June 16, 2022

VIA ELECTRONIC FILING

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

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman:

Impact Capital Managers, Inc. welcomes the opportunity to submit comments in response to the Securities and Exchange Commission's (SEC) proposed new rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors ("Proposed Rule"). We commend the Commission for its Proposed Rule aimed at providing investors with important climate-related financial information from issuers of public securities. As the U.S. Treasury has pointed out, climate change poses significant and systemic risks to financial stability and the capital markets.[1] The Proposed Rule is well within the SEC's purview given its important mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Impact Capital Managers, Inc. (ICM)[2] is a field-building network and trade association representing the best-in-class private capital fund managers investing for superior financial returns along with meaningful positive impact. Our mission is to accelerate the performance of our members and to scale the private capital impact investing market with integrity and authenticity. Launched in December 2018 with 25 members, today the network includes over 90 member funds collectively representing more than $36 billion in impact-focused capital across venture capital, private equity, private debt and real estate strategies.

[1] Report on Climate-Related Financial Risk, Financial Stability Oversight Council, 2021 (https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf)
[2] For more information about the Impact Capital Managers including its board and members, please visit ICM's website at https://www.impactcapitalmanagers.com.

ICM members are active or former investors in over 1400 portfolio companies. Many of those are now large private and public companies responsible for generating hundreds of thousands of jobs across the U.S. and demonstrating that businesses focused on addressing urgent problems – from climate change to inequitable opportunities for underserved communities – can be both socially responsible *and* profitable. We believe that capital formation for companies with these "double-bottom line" benefits should be facilitated by regulatory requirements, and that providing investors with decision-useful and reliable climate-related information is important for both efficient capital allocation and risk management.

Today many companies report sustainability information in some form. However, the content, type, and completeness of disclosures vary significantly. In the absence of standardized disclosures, investors seeking climate-related information have had to collect this data from numerous sources, including companies' voluntary disclosures that are unverified and often difficult to compare. More consistent, reliable, and comparable disclosures are therefore a high priority for investors who need to interpret and utilize this data in their decision-making as they seek to understand the risks *and* opportunities presented by climate change. The Proposed Rule represents an important step in advancing this goal by requiring all public companies to file climate-related financial information with the SEC, to have this information appear alongside financial information, and to present narrative and quantitative information in XBRL tagged form.

ICM further supports the Proposed Rule for the following reasons:

- In our experience, investors and companies that measure impact and sustainability data are generally rewarded in the market. A majority of ICM's 90 members invest in companies that are working to mitigate climate change in some way. Partners at these funds are committed to helping companies measure, and manage, a range of key performance indicators related to climate objectives, e.g., GHG emissions. In many cases these and other impact data are fundamental to the business model and thus financial prospects for the company as it grows. In a recent survey of 188 exits (public, private and other) across our members' portfolio, 72% of exits that outperformed financially also outperformed impact expectations; a further 25% of financial standouts were "at target" for impact expectations. Conversely, for companies that *underperformed* financially at exit, 50% *also underperformed* from an impact perspective, with a further 43% "at target."[3]
- In our experience as investors and as stewards for investors in our funds, the "reasonable investor" in today's world with a medium to long-term time horizon wants reliable information about the climate-related strategies, governance, measurement and transition planning of companies and funds. This is inherently

[3] ICM's forthcoming "Impact at Exit" study will be publicly available and we look forward to sharing this research, expected in Q4 2022.

apolitical; it is simply important information for understanding the financial prospects of companies.

- The Proposed Rule would not *directly* impose disclosure obligations on the companies in which our members invest but it would establish a standardized best practice. That best practice will eventually facilitate more efficient and cost-effective access to information useful to smaller non-public companies in which we invest. This is a real market benefit, although one that can be measured only over time.
- As impact investors with defined objectives, accountability mechanisms, and processes, we share concerns about "greenwashing": cherry-picking environmental information that serves a marketing objective rather than transparency. Greenwashing diverts capital, misleads investors and unfairly damages companies and funds that are rigorous and transparent. The Proposed Rule would require companies to "show their work" and detail their assumptions, enabling investors to separate what is real vs. marketing.
- Some critics of the Proposed Rule may argue that it will become an impediment for companies to go public. While we do have concerns about costs of regulations when inefficiently designed, our members do not expect the costs of this Proposed Rule to dissuade most companies from going public. We predict that in most instances the benefits of public listing and liquidity would considerably outweigh the costs of compliance.
- Global alignment of climate risk disclosure standards is essential to both investors and issuers for reasons of efficiency as well as comparability. We support the SEC's efforts to align its proposal with developing ISSB climate risk disclosure standards.

Thank you for the opportunity to comment from our investor perspective on the Enhancement and Standardization of Climate-Related Disclosures for Investors Proposed Rule. ICM Senior Policy Advisor, Kim Leslie Shafer, and I would be pleased to discuss any aspect of our comments with the Commission.

Yours sincerely,

IMPACT CAPITAL MANAGERS, INC.
Marieke Spence
Executive Director