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October 22, 2019

Via E-mail
Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090
rule-comments@sec.gov

Re: File Number S7-11-19
Modernization of Regulation S-K Items 101, 103, and 105

Dear Secretary Countryman,

The Southern Environmental Law Center ("SELC") submits these comments on the proposed rule entitled "Modernization of Regulation S-K Items 101, 103, and 105" ("Proposed Rule").[1] The Commission proposes to "modernize" Items 101, 103, and 105 of Regulation S-K generally by shifting from a "prescriptive" approach to disclosures, which rely more on line-item requirements, to a "principles-based" approach that relies "on management to evaluate the significance of information in the context of the registrant's overall business and financial circumstances and to determine whether disclosure is necessary."[2] As discussed below, the business risks and opportunities associated with climate change affect all registrants but will affect each differently, and when making investment decisions a reasonable investor would want to know the nature of these risks and opportunities and the registrant's strategies for addressing them. Accordingly, the Commission should prescribe climate reporting wherever material. In addition, the Commission should require more specific disclosures relating to environmental risks.

I. Climate Risks and Opportunities

The deepening climate emergency is one of the most serious threats that humanity faces. Severe storms like Hurricanes Florence, Harvey, and Sandy are only the plainest manifestation. Record heat threatens public health directly: heat kills more people annually in the United States than any other weather-related disaster.[3] As people escape the heat, energy burdens increase[4]

[1] Modernization of Regulation S-K Items 101, 103, and 105, 84 Fed. Reg. 44358 (Aug. 23, 2019) [hereinafter "Proposed Rule"].
[2] *Id.* at 44359.
[3] Margaret Kovach Sugg, *Heat Exposure and Health Impacts in North Carolina*, N.C. MED. J. (Sept.-Oct. 2018), http://www.ncmedicaljournal.com/content/79/5/320.full#xref-ref-1-1. Furthermore, "[w]ith continued warming, increases in heat-related deaths are projected to outweigh reductions in cold-related deaths in most regions." U.S. GLOBAL CHANGE RESEARCH PROGRAM, IMPACTS, RISKS, AND ADAPTATION IN THE UNITED STATES: FOURTH NATIONAL CLIMATE ASSESSMENT, VOLUME II, CHAPTER 14: HUMAN HEALTH (2018), https://nca2018.globalchange.gov/chapter/14/ [hereinafter "FOURTH NCA"].

while labor productivity declines.[5] As a result of these and other factors, climate change tends to increase preexisting inequality in the United States.[6] Globally, under current development patterns, climate change is expected to trap 120 million people in poverty by 2030, by exacerbating food insecurity, natural disasters, and health risks.[7] As a result of changes in rainfall patterns, crops may need increased irrigation, and some crops may no longer be viable, while new pests may move in.[8] As sea level rises, saline infiltration makes ghosts of coastal forests and literally salts the earth our farmers plow, both overland and through groundwater.[9] Because climate change affects the entire web of interdependent natural, built, and social systems, its impacts touch all of humanity.[10]

Of course, the impacts of climate change on human society include impacts to companies: as discussed below, the climate emergency materially affects registrants. However, registrants are not disclosing material climate risks and opportunities sufficiently. Accordingly, the Commission should require these disclosures.

A. The climate emergency materially affects registrants.

The climate emergency materially affects all SEC registrants, and it affects each registrant differently depending on many factors such as the registrant's business, its assets and liabilities, its location, and its strategies to mitigate risks and seize opportunities. Recognizing this, in 2010 the Commission issued its "Guidance Regarding Disclosure Related to Climate Change" ("Climate Guidance") identifying multiple climate-related risks and opportunities that should be disclosed, including the impact of legislation and regulation; international accords; indirect consequences such as legal, technological, political, and scientific developments related to climate change; and the wide range of physical impacts of climate change.[11] It also identified the principal disclosure rules that could require disclosure of climate-related risks, including a substantial focus on Regulation S-K.[12]

