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June 17, 2022

File Number S7-10-22

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

Ms. Countryman,

Thank you for the opportunity to comment on the Securities and Exchange Commission's (SEC) proposed rules to enhance and standardize climate-related disclosures for investors. We commend the SEC – and the Biden Administration more broadly – for taking proactive steps to assess climate-related financial risks, and for engaging with finance industry participants as you consider this rulemaking.

At CoreLogic, property knowledge, - spanning single family residential, multifamily residential, commercial, and government - is our DNA. We provide real estate professionals, financial institutions, insurance carriers, government agencies, and other housing market participants with reliable, property-level data, analytics, and platforms that deliver the most qualified, comprehensive information available. We couple this with the country's most extensive network of field researchers, analysts, and data scientists to curate, connect, and uniquely enrich this property data with further insightful intelligence, particularly climate-related financial risks. CoreLogic is connected at almost every step of the homebuying process and has the insights necessary to help the SEC implement standardized climate-related disclosures.

Our wealth of property data, analytical capabilities, and connectivity throughout the financial ecosystem places CoreLogic in the best position to holistically evaluate the physical risks of climate change and the potential impacts to our economy.

The following pages will provide you with best practices for how the SEC can identify, assess, and manage climate-related physical risks affecting registrants and their risk management systems. In recognition of comments you have made since the issuance of this proposed rule (e.g., [Ceres Webinar – Briefing on the SEC Climate Disclosure Rule Proposal, with SEC Chair Gary Gensler](#)¹), we have constructed our response to address each section of the proposal individually: content, presentation, attestation, and phase-ins/accommodations. We hope this assists your team in more easily ingesting and subsequently adapting our recommendations as you see fit.

Our team of scientists, economists, and public policy experts would welcome the opportunity to further engage with the SEC's staff on the information contained in this response. We look forward to continued conversations with your office as we all work collaboratively to protect our financial system from climate-related risks.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Carroll", is written over a light blue horizontal line.

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Section I: Content of the Proposed Disclosures

Climate change introduces three facets of risk to an investor:

1. Physical risk to the assets backing their investments, due to climate shifts such as rising sea levels and changing weather patterns and volatility.
2. Transition risk leading to a loss in value of their investments in specific sectors (such as Oil, Gas and Coal).
3. Liability risk associated with individuals or organizations seeking recompense for losses arising as we transition to a low-carbon economy.

At CoreLogic, our focus on the first of these three prongs – **physical risk** – has led us to develop a unique understanding of the specific data sets and analytical capabilities that will be required by investors to both measure and assess overall climate-related financial risk. These insights can be integrated into registrants’ overall risk management systems and used to identify, assess, and manage climate-related risks, which are then disclosed to the SEC. In practical terms, the registrant would identify the third party service provider(s) who accumulates, assesses, and/or provides the data (i.e., a company such as CoreLogic) and the process used by that provider to identify specific aspects of a registrant’s overall climate-related financial risk.

The first step in that process is to establish a baseline of the current physical risk profiles for all structures across the United States.

Establishing a Baseline of Physical Risk

Climate risks are highly gradient perils that can vary over short distances, making them wide-reaching yet still acutely felt.

To understand these disparities, current and future risk¹ data on numerous natural hazards – such as flood, wind, wildfire, and more – is needed for each individual structure. This is key: despite the fact that many areas in the U.S. are exposed to multiple natural hazards, the industry has historically reviewed these hazards individually. Although insightful, this does not provide an accurate risk measurement for structures that are impacted by multiple hazards. Instead, we need structure-specific, integrated hazard risk scores. The goal of an integrated hazard risk score is to represent the total hazard risk for any location across the U.S.

Because many investors are already looking for a single score to reflect the combined risk of all natural hazards that affect their portfolio, CoreLogic created such a model that combines our existing natural hazard datasets into a comprehensive single hazard score. In our experience, these such models should incorporate, at a minimum, the following hazard risks:

- Earthquake
- Wildfire
- Inland Flood
- Severe Convective Storm
- Winter Storm
- Hurricane/Tropical Storm Surge
- Hurricane/Tropical Storm Wind

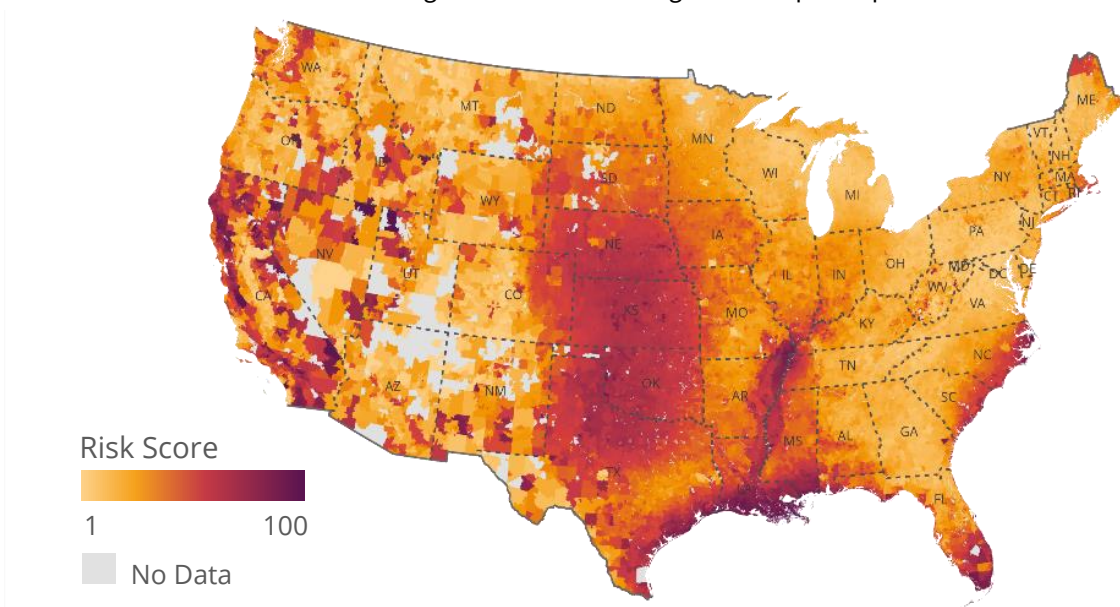
To create these scores, we utilize risk modeling to combine the severity and frequency of damage into a composite risk score, which represents the sum of the Annual Adjusted Loss (AAL) for the seven individual hazards mentioned above for approximately 105 million residential structures across the U.S. The value of this composite AAL, relative to the calculated Reconstruction Cost Value (RCV), is used to rank all structures with a 1-100 score, where the higher scores equate to higher risks. The AAL for the seven individual perils mentioned above and the composite AAL is calculated using our high definition Catastrophe Risk Models

