

## Investor Letter to SEC Requesting Release of Climate Disclosure Rule

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

Re: S7-10-22, The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman,

The following 143 investors with over \$965 billion in assets under management seek a rapid release of the final Climate Disclosure rule. The Rule will provide clearly relevant disclosures and the comparability necessary for investors to assess material climate risk and make better informed investment decisions.

Today, evidence of unacknowledged or mispriced climate risk can be found across asset classes and owners. For example, a study in the journal *Nature Climate Change* found that transition risks are economy-wide and are likely to lead to increased carbon and electricity prices, stranded assets, and physical risk among other disruptions.<sup>1</sup> Since the Climate Disclosure Rule was proposed, the need for accurate climate-related emissions data has continued to grow due to the increasing speed of the climate transition, including the potentially far-reaching impacts of the Inflation Reduction Act and California's recent climate laws, and the growing physical and economic risks associated with climate change which came with greater force, destruction, and harm across the U.S. this summer.

We believe that it is critical to include Scopes 1, 2, and 3 emissions in the rule. Scope 3 emissions, in particular, represent more than 75 percent of company emissions on average, according to CDP.<sup>2</sup> To leave out Scope 3 would be to ignore a massive amount of company-related climate risk, leaving investors to attempt to determine climate risk in our portfolios without full information.

Many comment letters submitted to the SEC by investors in response to the proposed rule make reference to the use of emissions data in investment decision-making, including those from Manulife Investment Management,<sup>3</sup> Franklin Templeton,<sup>4</sup> California Public Employees' Retirement System

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<sup>1</sup> Gambhir, Ajay et al. 2021. "Near-term transition and longer-term physical climate risks of greenhouse gas emissions pathways." *Nature Climate Change*, December 13, 2021. <https://www.nature.com/articles/s41558-021-01236-x>

<sup>2</sup> CDP. 2022. "CDP Technical Note: Relevance of Scope 3 Categories by Sector." April 11, 2022. [https://cdn.cdp.net/cdp-production/cms/guidance\\_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf?1649687608](https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf?1649687608) at 6.

<sup>3</sup> See Letter to SEC from Peter Mennie, Global Head of ESG Research and Integration, Manulife Investment Management, June 17, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20131967-302426.pdf>

<sup>4</sup> See Letter to SEC from Anne Simpson, Global Head of Sustainability, Franklin Templeton, June 17, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20132326-302888.pdf>

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(CalPERS),<sup>5</sup> New York State Comptroller,<sup>6</sup> and Minnesota State Board of Investment,<sup>7</sup> among others. Also, as Chair Gensler stated in his September 15 testimony before the Senate Banking Committee, the overwhelming majority of investor commenters support Scope 3 emissions requirements, in general.

Several comment letters and public statements outline how investors use Scope 3 emissions data to drive investment decisions and manage risk. For example, in a research note, Wellington Management outlines how high Scope 3 emissions intensity indicates exposure to higher supply chain costs and regulatory risk for consumer staples companies reliant on forest-related commodities, such as palm oil.<sup>8</sup> Manulife's SEC comment outlines its use of Scope 3 emissions data to measure potential valuation changes due to physical and transition risks and to help identify supply chain risk and increased cost across its portfolios.<sup>9</sup> And W.K. Associates' SEC comment demonstrates how Scope 3 emissions data can help investors determine which oil and gas companies are most exposed to unpriced transition risk based on the relative carbon content of their reserves.<sup>10</sup>

As is becoming too clear, the risks of climate are growing rapidly, and investors need full and comparable data to make wise capital allocation decisions. We thank you for all of the work that has gone into the drafting of the new rule and look forward to a rapid final version to be released.

Sincerely,

Adasina Social Capital  
Adrian Dominican Sisters, Portfolio Advisory Board  
Agua Fund  
Align Impact  
Apogee Wealth Advisors  
Aquinas Associates  
ARGA Investment Management  
Ario Advisory  
Arjuna Capital  
As You Sow  
Baruch Future Ventures  
Blue Haven Initiative  
Bonwood Social Investments

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<sup>5</sup> See Letter to SEC from Marcie Frost, Chief Executive Officer, California Public Employees' Retirement System (CalPERS), June 17, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20131391-301546.pdf>

<sup>6</sup> See Letter to SEC from Thomas P. DiNapoli, Comptroller, New York State Common Retirement Fund, June 3, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20130550-299408.pdf>

<sup>7</sup> See Letter to SEC from Tim Walz et al, Governor and Chair of Minnesota State Board of Investment, Minnesota State Board of Investment, June 15, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20131726-302143.pdf>

<sup>8</sup> See Letter to SEC from Wellington Management, June 17, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20131856-302305.pdf>

<sup>9</sup> See Letter to SEC from Peter Mennie, Global Head of ESG Research and Integration, Manulife Investment Management, June 17, 2022, available at <https://www.sec.gov/comments/s7-10-22/s71022-20131967-302426.pdf>

<sup>10</sup> See Letters to SEC from Alexander Schay and Paul Bugala, W.K. Associates, available at <https://www.sec.gov/comments/s7-10-22/s71022-20129438-295567.pdf> March 22, 2022, <https://www.sec.gov/comments/s7-10-22/s71022-20133888-303807.pdf> May 23, 2022, and <https://www.sec.gov/comments/climate-disclosure/cll12-8916955-245033.pdf> June 14, 2021.