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[4] Energy burden is the percent of a person's income spent on energy, including electricity, home heating, and transportation. *See* Joseph Daniel, *The Energy Burden: How Bad is it and How to Make it Less Bad*, UNION OF CONCERNED SCIS. (Feb. 26, 2019), https://blog.ucsusa.org/joseph-daniel/how-to-make-energy-burden-less-bad (last visited August 19, 2019).
[5] FOURTH NCA, CHAPTER 19: SOUTHEAST, Fig. 19.21, https://nca2018.globalchange.gov/chapter/19/.
[6] FOURTH NCA, CHAPTER 19: SOUTHEAST, https://nca2018.globalchange.gov/chapter/19/ (under "Background").
[7] Julie Rozenberg and Stephane Hallegatte, *Poor People on the Front Line: The Impacts of Climate Change on Poverty in 2030*, in CLIMATE JUSTICE: INTEGRATING ECONOMICS AND PHILOSOPHY 29-38 (Kanbur & Shue, Eds., Oxford 2019).
[8] *Effects of Climate Change on the Southeast*, N.C. CLIMATE OFFICE, https://climate.ncsu.edu/edu/Impacts (last visited Aug. 19, 2019).
[9] *See* Sarah Kaplan, *Ruined crops, salty soil: How rising seas are poisoning North Carolina's farmland*, WASH. POST (Mar. 1, 2019), https://www.washingtonpost.com/national/ruined-crops-salty-soil-how-rising-seas-are-poisoning-north-carolinas-farmland/2019/03/01/2e26b83e-28ce-11e9-8eef-0d74f4bf0295_story.html?noredirect=on.
[10] *See* FOURTH NCA, CHAPTER 17: SECTOR INTERACTIONS, MULTIPLE STRESSORS, AND COMPLEX SYSTEMS, https://nca2018.globalchange.gov/chapter/17/.
[11] Sec. Exchange Comm'n, Commission Guidance Regarding Disclosure Related to Climate Change 21-27 (2010), https://www.sec.gov/rules/interp/2010/33-9106.pdf [hereinafter "Climate Guidance"].
[12] *Id.* at 12-21.

In the nearly ten years since the Commission issued its Climate Guidance, it has only become clearer that the financial risks to publicly traded companies from climate change are enormous. In the Fourth National Climate Assessment, the U.S. Global Change Research Program concluded:

> In the absence of significant global mitigation action and regional adaptation efforts, rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property, labor productivity, and the vitality of our communities. Regional economies and industries that depend on natural resources and favorable climate conditions, such as agriculture, tourism, and fisheries, are vulnerable to the growing impacts of climate change. Rising temperatures are projected to reduce the efficiency of power generation while increasing energy demands, resulting in higher electricity costs. The impacts of climate change beyond our borders are expected to increasingly affect our trade and economy, including import and export prices and U.S. businesses with overseas operations and supply chains. Some aspects of our economy may see slight near-term improvements in a modestly warmer world. However, the continued warming that is projected to occur without substantial and sustained reductions in global greenhouse gas emissions is expected to cause substantial net damage to the U.S. economy throughout this century, especially in the absence of increased adaptation efforts. With continued growth in emissions at historic rates, annual losses in some economic sectors are projected to reach hundreds of billions of dollars by the end of the century—more than the current gross domestic product (GDP) of many U.S. states.[13]

Other reports have come to similar conclusions.[14] A recent working paper published by the International Monetary Fund (IMF) concluded that temperature increase absent mitigation will reduce world real GDP per capita by more than seven percent by 2100.[15]

Climate change will continue to affect the entire economy, although the effects are varied. It will affect different geographic regions of the United States differently; some regions will see greater increases in average annual temperatures or greater changes in precipitation than

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[13] FOURTH NCA, https://nca2018.globalchange.gov/; *see also* U.S. ENVT'L PROT. AGENCY, MULTI-MODEL FRAMEWORK FOR QUANTITATIVE SECTORAL IMPACTS ANALYSIS: A TECHNICAL REPORT FOR THE FOURTH NATIONAL CLIMATE ASSESSMENT (2017), https://cfpub.epa.gov/si/si_public_file_download.cfm?p_download_id=537327&Lab=OAP.