¹ Note that CoreLogic references to “current” climate risks are synonymous with the SEC terminology “acute,” while our reference to potential future climate risks are synonymous with SEC terminology of “chronic” climate risks.

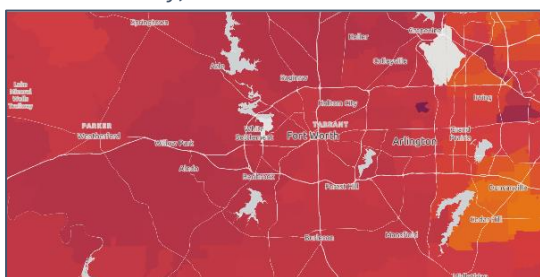
conditioned with today's climate. These values can be used in insurance markets, in the housing finance ecosystem (primary and secondary), by financial services prudential regulators for supervisory stress testing and oversight, and by investors in residential mortgage backed securities (RMBS), asset-backed securities (ABS), and credit risk transfers/other financial risk derivatives, as well as by publicly traded companies preparing materiality disclosures in SEC filings.

Additionally, these composite scores can be represented in a composite risk map to identify the areas with the highest risk homes. The map below illustrates risk levels across the country, showing that the highest risk homes are in California (dominated by earthquake and wildfire); Texas, Oklahoma, Kansas, Nebraska (dominated by tornado/hail); along the Mississippi River (dominated by river flooding and earthquake risk); and large Gulf and Atlantic coastal stretches (dominated by hurricane winds and storm surge/riverine flooding).

CoreLogic 2020 Climate Change Catastrophe Report²



Tarrant County, TX



Fort Worth, TX (Property-Level Risk)



Catastrophe modeling and property risk analysis are paramount to accurately predicting, down to a parcel and structure(s) level, the damages that could occur. With access to new catastrophe modeling and property data, investors are evolving in their understanding of the physical risks to homes and property, offering new investment insights that better suit today's reality of risk and policyholder expectations.

Once the capability to conduct composite risk assessments has been established, the next step is to get as granular as possible.

Achieving Granularity

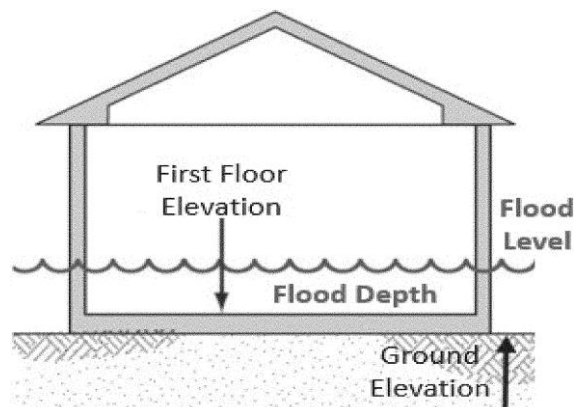
There appears to be a perception within federal government that physical risk from climate change is already well understood. We respectfully suggest that various agencies look deeper into the data and analytics – at least with respect to property-level physical risk assessments.

To adequately assess physical risk, one must be able to both identify the property itself and identify the specific structure(s) on that property, which require separate assessments. This identification requires geospatial/location data that can reliably assess the geographical boundaries of a property and its structure(s), along with rich data describing the attributes of the property's parcel/land and the structure itself. If the underlying location data is not accurate, assessments – such as AAL calculations – will not reflect the true risk to the structure, as exemplified below.



Source: CoreLogic

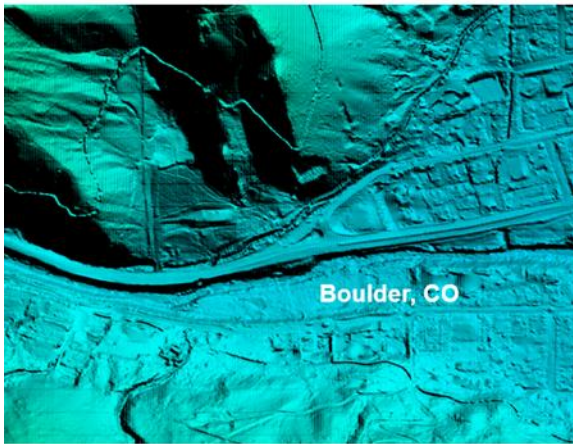
These assessments involve the use of models that are based on underlying data inputs that determine First Floor Height (FFH) Elevation (relative to sea level and ground level). They also require use of technology innovations: most notably Light Detection and Ranging (LIDAR) technology, which employs an approach called Digital Elevation Monitoring (DEM) – the remote sensing technique used to identify the 3-D footprint of the structure(s), its ground elevation, and height above sea level – as well as the structure's first floor height relative to the ground elevation and sea level, including the number of feet/inches above ground or below ground relative to industry standard safety benchmarks, such as those developed by the International Code Council.³



