October 25, 2023

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

**RE: SR-NYSE-2023-09**

Dear Ms. Countryman:

We appreciate the opportunity to comment on the *Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies*. We are pleased to provide our perspectives that are informed by our interactions with investors and companies. Our views also incorporate our experiences working with standard setters in the area of biodiversity and natural capital, and our history of engagement and proactive thought leadership on sustainability matters.

There is increasing recognition of the importance of natural resources to our existence on the planet and as an underpinning to the global economy. For example, when PwC examined the links between economic activities and natural ecosystems, we found that 55% of global GDP — equivalent to about US $58 trillion — is moderately or highly dependent on nature, and the proposed rule change estimates this amount could range up to $100 trillion.[1,2] These amounts are staggering and policy makers and standard setters are beginning to take action, as evidenced by the adoption of the Kunming-Montreal Global Biodiversity Framework in December 2022 and the launch of Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023. As the notice of proposed rule change states, "Despite a recognition that nature is immensely valuable, that value generally has not been included in the financial system."[3]

Both public and private funds have a crucial role to play in addressing conservation of natural resources. As summarized in the view expressed by the G7 Impact Taskforce, however, investment of private capital will not occur without "creating the conditions for it to flow with urgency, scale and integrity into investment opportunities that reflect investor appetite and risk and return tolerances while having a positive impact on the public effort to meet our challenges."[4] Natural asset companies (NACs) could start to address this gap by providing investment opportunities related to the protection and restoration of renewable ecosystems.

We support the efforts to develop a NAC equity securities market within the existing securities law framework. The US securities markets are the most developed and effective in the world, requiring SEC registrants to disclose material information to investors, and allowing investors to make informed decisions about their capital allocations based on their assessment of the risks described in those disclosures. We believe compliance with existing SEC rules and regulations — including offering and ongoing reporting requirements for public companies — provides an appropriate baseline for reporting. We also believe the proposal to supplement existing SEC disclosure with ecological performance reporting has the potential to spur capital allocation in a new asset class, allowing investors to conduct price discovery and evaluate governance for a given NAC within the asset class.

[1] PwC, Managing nature risks: From understanding to action
[2] SEC, Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies, page 2.
[3] Ibid., page 3.
[4] *Time to deliver: mobilising private capital at scale for people and planet,* Impact Taskforce, December 2021, p. 6.

Given the rapidly evolving landscape, however, we believe that the SEC and the NYSE should monitor developments in sustainability and nature reporting to ensure NAC reporting continues to meet investor needs for transparent sustainability information.

### ***Third-party examinations***

The proposed amendments to the NYSE listing standard would require NACs to annually post the following three documents to their public website:

1) a technical ecological performance study (Technical EP Study);
2) the ecological performance of the natural assets licensed by the NAC (the Ecological Performance Report or EPR); and,
3) NAC's activities in accordance with its Equitable Benefit Sharing policy (the Annual EBS Report) (together, the NAC reports).

Together with the audited financial statements, the NAC reports would provide information for more informed decisions. Management is responsible for the company's information on natural assets. Confidence in that information is greatly enhanced when the information is subject to independent third-party assurance. In our global investor survey completed in fall 2021, 77% of US respondents report having more trust in ESG information if it has been assured.[5]

Independent accounting firms adhere to robust requirements for independence, firm system of quality control, and subject matter competency. They have the requisite skills and experience, along with the independence and objectivity, to use the same core principles applied to financial statement and internal controls audits to obtain assurance on certain elements of the NAC reports. Therefore, we support the proposal to require that each of the NAC reports be subject to an examination by a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB) and performed in accordance with attestation standards of the PCAOB or the American Institute of Certified Public Accountants. Independent third-party assurance will provide investors with additional confidence in the quality of the information reported, thus enhancing its credibility.

### ***Other observations***

We have included below additional observations to be considered in the SEC's review of the listing standards.

*Use of experts*

We anticipate that a NAC may elect to engage one or more outside expert(s) to assist with the preparation of the Technical EP Study. In that instance, we believe that the listing standards may need to be clear that the NAC retains responsibility for preparing the information in accordance with the relevant framework.

*Multiple asserting parties*

In accordance with the proposed listing standards, the examination report issued by a PCAOB-registered auditor on the Annual EBS Report would need to address "the accordance of the NAC and, if applicable, the licensor, with the Equitable Benefits Sharing Policy."[6] For clarity, we note that if the NAC *and* the licensor are both in scope in a given circumstance, each would require its own report and assertion — and therefore a separate examination — reflecting its own respective processes.

---

[5] PwC's global investor survey: The economic realities of ESG

[6] SEC proposed rule change for NACs, Exhibit 5, NYSE Listed Company Manual proposed changes, page 112.

*References to "reviewer" and "review"*

The public accounting firm performing the required attestations is referred to in the proposed rule change as an "Independent Reviewer." In addition, the term "review" is used in reference to the Annual EBS Report ("a review of the accounts maintained by the NAC and the licensor at Authorized Banks.")[7] The word review has different meanings in practice, regulation, and in the professional standards for accountants. We recommend that the nature of the services to be provided by the public accounting firm be consistently referred to as an examination and that the party performing those services be referred to as an "Independent Attest Provider" or "Independent Examiner."

*Alignment with existing SEC regulations*

Similar to the views expressed in our letter to the SEC on its proposed climate disclosure rules, we believe integrated reporting of relevant financial and nonfinancial information in one filing will facilitate investor decision making because nonfinancial information is most useful when presented together with the related financial information.[8] This is arguably even more critical in the case of NACs where the information in the supplemental NAC reports is foundational to the related investment and voting decision. The proposed listing standards would require the NAC to use its "best efforts" to publish its annual EPR no later than the filing of its Form 10-K, Form 20-F, or Form 40-F, as applicable, while allowing the EPR to be published up to 180 days after the end of the fiscal year.[9] As the EPR is intended to inform investor decision making, alignment of reporting timelines would enhance the orderly flow of information to the market.

*Do no harm provisions*

The proposed listing standards would prohibit the NAC from engaging directly or indirectly in unsustainable activities, defined as activities that cause any material adverse impact on the condition of the natural assets under its control.[10] An entity engaging in such is subject to potential delisting.

The foundational premise underlying the development of NACs is to "actively manage, maintain, restore (as applicable), and grow the value of natural assets and their production of ecosystem services."[11] Harming these assets would be antithetical to that mission. We believe NACs should be required to make an affirmative statement regarding compliance with its charter or, in the event of uncertainty regarding compliance, to provide disclosure regarding such circumstances.

* * * * *

We would be pleased to discuss our comments or answer any specific questions. Please contact Wes Bricker at wesley.bricker@pwc.com regarding our submission.

Sincerely,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

---

[7] Ibid.
[8] PwC letter to the SEC on its proposed climate disclosure rules, dated June 17, 2022.
[9] SEC proposed rule change for NACs, Exhibit 5, page 116.
[10] SEC proposed rule change for NACs, Exhibit 5, page 110.
[11] SEC proposed rule change for NACs, page 2.