

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

REQUEST FOR COMMENT ON CLIMATE CHANGE DISCLOSURE

Dear Ms. Countryman,

The Principles for Responsible Investment (PRI) and its undersigned signatories welcome the opportunity to respond to the [SEC's request for public comment](#) on climate change disclosures. We commend the Commission for seeking public input in an effort to provide investors and the general public necessary information from issuers of public securities. We support standardized, mandatory disclosure of material climate and environmental, social and governance (ESG) information, helping us to fulfill our fiduciary obligation to fully consider material information and make informed investment decisions for long-term value creation.

Incorporating ESG issues in investment strategy, policy decisions and active ownership is regarded by investors and policy makers as part of their fiduciary duty. Investors agree that standardized, mandatory disclosure of material climate and environmental, social and governance (ESG) information is necessary to fulfill their fiduciary obligation to fully consider material information and make informed investment decisions for long-term value creation. In 2019,¹ and over the past decade,² funds which have been incorporating ESG factors continued to outperform the market. According to a long-term analysis by Morningstar, "a sample 745 Europe-based sustainable funds shows that the majority of strategies have outperformed than non-ESG funds over one, three, five and 10 years."³ Calvert Research and Management found that over a ten-year period, companies in the top fifty percent of ESG ratings outperformed the bottom half by 6.8 percent.⁴ A recent meta-analysis of over 1,000 research papers published between 2015-2020 confirms that companies

1 Jon Hale, Sustainable Equity Funds Outperform Traditional Peers in 2020 (Jan 2021), available at: <https://www.morningstar.com/articles/1017056/sustainable-equity-funds-outperform-traditional-peers-in-2020>.

2 Morningstar, How Does European Sustainable Funds' Performance Measure Up? (2020), available at: <https://www.morningstar.com/en-uk/lp/European-Sustainable-Funds-Performance>.

3 Financial Times, Majority of ESG funds outperform wider market over 10 years (June 2020), available at: <https://www.ft.com/content/733ee6ff-446e-4f8b-86b2-19ef42da3824>.

4 PRI, Financial Performance of ESG Integration in US investing (2018), available at: <https://www.unpri.org/download?ac=4218>.

preparing for a low-carbon future financially outperform those that are not.⁵ Consistent and standardized ESG data will help investors understand actions companies are taking to consider ESG factors, which will allow more accurate pricing of ESG risks and opportunities.

However, investors lack the consistent and comparable data on ESG factors necessary to integrate ESG considerations systematically and effectively into their investment practices. Currently, ESG information from issuers, when disclosed, is reported in voluntary formats, leaving investors to decode partial information and unable to regularly compare information between companies. Only with consistent, comparable and mandatory disclosure of issuer ESG data can investors actively mitigate risks and capitalize on opportunities, increasing the long-term value of their investments and at the same time financing sustainable economic growth.

The PRI and its undersigned signatories support standardized, mandatory disclosure of ESG data and encourage the SEC to build a mandatory corporate reporting regime for ESG information so that investors and their fiduciaries can have access to consistent and comparable data to inform their investment decisions.

⁵ NYU Center for Sustainable Business, ESG and Financial Performance: Uncovering the relationship by Aggregating Evidence from 1000 Plus Studies Published between 2015-2020 (Feb 2021), available at: https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021%20Rev_0.pdf.