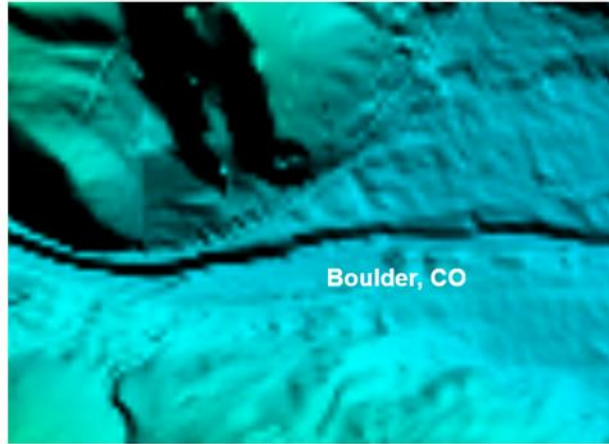
Source: CoreLogic

The key to reliability is use of 1-meter resolution DEM, the level of granularity necessary for assessment of FFH elevation and related footprint data in any municipality that has relatively large population centers, including exurbs, suburbs, and urban core. Using anything less – such as 10-meter or 30-meter resolution DEM – in densely populated areas will not provide reliably accurate assessments for individual households, as evidenced below.

1 Meter



10 Meter



Source: CoreLogic

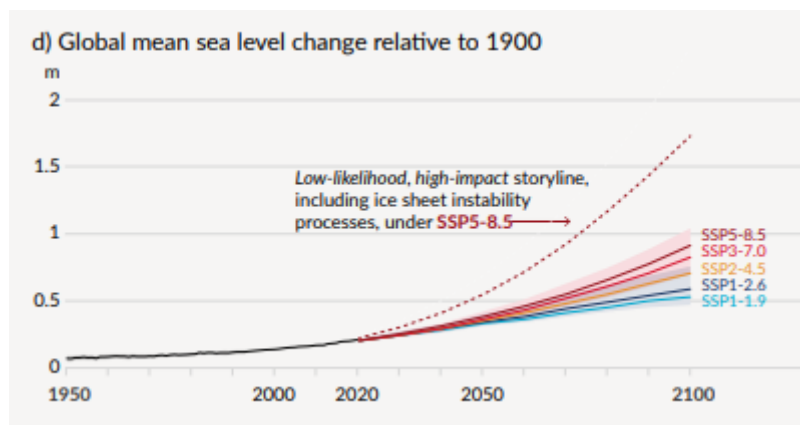
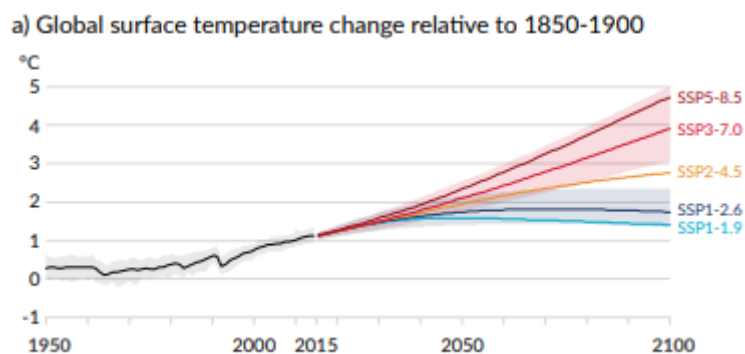
Now that we've identified composite risk scores and achieved a structure-specific level of granularity, the next, forward-looking step is to project future risk levels based on expected impacts from climate change.

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Climate Scenarios and Catastrophe Risk Models

The best way to measure climate-related financial risk is to use industry leading tools that are market-tested in conjunction with data, technology, and internationally recognized climate models to test climate / catastrophe risk under various climate change scenarios. CoreLogic recommends using catastrophic risk models informed by the Intergovernmental Panel on Climate Change (IPCC), the leading world body for assessing the latest science related to climate change, its impacts, and potential future risks.⁴ Composite risk scores that integrate IPCC climate scenarios with market tested natural hazard modeling will give investors and the SEC a clearer understanding of the risks that investors face from climate change.

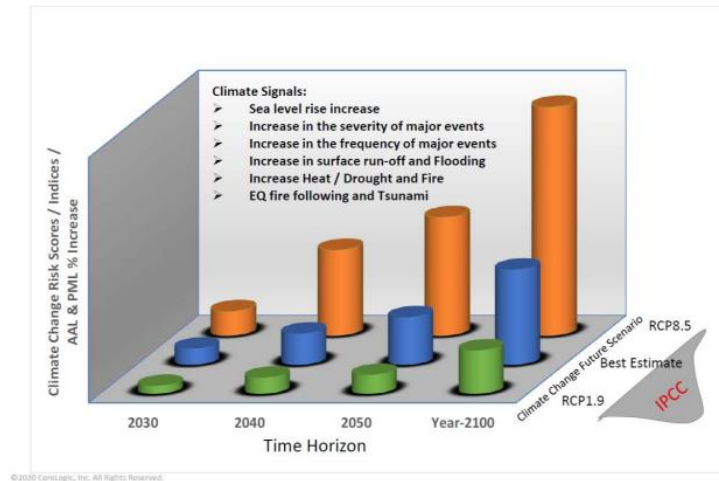
Over the past decade, the IPCC has worked to create Representative Concentration Pathways (RCPs) to model prospective climate futures based on varying projected levels of greenhouse gas concentration in our atmosphere. These four pathways provide insight into potential rises in global temperature alongside a number of additional consequences, such as rise in sea level. The IPCC 6th Assessment Report (due later in 2022) will include five Shared Socioeconomic Pathway (SSPs) scenarios to model prospective climate futures based on varying projected levels of greenhouse gas concentration in our atmosphere.



