PRI Principles for Responsible Investment

November 1, 2022

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)".**[1] 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.[2] 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

[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.[3] This includes data points needed by investors for decision-making such as Scope 3 greenhouse gas emissions, where significant, and industry-specific metrics.[4]

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

[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