June 4, 2021

Chairman Gary Gensler
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549 *Submitted via electronic mail: rule-comments@sec.gov*

Dear Chairman Gensler,

Mercy Investment Services, Inc. ("Mercy Investments") appreciates the opportunity to respond to the Securities and Exchange Commission's (SEC's) request for public input on climate-related financial disclosure issued by Acting Chair Allison Herren Lee on March 15, 2021.

Mercy Investments is the asset management program for the endowment, operating and other funds of the Sisters of Mercy of the Americas (the "Sisters of Mercy") and participating ministries. The mission of Mercy Investments is to enhance their investments through responsible financial stewardship which includes actively engaging companies in our portfolios on environmental, social and governance ("ESG") issues. We take this approach to responsible investing both because we believe that these issues can significantly impact the long-term value of our investment portfolio, and because we are called to promote the common good as reflected in the values and principles of the Sisters of Mercy. These include care for the earth with a particular concern for the causes and impacts of climate change.

We support a rulemaking by the SEC on mandatory climate change disclosures. Climate change presents a systemic risk to our earth, to our economy, and to our investments. Consistent, comparable, and reliable climate disclosures are critical to support companies and investors in making the comprehensive risk exposure assessments needed to navigate the path to a net zero future.

As a faith-based investor, we are also greatly concerned by the growing impact of the climate crisis on human lives and livelihoods. These include physical risks from climate-fueled weather events and transition risks posed by regulatory, technology, economic and litigation changes during the shift to a net-zero economy. Many of these impacts fall disproportionally on low income communities and communities of color, contributing to and even increasing already high

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levels of inequality and negatively affecting economic stability and growth.

The current state of climate disclosure does not meet investor needs for comprehensive, decision-useful data from all enterprises facing material climate change risks. While existing frameworks generated by the Task Force on Climate Related Financial Disclosures, the Sustainable Accounting Standards Board and CDP provide climate change-related information for many companies, these are not universally used. Adoption of mandatory climate reporting disclosures for a broad range of companies would be beneficial both to investors and to the companies themselves in identifying and managing climate risks and opportunities. While there may be additional costs to companies making such disclosures, we believe that the costs will be outweighed by the benefits of better managing risks and identifying associated opportunities.

At minimum, we believe that the climate disclosure requirements should:

- reflect the widely-accepted recommendations of the Task Force on Climate-related Financial Disclosures;
- require disclosure of Scope 1, 2 and 3 emissions, including emissions related to the lending, investing and underwriting activities of financial institutions;
- include a framework for companies to outline their climate transition plans, including short-, medium- and long-term emissions reduction targets;
- require the inclusion of material climate disclosures in financial filings;
- mandate that disclosures be subject to audit; and
- be updated regularly to reflect changes in scientific understanding and the evolving market impacts of climate risk.

Finally, we believe that the SEC should consider adopting a broader framework to encourage and ensure consistency in ESG disclosures by corporations. However, mandatory climate disclosures are a matter of some urgency that need not and should not wait for the adoption of a broad ESG reporting framework.

Mercy Investments appreciates this opportunity to provide our views to the Commission on these important matters. We also support the comments submitted by the PRI, the Interfaith Center on Corporate Responsibility and Ceres. In addition, we support the comments submitted by Public Citizen regarding disclosure of corporate lobbying and political spending activities, which are key to understanding how a company is managing climate risk.

Please feel free to contact me with any questions.

Respectfully Submitted:

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