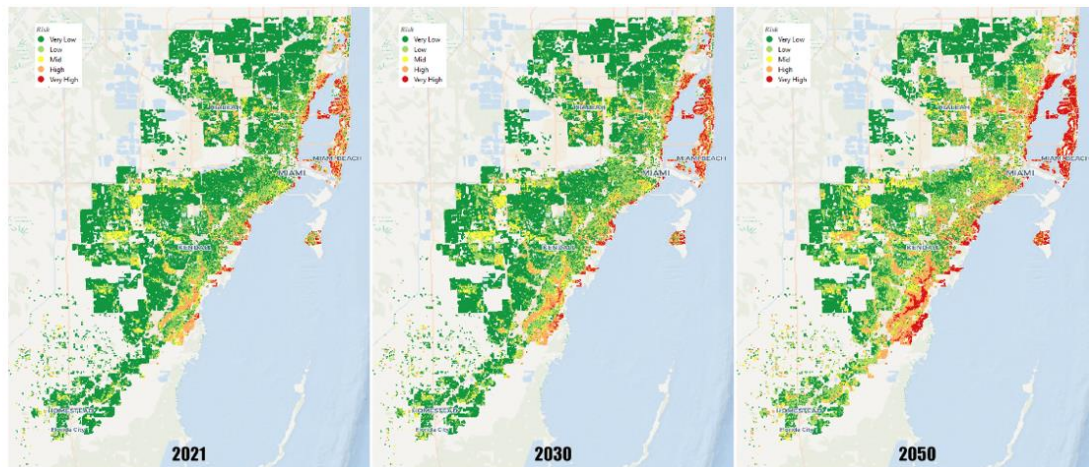
IPCC: Climate Change 2021: The Physical Science Basis, Summary for Policymakers⁵

CoreLogic has taken these IPCC scenarios – which define the potential severity and frequency distributions of different future climate parameters (e.g. global temperature, sea surface temperature, sea level rise, precipitation, etc.) – and integrated them with our own suite of hazard risk data & high definition catastrophic probabilistic models to produce climate change risk metrics for each RCP scenario down to the individual property level, as exemplified by the case study below on Miami, Florida, where we calculated Average Annual Loss and Probable Maximum Loss estimates across the different IPCC climate change scenarios.

CoreLogic Average Annual Loss and Probable Maximum Loss Estimates across Different Climate Change Scenarios



Climate Change Multi-Peril Risk Index for Every Building in Miami under 2021, 2030, and 2050 Climate Conditions



The figure above shows the multi-peril risk index for every building in Miami under today’s climate conditions (left-most figure), as well as the projected conditions in the years 2030 and 2050 (center and right-most figures, respectively). As we move from today’s climate conditions to the future projections, more buildings move from green to yellow and from yellow to red as their risk profiles increase due to the effects of climate change.

As mentioned above, the IPCC expects to release an updated assessment report (‘Assessment Report 6’ or ‘AR 6’) in the second or third quarter of 2022. It is widely expected to be a significant update from the current assessment report (AR 5), which was produced in 2014. In preparation for this update, CoreLogic has readied its platform to incorporate the scenarios from AR 6 as soon as they are available.

In its climate-related disclosures rule, the SEC indicated that it has made the decision to not make scenario analysis mandatory for all registrants at this current time.⁶ We recognize that there are increased costs associated with conducting scenario analyses and understand that this could be cost prohibitive for many companies. The mere fact that these analyses will be required to be disclosed may additionally discourage some companies from conducting such analyses. However, we also view that this issue will quickly be dictated by what becomes ‘common practice’ for industry leaders. If prominent Fortune 500 companies begin conducting routine and thorough scenario analyses, it will spread throughout the industry until it is almost universal in practice.

Acquisition of Physical Risk Data for Investors

Consistent with previous investor disclosure rules, the SEC is relying on each registrant to make their own determination of ‘materiality’ and how it applies to their specific business models, operations, employee bases, etc. We are of the view that investors will benefit from the SEC offering registrants clear guidance, via official commentary, with respect to use of market-tested and validated climate-related financial risk models and related data & analytics in the registrant’s assessment physical risks and their materiality to financial statement line items. Such “non-binding” commentary can assure registrants have flexibility in making their materiality determinations, while at the same time offering a level of specificity that, if tied to the disclosure safe harbor, we believe will encourage adoption, consistency in analysis approaches and disclosure, and ultimately standardization. We believe such an outcome is a win-win proposition for investors and registrants

Of course, the devil is in the details. In terms of physical risk data, this understanding can apply differently depending on the type of registrant and the use cases that would apply to their specific physical risk assessments. The SEC refers to the example of a real estate that owns coastal property that might disclose the likely impacts of rising sea levels on such property.⁷ As we’ve explored so far in this response, the technology exists today to assess the current and future risk of a range of natural hazards to property. But to operationalize such guidance necessitates answers to an important set of questions. To continue with the SEC example provided above, should such a registrant conduct physical risk assessments of these properties? If so for which kinds of natural hazards? Once they understand the probability of damage and associated reconstruction costs of current and potential future natural hazard risks, should the registrant ascertain the potential uninsured collateral value loss to their properties? If so, how might these uninsured losses materially affect their financial condition, depending on the nature of the asset (e.g., loss to the value of the property itself, forecasted losses to financial assets backed by those properties)? How might that information be communicated/disclosed – both internally to location-specific managers and externally through disclosures to both their investors and the SEC and other applicable regulatory bodies? As a further example, we include a specific case study of several of our mortgage servicer clients that are already grappling with these very questions on page 10.