[14] *See* Dana Nuccitelli, *Climate change could cost the U.S. economy hundreds of billions a year by 2090*, YALE CLIMATE CONNECTIONS (Apr. 29, 2019), https://www.yaleclimateconnections.org/2019/04/climate-change-could-cost-u-s-economy-billions/ (discussing Jeremy Martinich & Allison Crimmins, *Climate damages and adaptation potential across diverse sectors of the United States*, 9 NATURE CLIMATE CHANGE 397 (2019), https://www.nature.com/articles/s41558-019-0444-6); Joungn, *How Will Climate Change Impact The Economy?*, PBS.ORG (Jan. 30, 2019), https://www.pbs.org/wnet/peril-and-promise/2019/01/economics-climate-change/ (collecting reports).

[15] MATTHEW E. KAHN, ET AL., IMF, WORKING PAPER NO. 19/215: LONG-TERM MACROECONOMIC EFFECTS OF CLIMATE CHANGE: A CROSS-COUNTRY ANALYSIS (2019), https://www.imf.org/~/media/Files/Publications/WP/2019/wpiea2019215-print-pdf.ashx.

others.[16] It will affect different sectors of the economy differently. Most sectors will see "a complex pattern of regional-scale impacts."[17] Risks experienced by one sector may weaken the adaptive capacity of another, creating a compounding effect.[18] And climate change will affect different individual registrants differently. In this environment, a registrant's actions to mitigate and adapt to climate change can greatly affect its economic impact on the registrant—like other risks, planning for climate risks can avoid costs and uncover opportunities.[19]

Accordingly, it is substantially likely that a reasonable investor would attach importance to how a specific registrant expects to be affected by climate change and how it plans to respond to the specific risks and opportunities that it presents.[20]

B. The Commission should require registrants to disclose their climate risks and opportunities.

Despite the overwhelming evidence of impacts, registrants do not disclose climate risks and opportunities sufficiently. As the Commission explained in its Climate Guidance, registrants may be required to disclose the various effects of climate change under *existing* reporting requirements.[21] According to a 2014 report, following the issuance of the Climate Guidance, more registrants in the S&P 500 started making climate-related disclosures in their Form 10-Ks and the quality of the disclosures increased.[22] However, the initial increase in the number of registrants reporting climate disclosures plateaued in succeeding years.[23] Furthermore, the quality of the reporting quickly declined.[24] At the same time, from the time the Climate Guidance was issued through 2013, the SEC issued only 25 comment letters to companies concerning climate disclosures, and had only 27 communications with asset managers about the

