Dear Chair Gensler,

We, the undersigned ___ investors representing over ___ $ in assets under management, 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 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.

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1 PRI’s original comment to the SEC is available [here](https://www.unpri.org).
2 See for example [Climate Action 100+](https://www.unpri.org).

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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.

Yours sincerely,

LIST OF SIGNING ORGANIZATIONS

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