The SEC can assist registrants in incorporating an approach to determining ‘materiality’ – as it relates to physical risk – through additional regulatory guidance for the industry. We suggest non-binding guidance/official commentary that registrants may optionally choose to follow. We believe such guidance will make it easier for each individual registrant to assess ‘materiality’ in a manner that is most applicable to their business model, while doing so in a way that leads to greater accuracy, consistency, and standardization over time. We believe these are benefits that will accrue to investors, the SEC, and to the proper functioning of the applicable markets that the registrant is operating in.

Insights Gleaned from Physical Risk Data

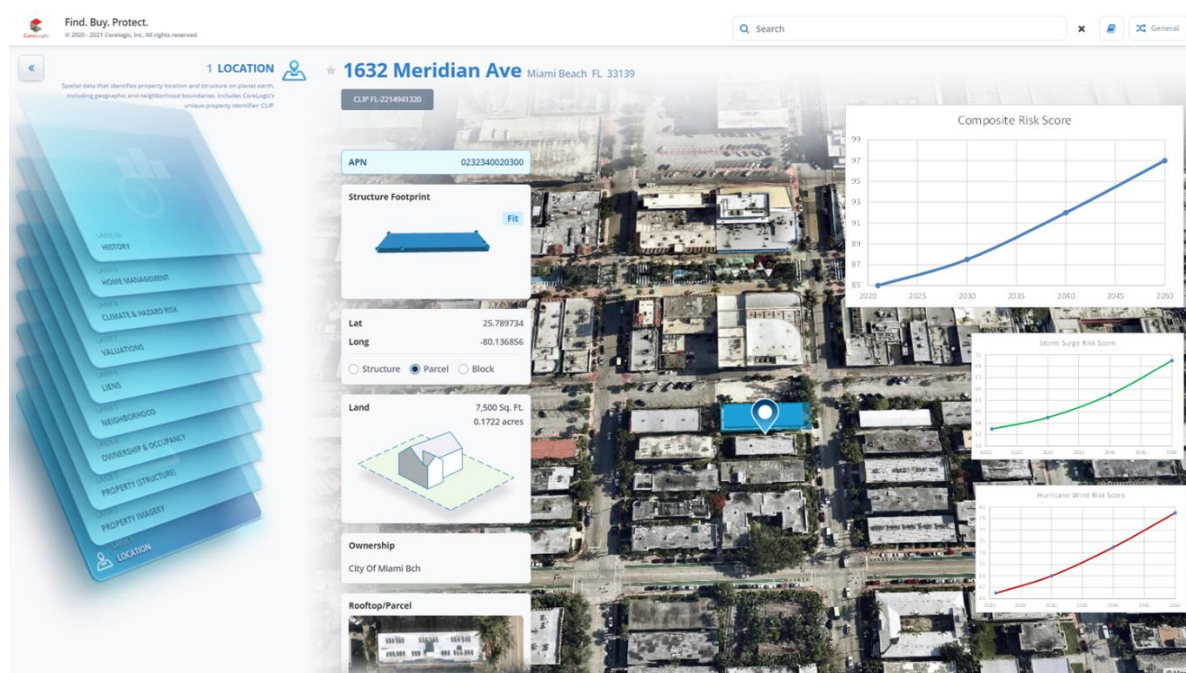
Once registrants have undertaken the steps to overlay their baseline physical risk profiles with forward projecting climate scenario models, it will be possible to extract a range of useful outputs from the data that will help both the registrants themselves and the SEC identify and address a range of potential risks to the broader financial system.

The primary function of this type of analysis is to produce a property/structure-level composite hazard risk score for all properties across the United States, especially those that are critical operation centers for registrants, are the actual investment assets of the registrant, serve as collateral for financial assets and derivatives held in a financial institution’s portfolio, or face risks that otherwise would be deemed ‘material’ by a particular company’s investors. This property level awareness will, in turn, further allow registrants to quantify and comprehend climate change at a company-wide level, providing the registrant with critical insights regarding: risks to its employee bases, risks of uninsured losses to physical asset values, potential loan delinquency and default, and ultimate loss severity, including impacts to economic capital reserves, to mention just a few. Such knowledge will position registrants to identify the tactics necessary to make necessary adjustments and improve the registrants overall resiliency to the impacts of climate change. Again, borrowing the SEC’s example of the real estate investor registrant, upon completion of such analyses, said

registrant may elect to diversify their portfolio of properties to better balance the types of natural hazard risks that pose material financial risks to their enterprise. Alternatively, the registrant may invest in structural upgrades to their properties that mitigate applicable natural hazard risks. Such resiliency measures can also be disclosed to investors and would also benefit from guidance clarifying safe harbor status.

Such analyses will also provide the SEC, and other applicable regulatory agencies, with further confidence that the registrants it regulates are capable of withstanding current and potential future climate change impacts. A reporting structure that identifies aggregate levels of natural hazard risk across all registrants would provide the SEC with industry-wide perspectives of risk. Requiring registrants to initially report on their baseline physical risk assessments could provide the SEC with the empirical evidence needed to reliably answer important policy questions – both included within and implicated by – the SEC’s proposed climate-related financial risk disclosure rule, including an understanding of whether current safe harbor provisions provide adequate protection for all parties.