[16] FOURTH NCA, CHAPTER 2, https://nca2018.globalchange.gov/chapter/2/; *see also* Mark Muro, et al., *How the geography of climate damage could make the politics less polarizing*, BROOKINGS INST. (Jan. 29, 2019), https://www.brookings.edu/research/how-the-geography-of-climate-damage-could-make-the-politics-less-polarizing/.
[17] U.S. ENVT'L PROT. AGENCY, MULTI-MODEL FRAMEWORK FOR QUANTITATIVE SECTORAL IMPACTS ANALYSIS: A TECHNICAL REPORT FOR THE FOURTH NATIONAL CLIMATE ASSESSMENT 3 (2017), https://cfpub.epa.gov/si/si_public_file_download.cfm?p_download_id=537327&Lab=OAP.
[18] Jeremy Martinich & Allison Crimmins, *Climate damages and adaptation potential across diverse sectors of the United States*, 9 NATURE CLIMATE CHANGE 397, 399 (2019), https://www.nature.com/articles/s41558-019-0444-6.
[19] *See, e.g.*, U.S. ENVT'L PROT. AGENCY, MULTI-MODEL FRAMEWORK FOR QUANTITATIVE SECTORAL IMPACTS ANALYSIS: A TECHNICAL REPORT FOR THE FOURTH NATIONAL CLIMATE ASSESSMENT 4 (2017), https://cfpub.epa.gov/si/si_public_file_download.cfm?p_download_id=537327&Lab=OAP ("For several infrastructure sectors, a combined portfolio of global mitigation and regional adaptation strategies can eliminate a large portion of the economic impacts that are otherwise projected to occur this century.").
[20] *See* 17 C.F.R. § 230.405; Proposed Rule, 84 Fed. Reg. at 44376 (quoting same); *see also TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976).
[21] Climate Guidance at 21.
[22] JIM COBURN & JACKIE COOK, CERES, COOL RESPONSE: THE SEC & CORPORATE CLIMATE CHANGE REPORTING 11 (2014), https://www.ceres.org/resources/reports/cool-response-sec-corporate-climate-change-reporting#.
[23] *Id.* (graphing reporting through 2013).
[24] *Id.*

topic, out of more than 45,000 comment letters sent to registrants.[25] The Commission has not sent any such letters in the past five years.[26] A 2016 report also found under-disclosure.[27]

Specific cases illustrate this paradigm of under-disclosing. For example, the insurance industry faces numerous risks, including physical risks and "transitional" risks from changing asset values.[28] Industry participants recognize the risks: as mentioned in the Climate Guidance, a 2008 study listed climate change as the number one risk facing the insurance industry, and a 2019 survey of professional actuaries found the same.[29] Yet even most of the insurance industry participants that recognize the risk nevertheless are taking *no action* to adjust their portfolios, and on average only *one percent* of assets under management are allocated to low-carbon investments.[30] The fossil-fuel industry appears to have gone one step further: at least one major industry participant is on trial for allegedly actively misleading investors about its climate risk.[31]

Accordingly, the Commission should not expect that "principles-based" disclosure requirements will cause registrants to disclose climate risks and opportunities at all, nor sufficiently. In the Proposed Rule, the Commission should prescribe climate reporting for each of the disclosures to which it is applicable.[32] Specific recommendations follow.

Item 101(a), General Development of Business.[33] The Commission requests comment on whether there are other topics that should be added to the list of topics that may be material to an understanding of a registrant's business development.[34] Yes. As discussed above, the deepening climate emergency affects essentially every registrant but affects each differently, and these effects and how the registrant plans for them affect the development of the registrant's business. The Commission could specify that responding to the climate emergency may trigger "material

