose the net impact while assessing on an absolute value basis will create undue complexity, will lead to operational challenges when tracking this information systematically, and will involve significant judgment from registrants regarding the level at which to assess absolute value. Dell notes that the examples outlined in the proposed standard are relatively straight forward but believes that the operability of such a requirement would ultimately be significantly more complex, specifically if required to be applied to integrated transition activities.

Development of Global Disclosure Framework

As noted in its June 2021 response letter,³ Dell supports a global disclosure framework on climate topics to promote standardization, comparability, and reliability. Dell supports the development of a framework at the global level because global issues need global solutions. Furthermore, companies such as Dell have global supply and value chains, global risks, and global opportunities. Consistent with this theme, Dell commends the Commission for its collaboration thus far with international regulatory bodies, most notably the ISSB and IOSCO. We encourage continued collaboration with both the ISSB and IOSCO for further alignment across the proposed standards.

Dell believes that the Commission has a unique opportunity to ease the burden associated with the complexity of the current disclosure framework and to ensure that neither registrants nor investors are faced with a transition from a fragmented proliferation of voluntary standards, frameworks, and metrics to a fragmented proliferation of regulated standards, frameworks, and metrics. Dell is a global company with required reporting in many jurisdictions and while we support mandatory reporting of climate information, we strongly believe that this reporting should be consistent across the globe.

Further alignment between the SEC and ISSB proposed standards will help achieve a harmonized global disclosure framework, which will in turn reduce compliance costs and improve overall disclosure operability and effectiveness. While not an exhaustive list, Dell notes that the SEC and the ISSB proposed standards currently differ in areas such as materiality and full alignment with the GHG protocol. In the area of materiality, Dell notes that the ISSB proposal consistently applies a

company-determined materiality assessment that is based upon eliciting disclosure that is useful to users of general-purpose financial reporting in assessing the entity's enterprise value and making investment decisions. Dell encourages the SEC to similarly require a uniform assessment of materiality throughout the final rules.⁴

Relief From Disclosure for Comparable Periods in Year of Adoption

Dell notes that the financial statement metrics under proposed Article 14 of Regulation S-X and the GHG emissions metrics under proposed Subpart 1500 of Regulation S-K would require a registrant to disclose such metrics for the most recently completed fiscal year as well as historical fiscal years, to the extent such historical information is available.⁵ While Dell acknowledges that the proposed rule provides some flexibility for registrants in assessing whether such information is reasonably available, Dell requests that the Commission explicitly require disclosure of such metrics only for the most recently completed fiscal year in the year of adoption. Registrants would then naturally phase in previously disclosed historical information in subsequent Form 10-K filings, which would, over time, provide investors with the data necessary to analyze trends in both GHG emissions and climate-related financial impacts. This approach is consistent with other notable standards that registrants have recently adopted, such as ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and ASU 2016-02, Leases (Topic 842) in which registrants were permitted to adopt on a modified retrospective basis, with no impacts to prior periods and new disclosures required only for the fiscal year of adoption.

Under the proposal as written, registrants will be required to dedicate time, resources, and expense to assess whether such information is reasonably available for prior periods, documenting those conclusions, and, in the instance of financial statement metrics, working with their independent auditor to expand the scope of the financial statement audit to include these metrics. Moreover, although Dell currently discloses Scope 1, 2, and certain Scope 3 GHG emissions on a non-mandated basis in its sustainability reports, these disclosures are not subject to the same disclosure controls and procedures that are applied to Dell's SEC reports. Mandatory disclosure of such emissions would require Dell to retrospectively establish more robust disclosure controls and procedures, potentially recalculate emissions under a different methodology,⁶ and assess those revised calculations against its existing disclosures. Dell believes this would create undue complexity, impose an unreasonable burden, and divert resources away from critical readiness work in an already condensed transition period.

Dell believes that, should the Commission initially require disclosure of metrics only for the most recently completed fiscal year, registrants will be better able to focus resources on establishing systems, processes, and controls to ultimately enable higher quality disclosure and build a stronger foundation for future disclosures.

Additional Considerations

In addition to the items discussed above, Dell requests that the Commission consider the following recommendations on other aspects of the proposal which we believe would improve the overall operability and effectiveness of the rule and aid in the Commission's objective to elicit consistent, comparable, and reliable climate disclosures.