Example of Climate-Related Composite Risk Analysis at the Individual Property-Level



A final point – while service providers such as CoreLogic are capable of assessing and providing physical risk data & analytics, translating that to a financial impact should be left to the individual company, in consultation with its own financial advisors and accountants. We recognize there is a difference between *providing* climate-related data and assessing its effects to property-related assets and *auditing* the claimed effects of such analyses to financial statement line items. We expect that step will be left up to each registrant to determine. For example, if only GHG emissions are disclosed, many environmentally-conscious investors may view that as important, but others might not. However, in our view, if comprehensive physical risk assessments are disclosed that determine current and potential future impacts on financial statements, more investors would likely find that information helpful to assess the future financial prospects of the company. Physical risk assessments which indicate a high risk and potential material impact on a registrant’s business/financial condition (i.e., a company with manufacturing plants built in floodplains or in the regular path of tornados) would be extremely valuable to investors and to effective market functioning.

Additional Comments on Materiality

SEC's has established the position that registrants will set their own policies and thresholds for what is considered a 'material' physical risk that affects the financial statement of the entity.⁸

Accordingly, CoreLogic would recommend that the SEC provide non-binding guidance in the form of official commentary to registrants that the use of validated commercial models – ones that ascertain the probability of current and potential future property damage due to natural hazards, associated reconstruction costs, uninsured losses, and forecasted impact on delinquency, default, and loss severity for properties – are an acceptable method to establish said policies and thresholds. The SEC might even provide examples of methods (if not actual thresholds) that rise to the level of “material” (for example, if a composite risk score of the top 7 natural hazards indicates a probability band of collateral value loss of X% or projected economic loss severity of Y%, whereby the thresholds are set by the registrants themselves according to their unique business dynamics and risk profiles, such an approach satisfies the safe harbor obligation for investor disclosures with respect to these new requirements.)

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Case Study: Current Mortgage Investor Practices

Banks, mortgage servicers, and capital markets investors are actually already assessing how climate change has altered the physical risk profile to properties serving as collateral to their mortgage loans and Mortgage Servicing Rights (MSRs). Due to the current absence of new regulatory requirements, these entities are approaching climate-related financial risks in a manner aligned with their existing risk management practices.

However, even the more proactive banks are still in the early stages – they are looking to understand and quantify their climate risks, and CoreLogic is presently assisting them with the tools and techniques that we’ve described throughout this response.

The figure below provides an example of merely one way mortgage investors are utilizing our composite natural hazard scores and related data, analytics, models, and software tools. In this example, a large commercial bank has engaged ten “sub-servicers” who provide performing and non-performing mortgage servicing activities on the commercial bank’s behalf. For the first time, the commercial bank wanted to evaluate how their sub-servicers were distributing natural hazard risk (i.e., current (acute) physical risk) across the portfolio of MSRs they were responsible for. As noted in Figure 14, six of the sub-servicers were deemed to have too heavy a concentration of natural hazard risk in the MSR book they are responsible for servicing, while three servicers had a moderate concentration risk profile, and only one that was deemed to have an adequate concentration risk profile. This insight was crucial to the commercial banks, who subsequently worked with their sub-servicers to rebalance their respective MSR books under their respective purviews so that each of them achieved a “green” (i.e., adequate concentration risk) rating (i.e., mitigation).

Percentage of Loans in Servicer Portfolios by Composite Risk Score

Composite Risk Score	Servicer "A"	Servicer "B"	Servicer "C"	Servicer "D"	Servicer "E"	Servicer "F"	Servicer "G"	Servicer "H"	Servicer "I"	Servicer "J"	Grand Total
1-10	16.4%	14.2%	25.3%	29.8%	12.7%	11.6%	17.4%	8.1%	8.2%	11.3%	13.1%
11-20	30.5%	14.3%	18.5%	26.9%	16.8%	14.2%	6.1%	9.4%	11.6%	17.1%	16.9%
21-30	7.6%	15.5%	8.4%	10.0%	13.9%	13.9%	16.8%	20.0%	11.3%	11.1%	13.6%
31-40	10.4%	12.5%	7.2%	8.9%	12.9%	11.2%	8.2%	6.9%	10.4%	12.2%	12.5%
41-50	9.2%	14.1%	7.9%	7.0%	12.7%	11.1%	8.8%	15.0%	12.2%	11.2%	12.5%
51-60	7.6%	7.4%	6.3%	4.6%	8.1%	8.7%	6.7%	8.8%	10.4%	8.9%	8.1%
61-70	4.8%	5.1%	7.2%	4.5%	5.7%	6.7%	9.8%	8.1%	7.9%	6.8%	5.7%
71-80	6.2%	7.0%	5.6%	4.0%	7.3%	8.5%	10.4%	8.1%	12.7%	9.2%	7.4%
81-90	4.5%	6.4%	7.7%	3.2%	6.2%	9.1%	12.5%	8.8%	9.1%	7.7%	6.4%
91-100	2.9%	3.5%	5.8%	1.2%	3.6%	4.9%	3.4%	6.9%	6.5%	4.5%	3.7%
81-100	7.40%	9.95%	13.51%	4.35%	9.83%	14.01%	15.85%	15.63%	15.55%	12.22%	10.11%
total	4,168	5,337	7,192	3,178	83,544	3,083	3,328	2,160	3,003	6,171	121,164