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[25] *Id.* at 20.
[26] *Historical Archive Search*, SECURITIES & EXCHANGE COMM'N, https://www.sec.gov/cgi-bin/srch-edgar (last visited Oct. 17, 2019) (search, from 2014 to 2019: type=upload & "climate change" or "climate mitigation" or "greenhouse gas" or "GHG" or "global warming" or "carbon emission" or "weather conditions" or "Kyoto Protocol" or "SEC Release No. 33-9106" or "Paris Agreement"). This search string mirrors the search string included in CERES' Cool Response report on page 26, with the addition of the term, "Paris Agreement."
[27] Benjamin Hulac for Climatewire, *Climate Risk Is Poorly Represented in Company Financial Filings*, SCI. AM. (Aug. 11, 2016), https://www.scientificamerican.com/article/climate-risk-is-poorly-represented-in-company-financial-filings/.
[28] INT'L ASSOC. OF INS. SUPERVISORS & SUSTAINABLE INS. FORUM, ISSUES PAPER ON CLIMATE CHANGE RISKS TO THE INSURANCE SECTOR 14-15 (2018), https://www.insurancejournal.com/research/app/uploads/2018/08/IAIS_and_SIF_Issues_Paper_on_Climate_Change_Risks_to_the_Insurance_Sector_-1.pdf.
[29] CASUALTY ACTUARIAL SOCIETY, ET AL., 12TH ANNUAL SURVEY OF EMERGING RISKS: KEY FINDINGS 5-6 (2019), https://www.soa.org/globalassets/assets/files/resources/research-report/2019/12th-emerging-risk-survey.pdf.
[30] INT'L ASSOC. OF INS. SUPERVISORS & SUSTAINABLE INS. FORUM, ISSUES PAPER ON CLIMATE CHANGE RISKS TO THE INSURANCE SECTOR 22-23 (2018), https://www.insurancejournal.com/research/app/uploads/2018/08/IAIS_and_SIF_Issues_Paper_on_Climate_Change_Risks_to_the_Insurance_Sector_-1.pdf.
[31] Jennifer Hijazi, *Exxon goes to trial next week over secret carbon costs*, E&E NEWS (Oct. 18, 2019), https://www.eenews.net/stories/1061306941 (explaining that Exxon has used a CO2 proxy cost of $80 per ton for business planning in reports shared with investors, but costs of $40 or $0 internally).
[32] *See* Climate Guidance 12-21.
[33] 17 C.F.R. § 229.101(a).
[34] Proposed Rule, 84 Fed. Reg. at 44363.

changes in the mode of conducting the business."[35] The Proposed Rule appears to replace this disclosure with "transactions and events that affect or may affect the company's operations, including material changes to the registrant's previously disclosed business strategy.[36] This too would encompass a company's strategy to address business risks and opportunities related to climate change.

Item 101(c), Narrative Description of Business.[37] The Commission should not revise this item as it has proposed to do in the Proposed Rule. Overall, like many of the revisions in the Proposed Rule, the Commission proposes to adopt a more "principles-based" approach to this item.[38] The Commission's rationale for the change is that "many registrants may interpret Item 101(c) as requiring disclosure of each enumerated item, even if it is not material."[39] However, the item already plainly states that disclosure is only required to the extent material.[40] Furthermore, as the watchdog for investors and the public, the Commission should err on the side of requiring greater disclosure, particularly in the wake of the Great Recession. The Commission also proposes to eliminate some of the enumerated disclosures, including working capital practices, disclosures about new segments, and backlog orders believed to be firm.[41] No specific rationale is readily apparent.

The Commission should retain Item 101(c)(1)(iii), concerning raw materials, as proposed;[42] however, it should specifically direct registrants to discuss how climate change will affect access to raw materials. It should retain the requirement to list patents as proposed,[43] and should also direct applicants to discuss how climate change may affect the value of intellectual property.

The Commission should retain Item 101(c)(1)(v), concerning whether a registrant's business is seasonal, as proposed.[44] Registrants with seasonal businesses will see their businesses change as climate change affects how we experience seasons. The Commission should direct registrants with seasonal businesses to discuss the impacts of climate change.

The Commission proposes to amend Item 101(c)(1)(xii), concerning environmental compliance disclosures.[45] This item requires climate reporting if material.[46] The Commission believes that the "primary focus should be with respect to the registrant's business taken as a

[35] 17 C.F.R. § 229.101(a)(1).
[36] Proposed Rule, 84 Fed. Reg. at 44362 (explaining that listed disclosure topics would still include bankruptcy and related proceedings; reclassification and related issues; acquisition or disposition of material amounts of assets; and would newly include changes to business strategy).
[37] 17 C.F.R. § 229.101(c).
[38] Proposed Rule, 84 Fed. Reg. at 44364.
[39] *Id.*
[40] 17 C.F.R. § 229.101(c)(1).
[41] Proposed Rule, 84 Fed. Reg. at 44364.
[42] *Id.* at 44365.
[43] *See id.* at 44367.
[44] *Id.* at 44367-68.
[45] 17 C.F.R. § 229.101(c)(1)(xii).
[46] Climate Guidance 13.

