

June 17, 2022

Vanessa A. Countryman, Secretary  
United States 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 Secretary Countryman,

Riverwater Partners LLC is an independent, employee-owned, registered investment advisory firm based in Milwaukee, Wisconsin, serving families, nonprofits, and institutions. We invest in superior businesses with exceptional management teams, attractive valuations, and a focus on social responsibility and sustainability.

As fiduciaries and active stewards, we represent the interests of our clients, which include superior financial returns and positive societal impact. It is our belief, and evidence shows, that companies that incorporate a sustainability lens into long-term corporate strategy offer all stakeholders, including our clients, the opportunity to achieve superior financial and social outcomes due to reduced risk and increased opportunity. We define sustainability as including environmental, social, and governance (ESG) factors.

As active owners, Riverwater engages with companies about the merits of a focus on sustainable business practices to improve outcomes for the business and all stakeholders. Given the importance of climate change for the planet, its people, and prosperity, we evaluate and engage on this important topic with all companies in which we invest.

We generally support the SEC's proposal **File Number S7-10-22 "The Enhancement and Standardization of Climate-Related Disclosures for Investors"** to fulfill the SEC's mission to ". . . protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation." Part of its vision is to "inspire public confidence."

The proposal, as written, would offer investors information to assess a corporation's risks associated with climate change, given it seeks disclosure on:

- Impacts of climate-related risks on business strategy and outlook
- Governance and management of climate-related risks
- Metrics and targets used to analyze climate-related risks, including greenhouse gas emissions
- Information on plans and progress for climate-related targets and goals, if publicly set by the company

Disclosure of GHG emissions data may appear to fall outside of the mission of the SEC; however, it is imperative that companies understand their emissions in order to assess the risk presented to their business as the physical, regulatory, and reputational risks associated with climate change become more intense.

Riverwater’s own mission is “to make the world a better place by growing wealth through sustainable investing.” We understand that prosperity is only possible with a focus on the business impact to people and planet. It is through this lens of “system stewardship” that we consider the impacts of companies’ business practices on all stakeholders. As an owner of diversified portfolios, it is imperative that we understand the risks presented to society and the economy, and hence to companies in our portfolios, by the externalities resulting from unsustainable business practices by others.

The risk borne by all individuals, corporations, communities, and countries from externalities resulting from the zero cost to produce GHG emissions has the potential to shrink economic output and prosperity for all. This “tax” burden will have the effect of generating inferior returns to portfolios, generally, given that no corporation will be able to escape the negative effects. Riverwater’s system stewardship approach to sustainable investment prompts us to consider the GHG emissions of all portfolio companies, and to encourage target-setting for reduction in accordance with the Paris Agreement, to promote greater prosperity for all.

The Task Force on Climate-Related Financial Disclosures (TCFD) is a sound framework for approaching climate change policy and practice. We agree with the SEC’s phased timeline for adoption of disclosure, particularly for Scope 3 emissions. Scope 1 and 2 GHG emissions disclosure by all corporations will be vital to allow corporations to assess the risks presented by GHG emissions in their supply chains (Scope 3) to their businesses. It will be important to set disclosure standards that are definable, fair, achievable, and meaningful in terms of impact.

Riverwater Partners, as a sustainable investment advisor, supports enhanced disclosure in alignment of the TCFD framework, to help fulfill our own mission and that of the SEC.

We welcome the opportunity for dialogue with you on this important matter.

Kind regards,

Cindy Bohlen, CFA  
Chief Mindfulness Officer

Greg Wait, CEBS  
Partner