Alignment with the GHG Protocol – Dell commends the Commission for basing the proposed emissions disclosure requirements on the GHG Protocol's concept of scopes and related methodology. Dell notes, however, that the proposed requirements diverge from the GHG Protocol as they relate to the definition of organizational boundaries. Under the proposal, such boundaries are defined in a manner consistent with the consolidation principles used for financial data whereas, under the GHG protocol, entities are permitted to use an equity share approach or a control

approach, with control being defined in either financial or operational terms. In addition, there are several questions in the proposal that identify other potential divergences from the GHG Protocol.⁷ All divergences from the GHG Protocol would result in operational and reporting challenges for registrants that prepare disclosure in accordance with both the SEC and the ISSB requirements as well as for other, non-regulated forums. Dell encourages the Commission to align the final rules as closely as possible with the GHG Protocol and ISSB such that registrants are required to maintain only one set of emissions records, and investors consistently see and use a single source of relevant information.

GHG Emissions Early Cutoff - Dell acknowledges that timing considerations do require a departure from the GHG protocol and, as such, supports the provision in the proposal permitting a registrant to use a reasonable estimate of its GHG emissions for its fourth quarter. This proposed accommodation is critical given the strong reliance of registrants on third party data and the overall lack of timely data available in the market.

Dell notes that the proposal suggests a registrant would be required to promptly disclose revised emissions information in the instance that any material difference exists between the estimate used and the actual GHG emissions data for the fourth fiscal quarter. Dell requests that the Commission permit a registrant to disclose such information in its following Form 10-K, rather than in its subsequent Form 10-Q. Dell believes that this would reduce the complexity, effort, and cost associated with obtaining updated assurance over such information.

Separately, Dell notes that certain voluntary reporting agencies with deadlines later in the calendar year also include assurance expectations over emissions data which adds further complications for registrants and assurance providers to navigate. Dell believes it essential that, over time, such voluntary agencies converge around a singular methodology and accept disclosure of SEC compliant emissions data. Dell would appreciate the Commission's collaboration with such agencies to help influence such an outcome.

Further, Dell requests that the provision for early cutoff be extended to include the measurement and calculation of all climate-related goals and targets required to be disclosed under proposed Regulation S-K subpart 1506.

Definition of Short-, Medium-, and Long-Term – Dell would support the Commission in including a specific range of years to define short-, medium-, and long-term.⁸ Consensus on these definitions will not only drive consistency and comparability but will also promote greater accuracy as climate modeling continues to mature. Dell believes that registrants could apply such definitions to their specific facts and circumstances to appropriately reflect the varying degree, timing, and nature of climate-related risks across industries. In addition, defining these time ranges will provide clear guidelines for companies as they build out and evolve their climate risk assessments. Climate risk has a very different time horizon than traditional enterprise risk planning used by companies and clearly defining the time ranges will help companies to differentiate between the two types of risks and associated modeling. At a minimum, Dell suggests that long-term risk should be defined in accordance with the Paris Climate Agreement net-zero 2050 goal.

Definition of Climate-Related Goals and Targets – Dell recommends that the Commission amend proposed Regulation S-K subpart 1506(a)(1) to limit the definition of "climate-related" targets and goals to include only those targets and goals that pertain to GHG emissions.⁹ While Dell recognizes that goals more broadly pertaining to items such as energy usage, water usage, conservation, or ecosystem restoration are important and has itself set goals in some of these areas, Dell believes that the Commission will better achieve its objective of consistent, comparable, and reliable disclosure by limiting the definition as suggested. Dell believes that registrants can more accurately disclose consistent and comparable progress against GHG emissions goals as such measurements are based on broadly accepted and generally well-defined reporting standards. Reporting progress,

particularly in an SEC-filed document, against other topics, in which standards are not broadly defined or accepted, would require significant judgment, and ultimately elicit non-comparable disclosures across registrants. Dell believes that, at this point in time, voluntary reporting against such voluntary goals is more appropriate, and that mandating reporting on these topics may discourage registrants from setting ambitious environmental goals.

In addition, Dell encourages the Commission to further clarify which climate-related goals and targets must be disclosed. Companies set many internal goals and targets as part of the management of business. It is unclear from the proposal whether the referenced goals and targets are meant to include those that are internal or whether they are meant to apply exclusively to publicly announced goals and targets.¹⁰ Furthermore, Dell notes that proposed Regulation S-K subpart 1506 requires the disclosure of any targets and goals, potentially signaling that materiality assessments would not apply.