## Investor Letter to SEC on Climate Disclosure Rule

Boston Common Asset Management  
British Columbia Investment Management Corporation (BCI)  
Burnt Island Ventures  
Cascade financial strategies  
Casco Bay Wealth Advisors  
CFM  
Change Finance  
Chicory Wealth  
Church Investment Group  
Cleveland Foundation  
Congregation of Sisters of St. Agnes  
Congregation of St. Joseph  
CoreCommodity Management, LLC  
Corporate Responsibility office - Province of Saint Joseph of the Capuchin Order  
Dana Investment Advisors  
Daughters of Charity, Inc.  
Daughters of Charity, Province of St. Louise  
Departure Capital  
Dominican Sisters  
Dominican Sisters of Sinsinawa  
Dominican Sisters of Springfield IL  
Drawdown Fund  
Earth Equity Advisors, LLC  
Ecofi  
Ethos Engagement Pool International  
Ethos Foundation  
Etica Funds - Responsible Investments  
Everence and the Praxis Mutual Funds  
Fair Planet Advisors  
Farm Girl Capital  
Figure 8 Investment Strategies  
First Affirmative Financial Network  
Fledgling Fund  
For Good Ventures  
FOR Investment Partners  
Franciscan Sisters of Allegany NY  
Friends Fiduciary Corporation  
Future Super Group  
Gay for Giving  
Gitterman Wealth Mgmt  
Good Capital Investment Group  
Governance & Accountability Institute, Inc.  
Green America  
Green Century Capital Management  
Grey Nuns of the Sacred Heart  
Harkins Wealth Management  
Horizons Sustainable Financial Services  
Impact Investors

## Investor Letter to SEC on Climate Disclosure Rule

Impact Shares  
Impax Asset Management LLC  
Imperative 21  
Interfaith Center on Corporate Responsibility (ICCR)  
Jessie Smith Noyes Foundation  
Jonas Philanthropies  
JSA Sustainable Wealth Management  
Legacy Wealth Partners  
Maine Community Foundation  
Majority Action  
Maple-Brown Abbott Global Listed Infrastructure Pty Limited  
Maryknoll Fathers and Brothers  
Maryknoll Sisters  
McKnight Foundation  
Merck Family Fund  
Mercy Investment Services, Inc.  
Miller/Howard Investments, Inc.  
Natural Investments  
Northwest Coalition for Responsible Investment  
Nugent properties  
Oxfam America  
Parnassus Investments  
Promethos Capital  
Proxy Impact  
Rabbis and Cantors Retirement Board  
Rachels Network  
RadiantESG Global Investors  
RAHUNT foundation  
Raiffeisen Schweiz  
RBC Wealth Management  
Region VI Coalition for Responsible Investment  
Resource Generation  
Rose Foundation for Communities and the Environment  
SCG  
School Sisters of Notre Dame Cooperative Investment Fund  
School Sisters of Notre Dame CP Province  
Seva Foundation  
Seventh Generation Interfaith Investment  
Seventh Generation Interfaith, Inc.  
SHARE  
Sierra Club Foundation  
Sisters of Bon Secours USA  
Sisters of Charity  
Sisters of Mary Reparatrix  
Sisters of Notre Dame de Namur Base Communities Charitable Trust  
Sisters of Saint Joseph of Chestnut Hill Philadelphia  
Sisters of St. Dominic of Blauvelt, New York  
Sisters of St. Francis, Oldenburg

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Sisters of the Precious Blood  
Sisters of Charity of saint Elizabeth  
Social(k) Corp  
Socially Responsible Investment Coalition  
Sphere  
SumOfUs  
Sustainable Advisors Alliance, LLC.  
Tao Capital  
Terra Alpha Investments  
Terra Blue Wealth Management  
The Grove Foundation  
The Russell Family Foundation  
The Shared Earth Foundation  
The Sustainability Group of Loring, Wolcott & Coolidge  
The Wege Foundation  
Tobacco Free Portfolios  
Trillium Asset Management  
Trinity Health  
Troedsson law  
Tulipshare Ltd.  
Two Individual investors  
Union of Concerned Scientists  
Unitarian Universalist Association  
Ursuline Sisters of Toledo  
Ursuline Society & Academy of Education  
US SIF  
Veris Wealth Partners  
Viridi Futuro Foundation  
Wallace Global Fund  
WESTFULLER  
Woodcock Foundation  
YourStake  
Zevin Asset Management