



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

Re: File Number S7-10-22 The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman:

The Association of Magazine Media and News Media Alliance appreciate this opportunity to provide the following comments and information to the Securities and Exchange Commission (SEC) regarding its proposed rules on The Enhancement and Standardization of Climate-Related Disclosures for Investors (File Number S7-10-22).

The Commenting Parties

As the national trade association for the consumer magazine industry, the Association of Magazine Media (MPA) represents more than 500 magazine media brands that span a vast range of genres across print, online, mobile, and video media. Our members inform, inspire, and entertain more than 90 percent of all U.S. adults through the print and digital magazine titles they trust and value most. MPA members publish some of the nation's best known, well-trusted, and most loved magazines. Our diverse membership also includes publishers of many small, regional, and niche titles serving diverse communities and interests. MPA's long-standing engagement in environmental matters stems from its members' desire to support and implement responsible and economically sound environmental policies and procedures related to the full life-cycles of our magazine products, from raw materials to well-read copies.

The News Media Alliance (NMA) is a nonprofit organization representing the interests of nearly 2,000 news media organizations in the United States and around the world, ranging from large national news organizations to small local newspapers. The Alliance diligently advocates for our members before the federal government on issues that affect today's media organizations.

Summary of Comments

We provide these comments in light of the potential significant impact of the SEC's proposed rule, including on non-public companies. Some of our members have and are undertaking voluntary assessments of, and reporting on, their greenhouse gas (GHG) emissions, including Scope 3 emissions. Those that have done so have invested significant time and resources over a period of years, utilizing some of the sources referred to by the SEC, such as the Greenhouse Gas Protocol. These efforts have required dedicated personnel, both inside and outside the companies, to derive estimates concerning emissions throughout the supply chain. Some of our members have also invested in LEED Certified offices, sustainably sourced paper from

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responsibly managed forests, reduced use of plastics, and educational efforts to increase recycling of paper products by consumers. At the same time, it must be acknowledged that it is more difficult for some of our members to allocate resources to environmental initiatives, including preparation of GHG emissions calculations.

We are concerned that the increased regulatory compliance costs associated with the proposed detailed reporting and governance requirements may require investments some members are unable to make.

We remain particularly concerned with the proposed rule's reporting and disclosure requirements for Scope 3 emissions. We concur with the SEC's observation that, for many industry sectors, upstream and downstream activities can result in the majority of emissions related to a product or commodity. For example, the transportation and distribution of our members' publications (a downstream impact according to the GHG Protocols cited favorably in the proposed rule for paid subscriptions but an upstream impact for retail copies) would make up a large portion of potentially reportable emissions. The proposed reporting requirement would impact both our member reporting companies, as well as those private companies that would be asked to provide Scope 3 emissions estimates to a potentially wide range of reporting entities. To increase the rigor of reported data, the Commission should consider the benefits of identifying the commonalities of value chain activities between sectors such as transportation, logistics, print distribution, advertising agencies, retail, etc. Better coordination of industry-specific reported carbon emissions at the Commission level would improve the data quality of reporting entities that provide services to multiple industries.

In any final rule, therefore, MPA/NMA support the maximum degree of flexibility with respect to Scope 3 disclosures. In addition, some of our members would like to see the SEC expand the range of proposed accommodations concerning Scope 3 reporting, both in terms of (1) the transition time for first reporting emissions data and (2) for the agency's potential enforcement of those requirements. The SEC should also consider increasing the standard for the size of companies that would be compelled to report. Similarly, the "safe harbor" provisions protecting against liability for any Scope 3 disclosures should be substantially broadened. Our specific comments and recommendations for the final rule follow.

The Proposed Rule's Requirements for Scope 3 Reporting Create Numerous Challenges

The SEC's proposed rule attempts to characterize the scope and potential burden of Scope 3 reporting. At various times, the SEC admits that "depending on the size and complexity of a

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company and its value chain, *the task of calculating Scope 3 emissions could be challenging*” or that it “*may be difficult to obtain activity data from suppliers and other third parties in a registrant’s value chain, or to verify the accuracy of the information.*”¹ (Emphasis added.) While we commend the Commission’s recognition of these realities, these representations likely understate the potential burdens on many of our members to compile, calculate, and report Scope 3 upstream and downstream emissions data.

By definition, Scope 3 reporting seeks to capture greenhouse gas emissions throughout a company’s value chain. Focusing on estimated emissions related to just a few of the key downstream activities identified in the proposed rule most directly related to our industry (transportation and distribution, processing of sold products, use of sold products, and end-of-life treatment of sold products), our members would be forced to rely on many third parties for data. This challenge would also be experienced in tracking upstream activities related to the sourcing of our industry’s manufacturing materials.

Tracking our supply chains would be challenging because this effort would involve an extensive series of subjective estimates related to activities and actions by third parties beyond the control of registrants. In our industry alone, the number of assumptions concerning the post-production delivery chain are numerous. For example, emissions estimates would be impacted by actions taken by legislative bodies or courts related to the mix of delivery vehicles used by the United States Postal Service.

This variability in potential Scope 3 emissions reporting across the full spectrum of SEC-reporting entities may not produce information that a “reasonable investor” would consider in making an investment or shareholder voting decision. The proposed rule’s authorization of estimates or explanations for lack of data increases concerns over the value of disclosures offered by registrants. Using accepted terminology from Supreme Court precedent, the wide variety in how many third parties may (or may not) track and account for emissions data could be inconsistent with the standard for “materiality” of Scope 3 reporting.²

Some of our publicly-traded company members do not yet possess the internal infrastructure necessary to comply with the proposed rule, especially the more complex elements of the Scope 3 reporting and disclosure requirements. They would be required to find and/or train an entire new category of experts to complete this task. Retaining this expertise could prove challenging,

¹ See 87 Fed. Reg. 21,380; 21,390.

² TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 499-50 (1976); Basic, Inc. v. Levinson, 485 U.S. 224 (1988).

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as the SEC correctly points out that the processes for estimating Scope 3 emissions are evolving rapidly. These practical considerations indicate that if Scope 3 reporting remains an element of a final rule, the SEC should maximize the regulatory transition periods to give all companies a reasonable opportunity to develop expertise to prepare meaningful disclosures.

Recommendations

All these concerns indicate to MPA/NMA that the SEC's final rule should preserve flexibility in climate reporting and disclosures. Some MPA/NMA members calculate GHG emissions voluntarily, and we believe the best way to preserve and maximize flexibility in climate reporting and disclosures is to make Scope 3 reporting voluntary.

Should Scope 3 reporting be mandated in a final rule, the proposed rules' recommended accommodations for Scope 3 reporting should be expanded. For example, the phased-in timing should be pushed out at least 24 months, and the proposed threshold for materiality should be raised significantly from the proposed 40 percent proportion of a reporting entity's upstream/downstream to direct GHG emissions.

With respect to the SEC's proposed rules concerning the "attestation" of emissions reporting, based on the concerns identified by our members, we recommend that the SEC maintain its proposal that any such third-party verification not be applied to Scope 3 emissions data disclosures.

The SEC should consider flexibility in reporting by industry sector. Uniform disclosures and reporting requirements could likely be unfair or counter-productive due to the great variabilities amongst different sectors. Major pools of costs requiring judgements in Scope 3 reporting for the magazine/newspaper industries include prepress activities, production input materials, multi-product print manufacturing, truck, and possibly, air transportation, delivery by postal personnel or private carriers. In most cases, multiple products share production and transportation, using varying protocols, such as who procures paper and ink, whether multiple titles are co-produced, whether trucks carry one publication or multiple, types and sizes of vehicles, the ultimate delivery carrier, and other processes requiring apportionment. This abbreviated list of examples demonstrates the advisability of reporting on an industry-by-industry basis. Therefore, we recommend that the Commission work to develop additional sectoral technical support and resources in support of our industry's reporting entities' disclosure efforts.

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The SEC should also consider the potential limitations and challenges associated with annual reporting climate and greenhouse gas emissions. From our members' experience, the timing of the SEC's standard reporting requirements may not necessarily match the timing of when data relevant to GHG emissions becomes available. Some of our members would like to see more clarity and flexibility on how reporting period would be determined, such as by calendar year or financial year end. Climate disclosures could provide greater context and clarity, and therefore, be more reliable and useful to the investor community if the reporting period could be determined with greater flexibility in line with the default financial reporting cadence.

Importantly, we recommend that any final rule should eliminate the trigger for Scope 3 reporting based solely on a company's stated goals to reduce Scope 3 emissions as part of its GHG emissions reduction goals. Reporting requirements related to a company's level of emissions are reasonable, as that threshold is tied more closely to the concepts of "materiality" and the SEC's regulatory authority. However, imposing disclosure requirements on reporting entities (especially companies with limited resources) merely because they attempt to communicate good-faith GHG emissions reduction goals that include Scope 3, would appear to go beyond the SEC's well-established standards for reporting mandates.

With respect to the Commission's "governance disclosure" proposals, MPA/NMA note that the requirements are based on recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In contrast with the TCFD recommendations and the proposed rule, however, we suggest that the proposed rules be modified to require disclosure of only board and/or management committee group names/position titles and not individual names.

Finally, the proposed rule's Scope 3 "safe harbor" provisions should be expanded to ensure the maximum protection for registrants from all claims related to its reporting efforts. As described above, the likely widespread variability in data collection from third parties beyond the control of our members underlying disclosures and reporting raises serious questions about any potential SEC enforcement action based on that information. A registrant should not be penalized in any way because it received potentially unreliable information from one of a multitude of third parties. Some of our members would like to suggest the SEC consider standardizing sectoral data inventory of carbon emissions factors, which in turn, will improve the quality of climate-related risk disclosure in support of Scope 3 emissions measurement at the reporting entity level.

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Conclusion

Although our comments focused largely on the potential burden that the SEC's proposal would create for publicly-traded members of MPA/NMA, the effects of this rule would also be felt by private companies in our membership. Those companies in the magazine and newspaper supply chains are likely to be required to gather and provide data to multiple filing entities. In that regard, the SEC's regulatory cost-benefit analysis (even though it concedes potentially burdensome compliance costs) is likely understated.

Potential compliance costs present a legitimate concern, especially in light of the continuing impact of the COVID pandemic as well as economic uncertainty. Nevertheless, our industry is committed to continue to invest heavily in environmental sustainability efforts and reiterate its desire for flexibility.

We respectfully request that the SEC consider the targeted revisions identified in these comments. They will help formulate a final rule that creates the fairness and investor protection intended but will avoid the negative outcomes and regulatory burdens this proposal will likely produce.



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Sincerely,

A handwritten signature in black ink that reads "Rita Cohen".

Rita D. Cohen
President & CEO
MPA – The Association of Magazine Media

A handwritten signature in black ink that reads "Holly Lubart".

Holly Lubart
Consultant
News Media Alliance

A handwritten signature in black ink that reads "Danielle Coffey".

Danielle Coffey
Executive Vice President and General Counsel
News Media Alliance