From: Michael Zimonyi
Sent: Monday, March 10, 2014 4:37 PM
To: OFM Performance and Planning
Cc: Mardi McBrien; Jarlath Molloy
Subject: CDSB response to SEC Strategic Plan Draft

Dear Sir or Madam,

Please find attached the Climate Disclosure Standards Board's response to the public consultation on the Commission's Strategic Plan Draft. Thank you for your consideration.

To whom it may concern
SEC Headquarters
100 F Street, NE Washington, DC
20549
United States

By email to PerformancePlanning@sec.gov

Dear Sir or Madam,

Response to public consultation on the U.S. Securities and Exchange Commission's Draft Strategic Plan, Fiscal Years 2014–2018

Introduction

CDSB welcomes the opportunity to respond to your consultation on the draft SEC Strategic Plan and begins by expressing our strong support for the Commission's mission to "*protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation*". Our comments below are proposed to assist the organisation achieve its mission.

The Climate Disclosure Standards Board (CDSB) CDSB is a consortium of business and environmental organizations[1] formed at the World Economic Forum's annual meeting in 2007. Its purpose is to jointly develop and advocate an international Reporting Framework[2] for the integration of climate change-related information into mainstream corporate reports. Following the traditions of accounting and financial stability standards setters, CDSB's work is designed to deliver the transparency and accountability needed for decisions to be made and capital to be deployed in support of a low carbon economy.

CDSB has the only global framework designed specifically for the inclusion of climate change information into annual reports. CDSB's Reporting Framework[3] allows companies to disclose non-financial information into corporate reports in a manner that is standardized, consistent and comparable. In a recent report by Ceres, CDSB's Framework was recommended "to supplement the SEC's Guidance … for disclosing climate change information in SEC filings"[4].

At this time, CDSB's Framework is undergoing an expansion of scope to include water and forest risk commodities and is out for public consultation. As such, the Reporting Framework will provide guidance for reporting 79% of natural capital risks[5].

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[1] Members of the Climate Disclosure Standards Board are listed at http://www.cdsb.net/about-cdsb/leadership-governance/cdsb-board-members
[2] CDSB's Climate Change reporting Framework can be downloaded from www.cdsb.net/ccrf
[3] Ibid.
[4] Ceres (2014) "Cool Response: The SEC & Corporate Climate Change Reporting", available at http://www.ceres.org/resources/reports/cool-response-the-sec-corporate-climate-change-reporting/view
[5] Trucost, TEEB (2013) "Natural Capital at Risk – the top 100 externalities of business", available at http://www.teebforbusiness.org/js/plugins/filemanager/files/TEEB_Final_Report_v5.pdf

Comments

In order to protect the interests of investors and provide them with transparent disclosure of the risks of particular investments, it is imperative that corporate reporting of climate change information is accurate and meaningful. In 2012, $3.74 trillion or 11.3% of all US-domiciled assets under management were reported to incorporate sustainable and responsible investment strategies[6]. Despite this demand and the guidance[7] issued by the Commission in 2010, analysis of filings shows that this area of reporting requires further attention.

A review[8] of the S&P 500 by investor and business network Ceres found that climate disclosures in 10-K filings are very brief, provide little discussion of material issues, and do not quantify impacts or risks. In addition, a large number of companies fail to say anything about climate change in their annual filings with the SEC. This research concludes that financial reporting on climate change is too brief and largely superficial, and that most companies are failing to meet SEC requirements.

As such, CDSB would advise the Commission to include efforts in its Strategic Plan to support companies in complying with any reporting obligations they may have under Commission rules and regulations, such as those pursuant to Items 101, 103, 503(c) and 303 of Regulation S-K.

We feel that this effort would be in line with the Commission's Strategic Goals. In particular this applies to the three objectives highlighted below:

Strategic Objective 1.1: The SEC establishes and maintains a regulatory environment that promotes high-quality disclosure, financial reporting, and governance, and that prevents abusive practices by registrants, financial intermediaries, and other market participants.

Strategic Objective 3.1: The SEC works to ensure that investors have access to high-quality disclosure materials that facilitate informed investment decision-making.

Strategic Objective 3.2: The SEC works to understand investor needs and educate investors so they are better prepared to make informed investment decisions.

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[6] US Sustainable Investment Forum Foundation (2012), Report on Sustainable Investing Trends in the United States 2012", available at http://www.ussif.org/files/Publications/12_Trends_Exec_Summary.pdf
[7] Securities And Exchange Commission (2010), "Commission Guidance Regarding Disclosure Related to Climate Change", available at http://www.sec.gov/rules/interp/2010/33-9106.pdf
[8] Ceres (2014) "Cool Response: The SEC & Corporate Climate Change Reporting", available at http://www.ceres.org/resources/reports/cool-response-the-sec-corporate-climate-change-reporting/view

Conclusion

In order to support the needs of the growing number of investors that take climate change information into consideration for capital allocation decisions and to protect the investments of all investors, we strongly encourage the Commission to specifically include the promotion of climate change-related disclosure in filings as an initiative, for example under either Objective
1.1, 3.1 or 3.2.

CDSB would like to thank the Commission for its consideration and offers its support in this effort.

Yours sincerely,

Michael Zimonyi
Project Officer
Climate Disclosure Standards Board