Section 11 Liability – Under proposed Regulation S-K subpart 1501, registrants would be required to disclose whether any members of the board of directors of the entity have climate-related expertise. Dell notes that the proposal does not contain a provision stating that a person who is determined to have expertise in climate matters will not be deemed an expert for any purpose, including, without limitation, for purposes of Section 11 of the Securities Act (15 U.S.C. 77k). Dell requests that this provision be added to the final rule in a manner consistent with 1) the safe harbors provided to audit committee financial experts under Item 407(b) of Regulation S-K and 2) the Commission's recently issued rule – proposal on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure.¹¹

Acquired Entities – Dell requests that the Commission consider including an exemption to allow registrants to exclude both Regulation S-K and Regulation S-X climate related disclosure associated with acquired entities in the fiscal year of acquisition, to the extent that a registrant determines that disclosing such information would not be possible. This approach would be consistent with the practice currently accepted when registrants assess an acquired business's internal control over financial reporting.¹²

Conclusion

Dell commends the Commission for its responsiveness to the needs of registrants in the current reporting environment and its willingness to engage with stakeholders on this critical issue. We support the Commission's efforts to improve climate-related disclosures through the development of a final climate reporting standard which will greatly benefit companies, investors, communities, and other stakeholders. We sincerely appreciate the Commission's willingness to consider our recommendations in developing final rules and look forward to continuing to engage with the SEC on future rule making.

Sincerely,



Brunilda Rios
Senior Vice President, Corporate Finance and Chief Accounting Officer
Dell Technologies Inc.

Footnotes

¹ Material or materiality herein, unless otherwise noted, are defined consistent with the Supreme Court's definition of materiality, as determined under U.S. securities law and by application of prior SEC staff guidance (see [Staff Accounting Bulletin No. 99](#)).

² Dell believes 5% is a more appropriate and more commonly used threshold either as an initial step in assessing materiality or as a bright-line rule. Examples of its use include [Staff Accounting Bulletin No. 99, Assessing Materiality](#) and [17 CFR § 210.5-02.8 and 17](#) which require registrants to separately disclose financial statement line items that are more than 5% of current and total assets, respectively.

³ <https://www.sec.gov/comments/climate-disclosure/cll12-8906770-244141.pdf>

⁴ Dell notes that disclosure is currently proposed to be assessed using varying thresholds in the different sections within the proposed climate standard: using a 1% threshold under Article 14 of Regulation S-X, established materiality standards under Regulation S-K subpart 1502 and 1504, and, apparently, no materiality standard under Regulation S-K subpart 1506. (Regulation S-K subpart 1506 requires the disclosure of any climate-related targets and goals, to which no materiality assessment seems to apply).

⁵ Dell notes that the proposal does state, "A registrant, however, would not need to provide a corresponding historical metric under proposed Article 14 of Regulation S-X for a fiscal year preceding its current reporting fiscal year if it is eligible to take advantage of the accommodation in 17 CFR 230.409 ("Rule 409") or 17 CFR 240.12b-21 ("Rule 12b-21")."

⁶ Dell notes that the current proposed rules reflect certain departures from the GHG protocol, most notably in organizational boundaries, that would cause registrants to reassess previously disclosed emissions.

⁷ Dell notes that, among others, questions 95, 103, 104, 115, 119, and 121 in the proposal refer to certain departures from the GHG Protocol.

⁸ Dell notes that question 8 in the proposal requests whether the Commission should specify a particular time period for short-, medium-, or long-term.

⁹ Dell notes that page 266 of the proposed guidance includes the following: "Those goals or targets might, for example, relate to the reduction of GHG emissions, or address energy usage, water usage, conservation or ecosystem restoration. A registrant might also set goals with regard to revenues from low-carbon products in line with anticipated regulatory requirements, market constraints, or other goals established by a climate-related treaty, law, regulation, policy, or organization.

¹⁰ Dell notes that page 2 of the [33-11042 Fact Sheet](#) suggests that these goals would be limited to those that are publicly announced but notes that the proposed rules do not contain a similar qualification. Dell requests that clarification be provided in the final rules.

¹¹ [Proposed Regulation S-K Item 407\(j\)\(2\)](#) would state that a person who is determined to have expertise in cybersecurity will not be deemed an expert for any purpose, including, without limitation, for purposes of Section 11 of the Securities Act (15 U.S.C. 77k), as a result of being designated or identified as a director with expertise in cybersecurity pursuant to proposed Item 407(j).

¹² See Question 3, Office of the Chief Accountant and Division of Corporation Finance: [Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports](#) (updated September 2007).