

Dear Chair Gensler,

On behalf of Nordea Asset Management, I welcome the opportunity to respond to SEC's request for public comments on climate related financial disclosures, issued by acting chair Allison Lee on March 15, 2021.

## **About Nordea Asset Management**

Nordea Asset Management (NAM) is part of the Nordea Group (Nordea is the largest financial services group in the Nordic region and one of the biggest banks in Europe). We are an active asset manager, who integrates sustainability / ESG factors into the majority of our investment and voting decisions. We have a global business model, offering services to institutional clients in Europe, the Americas and Asia. We manage investments across the full spectrum of asset classes. We distribute our products through banks, asset managers, independent financial advisors, insurance companies and family offices, with EUR 254 bn (approx. USD 312 bn - 31 December, 2020) in assets under management.

## **Climate Change**

Climate change presents long-term risks to companies, industries and society at large. Our mission is to deliver returns with responsibility, and integrating climate risk into our investment decisions is therefore critical. Climate change has been a strategic focus for NAM since we became a signatory to the UN PRI in 2007. Our work on climate change represents both a means by which we help meet the goals of the Paris Agreement (to limit the increase in the global average temperature to well below 2°C above pre-industrial levels) and, where applicable, our fiduciary duty. We have a process to identify the most exposed sectors and companies, implemented our first climate-related divestment from coal mining in 2015, and our approach has continued to evolve since then. We vote and engage to achieve climate-resilient portfolios.

Addressing climate change is thus high on our agenda, and NAM supports the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, since we firmly believe that climate risk disclosure is key in order to strengthen the stability of the global financial system.

## **SASB**

NAM is a founding member of The Sustainable Accounting Standards Board (SASB) Investor Advisory Group, and currently chairs the Investor Advisory Group. SASB aims to help businesses identify, manage and report material sustainability topics. In November 2018, SASB published a set of 77 industry-specific standards that help investors to compare companies' sustainability performance within an industry including those related to climate change.

In 2020, the SASB IAG set a target of having 75% of S&P500 companies reporting SASB metrics by 2025. By the end of the year, 25% of these companies had already begun reporting in line with the SASB Standards. In 2021 SASB reporting companies have reached almost 1,000. The SASB IAG represents \$ 48 trillion in AuM.

SASB submitted its comments to the present request for public comments on May 19, 2021 and we recommend that the SEC carefully consider SASB's recommendations, to not only consider climate change disclosures but to consider the full range of sustainability issues. This is because we find it essential to ensure that market participants have access to all disclosures that are financially material to enterprise value and financial performance.

NAM supports SASB's well documented and evidence-based researched approach to standard setting for the full range of financial material sustainability factors (i.e. climate, human and social capital, supply chain management, material sourcing, corporate governance, water, biodiversity, etc. ).

## **Governance**

We believe that the SEC has important role in mandating auditing and having oversight of corporate sustainability reporting. Moreover, we are convinced that this is best achieved by the commission benefitting from the existing efforts of 3<sup>rd</sup> party standard setters, rather than developing its own suitability standards. Existing regulation allows for using 3<sup>rd</sup> party standard setters. The most obvious example here is that SEC has delegated statutory financial accounting standard setting to Financial Accounting Standards Board (FASB) rather than developing its own standards.

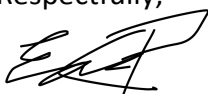
We urge therefore the commission to recognize SASB and TCFD as 3<sup>rd</sup> party standard setters in rulemaking of corporate sustainability disclosures as investors are uniting around SASB and TCFD. The "cost-benefit" analysis for SEC to use 3<sup>rd</sup> party standard setters should be very strong.

## **Global disclosure standards**

Finally, we would like to mention that the SEC has now an opportunity to explore a common international sustainability disclosure standards together with the EU (Sustainable Finance Disclosure Regulation (SFDR), Corporate Sustainability Reporting Directive (CSRD), etc.), the International Financial Reporting Standards (IFRS) Foundation and the International Organization of Securities Commissions (IOSCO). We believe the asset management industry, corporates and other market participants are ready to embrace new global aligned disclosure regulation and standards which will facilitate greater transparency and comparability for investors to make better investment useful decisions.

We welcome the opportunity to discuss our comments with the commission. Thank you for your consideration.

Respectfully,



Eric Pedersen

Head of Responsible Investments, Nordea Asset Management