

June 11, 2021

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 collectively representing \$11.5T in AUM 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 of 745 Europe-based sustainable funds shows that the majority of strategies have done better 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 preparing for a low-carbon future financially outperform those that are not.⁵ Consistent and standardized ESG data

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>.

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.

will help investors understand actions companies are taking to consider ESG factors, which will allow more accurate pricing of ESG risks and opportunities.

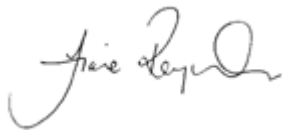
However, investors lack the consistent and comparable data on ESG factors necessary to integrate ESG considerations systematically and effectively into their investment practices. Currently, ESG information from issuers, when disclosed, is reported in voluntary formats, leaving investors to decode partial 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.

Thank you for the opportunity to share our views. For further conversation and follow up, please feel free to contact our policy team:

- Colleen Orr, U.S. Senior Policy Analyst: colleen.orr@unpri.org
- Karen Kerschke, U.S. Policy Analyst: karen.kerschke@unpri.org

Yours sincerely,



Fiona Reynolds
Chief Executive Officer
Principles for Responsible Investment

cc. The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner

ABOUT THE PRI

The PRI is the world's leading initiative on responsible investment. We work to understand the investment implications of environmental, social and governance (ESG) factors and to support our network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI has over 4,000 signatories (pension funds, insurers, investment managers and

service providers) globally with approximately US \$100 trillion in assets under management.⁶ The US is the PRI's largest market, with 805 signatories.⁷

SIGNATORIES

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StepStone Group LP

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Nikko Asset Management Co., Ltd.

⁶ As of March 4, 2021.

⁷ As of 8 June 2021. An overview of the PRI's signatories is available on the PRI website, <https://www.unpri.org/signatories/signatory-resources/signatorydirectory>.

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