whole."[47] In many cases, this shift in focus would not provide the reasonable investor with sufficient information about a registrant's climate risk. For example, many electric utilities have a portfolio of different generating assets with different climate risks and opportunities—coal-burning generation is in dramatic decline, whereas wind and solar are gaining—and viewing only the utility's business taken as a whole would hide risks and opportunities. The Commission should reinforce the Climate Guidance and specifically identify climate risks and opportunities as disclosures that must be made if material, and for clarity it should instruct that they be made as a separate disclosure alongside those already enumerated in Item 101(c)(1).

The Commission specifically requests comment on whether it should "shift to a more principles-based approach for Item 101(c), as proposed."[48] It should not. It also specifically requests comment on how Item 101(c) might be further improved, and whether there are "any additional disclosure topics that we should include in Item 101(c) to facilitate disclosure."[49] Item 101(c) would be improved by prescribing disclosure of climate-related risks and opportunities. As a template for this disclosure, the Commission should consider the Climate Disclosure Standards Board's (CDSB) Climate Change Reporting Framework;[50] the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations;[51] and the Sustainability Accounting Standards Board (SASB)'s standards.

Item 103(c), Legal Proceedings.[52] We concur with the Commission's conclusion that a litigation "disclosure threshold based on the imposition of a government fine is appropriate because such a fine may be important for investors in assessing a registrant's environmental compliance"—reaffirming its prior determination that fines help assess "a registrant's environmental compliance problems."[53] We also concur that this bright line reporting threshold provides a "benchmark" that represents proceedings that may be factually and legally complex, and promotes comparability.[54] We note that these rationales support more thorough, clearer, and more cross-comparable reporting of environmental risks and opportunities generally. The Commissions should explicitly state that Item 103(c) may include legal proceedings concerning climate change-related liability.[55]

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[47] Proposed Rule, 84 Fed. Reg. at 44365.
[48] *Id.* at 44371.
[49] *Id.*
[50] CLIMATE DISCLOSURE STANDARDS BOARD, CLIMATE CHANGE REPORTING FRAMEWORK: ADVANCING AND ALIGNING DISCLOSURE OF CLIMATE CHANGE-RELATED INFORMATION IN MAINSTREAM REPORTS (2012), https://www.cdsb.net/sites/default/files/cdsb_climate_change_reporting_framework_edition_1.1_0.pdf.
[51] MICHAEL R. BLOOMBERG, TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES, FINAL REPORT: RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (2017), https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf.
[52] 17 C.F.R. § 229.103; *see* Proposed Rule, 84 Fed. Reg. at 44372-74.
[53] Proposed Rule, 84 Fed. Reg. at 44373-74.
[54] *Id.* at 44374.
[55] *See* Jennifer Hijazi, *Exxon goes to trial next week over secret carbon costs*, E&E NEWS (Oct. 18, 2019), https://www.eenews.net/stories/1061306941; Russell Gold, *PG&E: The First Climate-Change Bankruptcy, Probably Not the Last*, WALL ST. J. (Jan. 18, 2019), https://www.wsj.com/articles/pg-e-wildfires-and-the-first-climate-change-bankruptcy-11547820006.

Item 105, Risk Factors.[56] The Commission should prescribe disclosing climate-related risks and opportunities. The Commission proposes to replace the requirement to disclose the "most significant" risk factors with a requirement to disclose only "material" factors. The Commission explains that it believes doing so will "reduce the amount of risk factor disclosure that is not material and potentially shorten the length of the risk factor discussion," which it believes has come to include boilerplate descriptions of generalized risks.[57] For reasons described above, climate change does not affect all registrants equally but varies for each registrant.[58] Accordingly, it would not lead to reporting immaterial risks. Furthermore, the Commission's decision to reduce the reporting of registrants' "most significant" risks to only those that the registrant deems material is confusing: it is unclear what type of risk would be "most significant" yet not material to a reasonable investor. The proposal also removes important information from disclosure to the public.

