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Electronic Submission

June 17, 2022

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

RE: File No. S7-10-22; Release Nos. 31011042, 24-94478: *The Enhancement and Standardization of Climate-Related Disclosures for Investors*

Dear Ms. Countryman:
We welcome the opportunity to comment on the SEC's proposed Climate Related Disclosures and appreciate the SEC's openness to consider and evaluate the proposal's impacts to both investors and registrants.

We believe companies and individuals bear the responsibilities to care and maintain the environment, however, we respectfully disagree the proposed level of rigorous disclosure and attestation provides benefits to the environment and all stakeholders. We have significant concerns with the extensive reporting requirements proposed and its impact on our business and others like it in the U.S.

Additional reporting requirements increase the costs to be public company and will impact the ability and desirability of companies to enter the public market, especially to micro and small capital companies. Extensive and technically difficult information gathering, disclosure, and audit attestation will lead to additional financial burdens, far beyond those estimated in the proposal. This proposal comes at a time business across the country recoveries from the pandemic, inflation is impacting business, and recessionary headwinds exist. This additional compliance activity will only add to the challenges faced now and will be a financial burden for years to come.

Focusing resources on compliance activities changes the allocation of company's resources from innovation and value development in the U.S. to compliance-based activities, adding costs and reducing competitiveness. Finally, systems and processes are not developed for entities to capture the data and information required, leading to further complications in compliance and costs to implement. At another time, the financial and data burdens may not be so complex and cumbersome.

As we reviewed and interpreted the proposal on our company, we believe the following:

1. Not all companies are the same, yet this disclosure places the same burdens on all sizes and types of public companies. As an example, multi-billion-dollar revenue oil and gas companies and their type of business impacts to the environment are much different to a $600 million company like us that design, manufacture, and service products. Certain industries already have information for current environmental reporting and system in place as compared to our company with limited current requirements. New disclosures would require similar sophistication in systems, processes, and resources to maintain compliance – a heavy financial burden to a small company. For consistent and comparative environmental disclosures for companies that are reporting on certain environmental regulations, we recommend the disclosures guidance proposed be optional to all public companies versus mandatory.

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2. Global supply chain complexity combined with immature data and systems to capture information create in impossible reporting and audit task. As an example, our experience in working to gather information for the Conflict Minerals Act from suppliers for over 10 years now, reflects that the outcome of the law is not achieving the desired effects and costing us compliance dollars each year. The decades long work at gathering supply chain origin has not yielded a definitive conclusion and we often receive no response from suppliers not required to report. The compliance costs for this effort has not yielded benefit to our investors. We liken the gathering of Scope 1, 2, and 3 information to be infinitely more onerous than conflict minerals and would be an impossible/impractical task year after year. We propose removal of required reporting, making it optional. And, especially removing of Scope 2 and 3 reporting and auditing requirements.
3. Auditors and specialists will be at high demand and costly. This will put U.S. companies at a disadvantage in competing, especially during the current pandemic recovery and recessionary and inflationary time. Specifically, our company still faces fragile supply chains, inflationary pressures, and non-U.S. competition impacting our profitability. Turning our focus to regulation will not improve our competitiveness or financial results. Since public companies are already required to disclose material risk factors and events, the proposal adds too much prescription and details of non-financial information. Auditors will require proof of considerations and raise costs to public companies. We recommend removal of the additional required prescriptive disclosure method and required audits.
4. U.S. Public Companies will be at a disadvantage as we compete in the global markets. While other countries have sustainability regulations and initiatives, many do not the costly requirements and will have an advantage in cost structure over U.S. firms. These sorts of regulations will deter companies from entering the public market because of cost and further remove the public from having transparent companies in which to invest.

We believe the extensive and technically difficult disclosures will impact U.S. company competitiveness and therefore the U.S. economic conditions over the long-term. We appreciate your support of micro and small mid-cap companies like us in tailoring regulations like this. Refinment and reduction of this costly requirement would support our U.S. employee base of 2,000 people and keep us developing leading solutions in the U.S.

If optional disclosure is not viable, we ask for any implementation be in effective at least more than three years out with no prior year reporting requirements. This would give companies ample time to develop an understanding of the requirements, implement systems to support disclosures, and allow appropriate time to implement the related measurement systems to disclose effectively and efficiently.

We appreciate your careful considerations of the implications of this regulation to the public market over the long-term because the stringent, difficult and costly compliance mandates.

Sincerely,

Sheila Anderson

Sheila M. Anderson
Chief Financial Officer and Treasurer