By Servicer or Portfolio	By Peril	By Servicer or Portfolio	By Peril	By Servicer or Portfolio	By Peril	By Servicer or Portfolio	By Peril
	Hurricane wind change from 50 yr to 100 year PML		Coastal Surge change from 50 yr to 100 year PML		Wildfire change from 50 yr to 100 year PML		Severe Convective Storm change from 50 to 100 year PML
min	0.012%		0.019%		0.008%		0.038%
max	20.707%		23.611%		24.38%		21.732%
average	1.850%		2.940%		3.313%		3.441%
median	1.432%		2.481%		2.905%		3.128%
	12,046 of the 121,164 locations have the 50-100 year PML difference greater than 10%		20,116 of the 121,164 locations have a 50 to 100 year PML difference greater than 10%		26,480 of the 121,164 locations have a 50 to 100 year PML difference greater than 10%		27,326 of the 121,164 locations have a 50 to 100 year PML difference greater than 10%

Moreover, once the commercial bank was able to establish the current physical risk baseline to the MSRs across their book of business, as well as across the sub-servicers servicing those MSRs, the commercial bank could apply future (chronic) climate scenarios, using CoreLogic catastrophe modeling techniques, to assess how many of the properties serving as collateral to the mortgage loans in the MSR book of business are at risk of having Probable Maximum Loss (PML) exceeding 10% from the next 50 to 100 years as a result of future climate change scenarios.

Section II: Presentation of the Proposed Disclosures

SEC regulations have long required disclosure of various types of risk affecting a company, with policies evolving over the years as new categories of risk emerge.

The SEC has determined that climate-related financial risk disclosures should be included in current forms used for reporting risks deemed material to the registrant. We believe any adjustments to current forms should consider input from the broader financial services industry and, when possible, conform to pre-established industry standards and practices. Preferably, these disclosures would be presented as part of a registrant's Management Discussion & Analysis (MD&A) section within the registrant's annual report. The MD&A section of a disclosure already includes innumerable risks that a public company is required to assess, mitigate, and report to federal regulators – climate-related financial risk information should be a part of this section, too, and not singled out in a separate part of the annual report. If a new subpart were to be added to Regulation S-K, we may also view that as sufficient, so long as there is also adequate guidance on what types of data & analytics should be included in the disclosure (consistent with how we have proposed in this comment letter).

CoreLogic understands that some registrants may already be conducting thorough climate-related financial risks analyses and including that information in other parts of their registration statement, annual report, or separate Environmental, Social, and Governance (ESG) Reports. These ESG reports may already include details of specific environmental risks as well as efforts taken by the registrant to address those risks (i.e., reducing reliance on processes that create GHG emissions). There are many important reasons for these separate ESG reports – allowing climate-related financial risk information to be incorporated by reference into SEC filings, where applicable/appropriate, would reduce redundancy while ensuring the appropriate disclosures are still made.

We also suggest that the SEC can permit registrants to provide information about board and management oversight of climate-related financial risk in proxy statements, as addressed in Question 7 of the proposed rule. Such statements typically provide significant detail on board management and governance, so this would be an appropriate place to discuss oversight of climate-related financial risks.

If the SEC decides to establish a new, separate form for climate-related financial risk disclosures, we recommend the following considerations, with respect to the contents of our comment letter and the topics we have addressed.

- First is the increased compliance burden that climate disclosures, writ large, might place on small-to-medium-size registrants, particularly with respect to having the capacity to both acquire climate-related financial risk data & analytics and also translate that information into a credible risk assessment that applies to their unique understanding of materiality. While our recommendations are designed to be optional, we acknowledge that small-to-medium size registrations may require broader regulatory relief from new climate disclosures than our comments are able to address.
- Second, we suggest that the SEC can further reduce burden on registrants with respect to the disclosure of climate-related financial risks by expanding a current subpart, or adding a new one, to the main disclosure forms already used by registrants. Consistent with our suggested approach to analyzing current and potential future natural hazard risks and their materiality on the registrant's business/financial condition by taking this approach the SEC can avoid being overly prescriptive in its disclosure requirements, while still incentivizing accurate, consistent, and standard materiality assessments.

Section III: Attestation of Proposed Disclosures

As written, the rule only applies attestation requirements to GHG emissions data service providers:

We are limiting the proposed assurance disclosure requirement to a registrant's GHG emissions disclosure because registrants are more likely to obtain assurance voluntarily for this disclosure item than for other climate-related disclosures.⁹

Since CoreLogic provides physical hazard risk data & analytics, we understand that the rule – again, as currently written – would not require registrants to provide an attestation report or any additional level of assurance for the hazard risk information that we would provide as part of the registrant's overall climate risk assessment.

However, CoreLogic is of the opinion that the SEC should explicitly recognize that accounting firms (and others providing these attestation reports) may engage third party vendors – such as CoreLogic – to acquire the baseline physical risk data & analytics that may be necessary for them to accurately model GHG emissions data and, therefore, provide a more accurate & meaningful attestation. As such, we would briefly like to address the potential for additional third-party service providers to contribute data & analytics toward the creation of the attestation report, as alluded to in Question 143(d) and Question 145 of this proposed rule and highlighted below:

143. (d) ... If we require GHG emissions disclosure to be presented in the financial statements, should we permit entities other than registered public accounting firms to provide assurance of this information, as proposed for the current attestation requirements under Regulation S-K? If not limited to registered public accounting firms, who should be permitted to provide assurance of GHG emissions disclosure? Should we permit environmental consultants, engineering firms, or other types of specialists to provide assurance? What are the costs and benefits of such approach? Would the reliability of the audits and therefore the information disclosed be affected if assurance providers other than registered public accounting firms are permitted to conduct these audits? Please provide supporting data where possible. If we should allow for assurance providers that are not registered public accounting firms, what qualifications and oversight should they have, and what requirements should we impose on them? Should we direct the PCAOB to develop a separate registration process for service providers that are not otherwise registered? What expertise, independence and quality control standards should apply?