II. "Principles-Based" Disclosure for Environmental Remediation and Compliance

As discussed above, the Commission proposes to amend Item 101(c)(1)(xii), concerning environmental compliance disclosures.[59] For reasons discussed above, the Commission should specifically identify climate risks and opportunities as disclosures that must be made if material. However, the environmental disclosure requirement also is important outside of the climate context and warrants separate comment.

First, the Commission should require additional disclosures as proposed by earlier commenters. The Commission properly proposes to retain the requirement that the registrant disclose "material estimated capital expenditures for environmental control facilities for the current fiscal year and any other subsequent period that the registrant deems material,"[60] but it rejects commenters' calls to require additional disclosures on the grounds that its "principles-based" approach would elicit more tailored information.[61]

These disclosures are important to informing investors of environmental compliance costs. For example, according to its most recent Forms 10-K and 10-Q, Alcoa Corporation currently has approximately thirty-five remediation projects planned or underway, and it lists environmental remediation reserves for a few of these.[62] Environmental compliance liabilities can vary greatly. For example, at contaminated sites, leaving the contamination in place is much less expensive than excavating and removing it to a safe facility. A reasonable investor likely would want to know at least some site-specific details for all of a registrant's facilities over a

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[56] 17 C.F.R. § 229.105; *see* Proposed Rule, 84 Fed. Reg. at 44374.
[57] Proposed Rule, 84 Fed. Reg. at 44376.
[58] *See* 17 C.F.R. § 229.105 ("Do not present risks that could apply generically to any registrant or any offering.").
[59] 17 C.F.R. § 229.101(c)(1)(xii).
[60] Proposed Rule, 84 Fed. Reg. at 44369.
[61] *Id.*
[62] ALCOA CORP., FORM 10-K (for the fiscal year ended December 31, 2018), https://otp.tools.investis.com/clients/us/alcoa_inc/SEC/sec-show.aspx?Type=html&FilingId=13252378&Cik=0001675149#AA-10K_20181231_HTM_ITEM_1_BUSINESS; ALCOA CORP., FORM 10-Q (for the quarterly period ending June 30, 2019), https://www.sec.gov/ix?doc=/Archives/edgar/data/1675149/000156459019027529/aa-10q_20190630.htm#.

reasonable threshold value. However, Alcoa Corporation disclosed details for only a few sites. Accordingly, prescribing more detailed disclosure would aid investors. In addition, public disclosure of remediation costs and reserves benefits the communities burdened by pollution, who use this information in their advocacy for a healthy living environment.

Second, the Commission proposes to revise Item 101(c)(1)(xii) to include "the material effects of compliance material government regulations, not just environmental laws, as a listed disclosure topic in Item 101(c)," on the grounds that this will allow registrants to better tailor their filings to the most relevant regulations.[63] In the interest of fully disclosing the material effects of the regulatory environment on a registrant, the Commission should require registrants also to disclose the *benefits* of U.S. laws and regulations.[64]

III. Conclusion

For reasons set forth above, SELC requests the Commission maintain a "prescriptive" disclosure system and specifically prescribe disclosure of all material climate-related risks and opportunities.

Thank you for considering our comments. If you have any questions about these comments, please do not hesitate to contact me at [redacted] or [redacted].

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[63] Proposed Rule, 84 Fed. Reg. at 44369.
[64] *See, e.g.*, CARBON DISCLOSURE PROJECT, ACCELERATING CORPORATE CLIMATE ACTION: THE ROLE OF POLICY 5 (2019), https://www.cdp.net/en/reports/downloads/4709 (stating that the "potential value of sustainable business opportunities is almost seven times the cost of realizing them"); *id.* at 9 (stating that more than half of companies analyzed identified opportunities related to climate and environmental regulations).