Dear Chair Gensler,

We, the undersigned 75 asset owners, managers and service providers representing over $1.7 trillion in assets under management and advisement, write to urge the Commission to finalize the proposed rule “The Enhancement and Standardization of Climate-Related Disclosures for Investors (S7-10-22)”. Since the proposal in April, the need for standardized climate-related disclosures has only become more pressing.

The SEC’s proposed rule presents a necessary baseline of information needed to fully account for climate-related risks across investment portfolios. In the absence of SEC action, investors continue to devote resources to obtain this information from issuers. The SEC’s proposal would establish a minimum set of climate-related information presented in a consistent, comparable and standardized way. Without this baseline, investors will continue to struggle to gather and assess this information through numerous, voluntary regimes.

To aid the utility of the proposed rule, we urge the SEC not to weaken the proposal by walking back emission disclosures. Since the introduction of the proposed rule, the threat posed by climate change has become clearer and the transition to a low-carbon economy has accelerated—including with Congressional passage of the Inflation Reduction Act (IRA).

In order to consider the full implications of climate change and the transition, investors require reliable and comparable climate-related information from issuers. This includes greenhouse gas emissions data, in the form of Scopes 1, 2, and 3 emissions. At present, company disclosure of these financially material emissions is limited, inconsistent, incomparable, or a mix of all three. This lack of decision-useful disclosure increases costs for investors in terms of:

- Direct costs of sourcing providers of this information to estimate or consolidate data into a usable form.
- Stewardship-related costs for both companies and investors (as more frequent company engagement will be required to understand and interpret data to inform ownership decisions).
- Opportunity costs from investors operating in US financial markets as they seek to optimize allocation decisions limited by the lack of consistent and reliable data.

Furthermore, rather than weaken any final rulemaking, the SEC should consider strengthening the final rule’s alignment with climate reporting trends in the UK, France, the rest of the EU and those advancing globally, to ensure the data needs of investors are fully met. This is the most efficient and practical way to protect investors from the growing risks stemming from climate change. The PRI’s recent comparative analysis of the SEC’s proposed rule, the International Sustainability

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1 PRI’s original comment to the SEC is available here.
2 See for example Climate Action 100+.
Standard Board's Exposure Drafts, and the European Sustainability Reporting Standard's Exposure Drafts, reveals areas for improvement regarding the global alignment of proposed climate-related disclosures. This includes data points needed by investors for decision-making such as Scope 3 greenhouse gas emissions, where significant, and industry-specific metrics.

Finalizing the proposed rule is the best route to provide investors with the certainty and transparency needed to fully consider climate-related risks in investment decision making and to enable institutional investors to fully act in the interests of their beneficiaries.

Signed:
Aksia
Alecta
Aligned Climate Capital
Angel Oak Capital Advisors, LLC
AP Pension
ARGA Investment Management
Arjun Infrastructure Partners
Axiom Investors LP
Becker Capital Management, Inc.
Benhamou Global Ventures
Boston Trust Walden
Bridgeway Capital Management
Calvert Research and Management
Cambridge Associates LLC
Capricorn Investment Group
Cardano Investment
CenterSquare Investment Management LLC
Christian Brothers Investment Services
Clear Creek Investments, LLC
Coho Partners, Ltd.
Common Interests, LLC
Creighton AI

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3 Principles for Responsible Investment (October 2022), *Briefing: A comparative analysis of draft climate disclosure rules and standards*

4 IFRS (21 October 2022) **ISSB unanimously confirms Scope 3 GHG emissions disclosure requirements with strong application support, among key decisions**
Cultivo Land PBC
Dalton Investments
Dolan McEniry Capital Management, LLC
DSC Meridian Capital
Emerge Capital Management
Enhanced Capital
Entelligent Inc.
Erste Asset Management GmbH
ESG Portfolio Management
Fin Capital
Friends Fiduciary Corporation
FSN Capital
Green Century Funds
Hawai‘i Employees' Retirement System
Hedonova
Heimdal Nordic ApS
idaciti
Impact Delta
Integrum
JLP Asset Management
Knickerbocker Financial Group
Leeward Investments, LLC
Liontrust Investment Partners
Lyrical Partners, L.P.
Maverick Capital
Mercator Partners
Metrus Energy Inc.
Muzinich & Co.
NEI Investments
Palisade Capital Management, LLC
Parnassus Investments
PensionDanmark
Phi Beta Kappa Society
Physis Investment
Polar Capital
Quadrant Real Estate Advisors
RadiantESG Global Investors
Responsible Alpha
Seasons Of Advice Wealth Management
Sierra Club Foundation
Sigma Advanced Capital Management
SKY Harbor Capital Management, LLC
Solstein Capital, LLC
Spur Capital Partners
Stepstone Group
Swedbank Robur
Telligent Capital Management
Treehouse Investments, LLC
Vermont Pension Investment Commission
Volery Capital Partners
Wespath Benefits and Investments
Westly Group
WWB Asset Management