



ICSWG-US Comments on SEC Climate Disclosure Proposed Rule

Atlanta, Boston, Chicago, Cincinnati, New York, San Francisco, St. Louis, June 21, 2022 - The Investment Consultants Sustainability Working Group - United States (“ICSWG-US”) submitted comments to the SEC on File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (“Proposed Rule”). The organization’s full response can be found at www.ICSWG-US.com. The ICSWG-US commends the Commission for its Proposed Rule aimed at providing investors with climate-related financial information from issuers of public securities.

The ICSWG-US supports the Commission’s Proposed Rule requiring public companies to file climate-related financial information with the Commission, to have this information appear alongside financial information, and to present narrative and quantitative information in tagged form to make it more useful to investors seeking to understand the risks and opportunities presented by climate change.

The ICSWG-US believes the Proposed Rule can help ensure that investors have access to consistent, comparable, reliable, and decision-useful information on financially material risks and opportunities related to climate change. The ICSWG-US’s response highlights foundational elements of the Proposed Rule that the organization believes are central to improving market efficiencies, providing decision-useful information to investors, and balancing those needs with issuers’ ability to collect and report this information. These include alignment with the Task Force on Climate Related Financial Disclosures and the Greenhouse Gas Protocol, reporting on: physical climate risks and energy transition risks, Scope 1, 2 and 3 greenhouse gas emissions, a Just Transition, and including material climate disclosures in financial filings while adopting a phased in and qualified approach to reporting and assurance.

In the absence of standardized disclosures, investors seeking climate-related information collect this data from numerous sources, including companies’ voluntary disclosures that are unverified and often difficult to compare, and rely on third party estimates in the absence of reported data. The absence of standardized disclosure on climate-related information has resulted in market inefficiencies and the need for issuers to respond to multiple surveys that burden companies, particularly smaller ones with fewer resources.

The ICSWG-US believes the Proposed Rule for publicly listed companies would augment and supplement disclosures already required in SEC filings at a time when both physical transition risks and energy transition risks are becoming among the most important financial risks globally that investors must assess. Current plans focus on backward-looking data. The ICSWG-US suggests the Commission also consider ways in which regulations could incorporate forward-looking risk disclosures that can further aid investors in assessing climate risk. Subsequent to enacting the Proposed Rule, the organization urges the Commission to consider required climate-related disclosures for private market companies. As private market investments grow as a share of institutional investor’s asset allocations, the need for comparable, reliable, decision-useful information on climate-related issues for private markets companies becomes more critical for investors.

About ICSWG-US (www.ICSWG-US.org; Contact: info@icswg-us.org)

The Investment Consultants Sustainable Working Group - United States (ICSWG-US) is a collaboration among 17 investment consulting firms, representing more than \$33 trillion in assets under advisement, to engage with its collective stakeholders and empower asset owners and their ultimate beneficiaries to advance sustainable investment practices across the investment industry. The ICSWG-US aims to support sustainable investment practices across institutional asset owners and asset managers. Through this effort, ICSWG-US members seek to provide perspectives from the consultant community and to be a resource on activities such as standardization of environmental, social and governance (“ESG”) integration and climate-related reporting, regulations, and innovations.