At a minimum, public accounting firms should be permitted to work with third-party specialists to acquire additional data, analytics, and general knowledge that may be required for them to provide both an accurate and truthful attestation.

Accounting firms may not have the in-house capabilities to accurately verify every aspect of a registrant's disclosure; therefore, allowing them to engage with additional specialists that do have the necessary capabilities would only increase the reliability of the information being provided.

These third-party specialists should market-tested, industry leaders who can provide data & analytical insights that are already certified and/or recognized by international, federal, or state agencies and commissions for their model accuracy, methodology, and trustworthiness.

145. Is additional guidance needed with respect to the proposed expertise requirement? Should we instead include prescriptive requirements related to the qualifications and characteristics of an expert under the proposed rules? For example, should we include a provision that requires a GHG emissions attestation provider that is a firm to have established policies and procedures designed to provide it with reasonable assurance that the personnel selected to provide the GHG attestation service have the qualifications necessary for fulfillment of the responsibilities that the GHG emissions attestation provider will be called on to assume, including the appropriate engagement of specialists, if needed?

If the SEC were to include such a provision, CoreLogic believes it would necessarily have to include the final phrase from above: “including the appropriate engagement of specialists”.

As previously stated, many public accounting firms do not have the in-house expertise to analyze physical hazard risks and will need to work with additional third-party vendors to acquire such information. Therefore, the inclusion of the final phrase focused on the engagement of specialists is absolutely necessary.

Section IV: Phase-In Periods & Accommodations for Proposed Disclosures

For companies using third-party service providers to acquire climate-related financial risk data & analytics, the safe harbor provisions included in this rule should be clear and unambiguous, for two main reasons:

- Clarity will encourage companies to use service providers to acquire this information, instead of attempting to replicate the data, analytics, and insight in-house. Engaging with third parties that have the specific subject matter expertise to address these disclosure requirements will result in higher quality data & analytics as service providers compete to provide the most accurate and trustworthy information possible.
- Ambiguity and uncertainty from the SEC may also create greater costs and potential liability when disclosing climate-related financial risk, due to the lack of clear and consistent guidelines, guardrails, and/or acceptable best practices.

Throughout the proposed rule, the SEC directly requests climate-related metrics on the financial impacts of severe weather events on the registrant's business. However, the overwhelming majority of registrants likely do not have the in-house capabilities to conduct these types of physical risk assessments, meaning they will have to rely on third-party service providers with the necessary data & analytical expertise – yet the service providers who would need to supply this information are completely left out of the SEC's attestation and safe harbor language. The SEC should clarify that registrants can – and should – rely on verified third party commercial models for ANY climate risk assessment, not just those related to GHG emissions data.

The solution to this problem is simple: expand the language covering service providers to include all third parties that are supplying climate-related financial risk data & analytics to registrants for the express purpose of disclosure to the SEC. In practical terms, the registrant would identify the third party service provider(s) who accumulates, assesses, and/or provides data, along with the process used by that service provider to identify specific aspects of a registrant's overall climate-related financial risk.

174. Should we apply the PSLRA statutory safe harbors as they currently exist to forward-looking statements involving climate-related targets and goals, or other climate-related forward-looking information? Should we instead create a separate safe harbor for forward-looking climate-related information, including targets and goals? Should we adopt an exception to the PSLRA statutory safe harbors that would extend the safe harbors to climate-related forward-looking disclosures made in an initial public offering registration statement?

At a minimum, the PSLRA statutory safe harbors should be applied to forward-looking statements involving climate-related targets and goals, as well as other climate-related forward-looking information.

If the SEC decides to create a separate safe harbor for forward-looking climate-related information, the safe harbor should be extended beyond simply 'targets and goals' and include all forward-looking climate-related information included in a registrant's disclosure.

Appendix A – Citations and References

¹ Ceres. (Webinar) Briefing on the SEC Climate Disclosure Rule Proposal, with SEC Chair Gary Gensler. April 12, 2022. <https://ceres.org/events/webinar-briefing-sec-climate-disclosure-rule-gary-gensler>.

² 2020 Climate Change Catastrophe Report. CoreLogic. <https://www.corelogic.com/wp-content/uploads/sites/4/2021/05/report-2020-climate-change-catastrophe-report.pdf>.

³ The International Building Code. International Code Council. <https://www.iccsafe.org/products-and-services/i-codes/2018-i-codes/ibc/>.

⁴ Intergovernmental Panel on Climate Change. <https://www.ipcc.ch/>.

⁵ Intergovernmental Panel on Climate Change. Climate Change 2021: The Physical Science Basis, Summary for Policymakers. https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM_final.pdf.

⁶ The Enhancement and Standardization of Climate-Related Disclosures for Investors. Securities and Exchange Commission. Proposed Rule. RIN 3235-AM87. [Release Nos. 33-11042; 34-94478; File No. S7-10-22] April 11, 2022. <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>. Page 86.

⁷ The Enhancement and Standardization of Climate-Related Disclosures for Investors. Securities and Exchange Commission. Proposed Rule. RIN 3235-AM87. [Release Nos. 33-11042; 34-94478; File No. S7-10-22] April 11, 2022. <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>. Page 75.

⁸ The Enhancement and Standardization of Climate-Related Disclosures for Investors. Securities and Exchange Commission. Proposed Rule. RIN 3235-AM87. [Release Nos. 33-11042; 34-94478; File No. S7-10-22] April 11, 2022. <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>. Page 63.

⁹ The Enhancement and Standardization of Climate-Related Disclosures for Investors. Securities and Exchange Commission. Proposed Rule. RIN 3235-AM87. [Release Nos. 33-11042; 34-94478; File No. S7-10-22] April 11, 2022. <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>. Page 264.