June 2, 2021

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090 Via email to rule-comments@sec.gov

RE: File Number S7-22-19: Proposed Rule on Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Ms. Countryman:

We appreciate this opportunity to comment on climate change disclosures in response to the request for information issued by the SEC on March 15, 2021. First Affirmative is an SEC registered investment advisor with oversight of approximately $900 million in assets under management and advisement. We consider the integration of environmental, social, and governance (ESG) issues to be a fundamental fiduciary duty to our clients and have been guided by this consideration since our inception in 1988. We urge the SEC to establish a mandatory, comprehensive reporting framework for ESG criteria.

Corporate disclosure of climate and ESG information plays an important role in ensuring transparency and accountability in our capital markets. We currently rely heavily on an array of voluntary reporting frameworks that provide valuable data to support our investment analysis and decision-making process. However, the information available is often incomplete, lacks consistency, is not comparable between companies, and missing altogether when companies choose not to respond. Some companies have excellent disclosures in some key areas while neglecting others.

Our firm believes that a mandatory framework for ESG disclosure is needed to ensure that public companies provide the baseline information required by investors to evaluate ESG performance. Investors need disclosure of the full range of ESG issues that could impact a company, the communities in which it operates, its employees, and other stakeholders in order to make informed investment decisions. Given our client's highly diversified portfolios, we are concerned not just with how ESG issues might impact an individual company; we are concerned with that company's potential to impact the well-being of the economy, and therefore our overall portfolio as well. Mandatory disclosures can help us to prioritize long term systemic health over individual company short term profits to maximize long-term portfolio performance.

The SEC can draw upon many of the current voluntary frameworks, such as the Taskforce on Climate Related Disclosures, Sustainable Accounting Standards Board, CDP, and many others in order to expedite the development of a comprehensive mandated framework. We encourage the SEC to adopt best attributes of international standards and harmonize, where possible, with existing international standards to prevent comparability mismatches that leave the information generated less useful for investors.

Examples of mandatory investor disclosures that would help investors evaluate corporate performance on ESG issues include:

- CLIMATE CHANGE – Climate risk is not currently priced by financial markets because people don't have the information they need to assess physical risk. Minimum disclosures should include:
  - Disclosure of precise locations of major assets and operations that might be affected by climate related hazards—floods, fires, droughts, severe precipitation, cyclones, heat and sea level rise
  - Scope 1, 2 and 3 emissions data per the GHG Protocol Corporate Accounting and Reporting Standard
  - Task Force on Climate-related Disclosures (TCFD) reporting

- HUMAN CAPITAL – Disclosure with regard to human capital management is lacking at many companies, and should at minimum require:
  - EEO-1 reports
  - pay gap ratios for all demographics
  - employee turnover, workforce composition
  - information regarding the professional development and protection of one of their most valuable assets-their employees

The SEC should move forward to create a comprehensive, mandatory ESG disclosure framework. Thank you for your consideration.

Sincerely,

Holly A. Testa

Holly A. Testa
Director, Shareowner Engagement