

June 17, 2022

RE: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Chair Gensler and Commissioners Crenshaw, Lee, and Peirce,

The Data Foundation is a non-profit organization that seeks to improve government and society by using data to inform public policymaking. Our Data Coalition Initiative is America's premier voice on data policy, advocating for responsible policies to make government data high-quality, accessible, and usable.

In line with the Data Coalition Initiative's goals to make data and evidence available and useful, we applaud the Securities and Exchange Commission's (SEC) proposed requirement for registrants to provide certain climate-related information in their registration statements and annual reports. This rule "would provide consistent, comparable, and reliable—and therefore decision-useful—information to investors," allowing the SEC to facilitate a more transparent and safe reporting ecosystem.

Last year, the Data Coalition Initiative recognized the growing calls for Environment, Social, and Governance (ESG) reporting and established a working group for members to develop an understanding of the current landscape of ESG reporting and determine the most critical improvements needed. As part of the working group's [final report](#), the Data Coalition called upon the SEC to develop regulation on climate-related disclosures, and supports that climate-related financial disclosures be standardized, machine-readable, and auditable.

As the SEC considers the enhancement and standardization of climate-related disclosures, we are encouraged to see the proposed requirement of climate-related disclosures in a structured, machine-readable format. Since the proposed disclosure requirement would be "required in a registrant's audited financial statements," we also recommend that the data on the financial statements, inclusive of the climate-related information, be machine-readable and auditable. The Data Coalition recommendations outlined below fall in line with our goal of ensuring information collected by the SEC becomes consistent, comparable, reliable, and high-quality data. Therefore the Data Coalition recommends that when considering the proposed climate-disclosures:

- **Data should be standardized and built from existing domain standards** to produce consistent, comparable, accurate, and transparent financial and indirect financial reporting data, ensuring usability. As the SEC determines which standards to use for climate disclosure, the U.S. should contribute to consensus international domain standards to the extent feasible. Existing independent standard-setting organizations

that take into account national, regional, sector, and market perspectives provide a platform for producing standards that are usable and consistent with global activities.

- **Disclosures should be machine-readable digital data that are interoperable with international standards**, non-proprietary or are available under open license to ensure consistent data quality, accessibility, and enhance efficiencies. Machine-readable data allows more efficient and cost-effective growth across the industry. The SEC should adopt international standards to ensure the highest possibility for data comparability across reporting regimes and international regulatory bodies.
- **Disclosures should be auditable to support accountability for submitted ESG machine-readable, standardized data.** Taking into consideration the potential for audit, data should be required and tested as part of financial reports to regulators. ESG data should lend itself to be auditable to support greater accountability and transparency. A glossary of terms and data sources, and establishing processes similar to disclosure controls with financial reporting, can increase the confidence of investors and the public that ESG data is trustworthy and of high quality.

The Data Coalition wants to reiterate the working group's recommendations that U.S. regulators, by cultivating a data ecosystem composed of standardized, machine-readable, and auditable data, can facilitate a more trustworthy and influential ESG reporting ecosystem and help bring ESG data to a place it could be effectively used in a regulatory environment.

Thank you for the opportunity to provide comments on this very important issue, and we hope to continue to support your efforts to make climate-related financial reporting consistent, comparable, reliable, and useful. Please contact me at corinna@datafoundation.org if you have any questions or would like to discuss the Data Coalition's interest in this matter further.

Sincerely,

Corinna Turbes
Managing Director
Data Coalition