63/66 Hatton Garden
Fifth Floor, Suite 23
London EC1N 8LE

14 June 2021

The Honorable Gary Gensler
Chairman

The Honorable Allison Herren Lee
Commissioner

Securities and Exchange Commission
100 F St. NE Washington, DC 20549

RE: SEC call for input on Climate related Disclosures

Dear Chairman Gensler,

On behalf of **ShareAction** I welcome the opportunity to provide this comment letter on the "Public Input Welcomed on Climate Change Disclosures" request for information issued March 15, 2021 and encourage the SEC to establish a mandatory framework for environmental, social and governance (ESG) criteria. In this letter, ShareAction refers specifically to questions 5, 9 and 15.

ShareAction is a non-profit that works to drive higher standards of responsible investment so that our financial system serves our planet and its people. Over the last 15 years, we have held investors to account and worked with them to support investor-led efforts to address the pressing environmental and social challenges the world faces.

In the course of our work, investors have frequently expressed that more consistent, comparable and higher quality reporting on sustainability issues would enable them to better allocate capital and fulfil their stewardship obligations.

In 2016, to address one such data gap, ShareAction founded the Workforce Disclosure Initiative (WDI), an investor-backed corporate reporting initiative. More than 140 of the world's biggest companies now respond to the WDI's annual survey, which covers the breadth of companies' direct operations and supply chains, including topics such as pay and working conditions, diversity and inclusion, human rights and sourcing practices. It has been developed with extensive stakeholder consultation, including civil society groups, human and labour rights experts, as well as companies and investors. The WDI survey could form the basis of a standard for corporate disclosure on workforce matters and is already cited by leading corporate sustainability reporting bodies, including GRI.

Corporate disclosure of climate and ESG information plays an important role in ensuring transparency and accountability in our capital markets. According to the US SIF Foundation's 2020 Report on US Sustainable and Impact Investing Trends, $17 trillion of professionally managed assets in the United States consider environmental, social and governance (ESG) factors. Voluntary ESG disclosures have increased in recent years, which is welcome; however, the information being produced is often incomplete, lacks consistency, and is not comparable between companies.

It also enables accountability to those stakeholders most affected by corporate sustainability impacts and we believe a comprehensive framework for ESG disclosure is needed.Investors

63/66 Hatton Garden
Fifth Floor, Suite 23
London EC1N 8LE

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.

ShareAction believes that internationally recognised sustainability reporting standards would help to drive progress towards a financial system that better addresses the pressing environmental and social challenges the world faces. ShareAction's view is that those standards must (1) be comprehensive across environmental and social issues and (2) take an approach to materiality that reflects impact on both companies and on the environment and society, adopting the concept of "double materiality" as used by the EU or the approach to materiality set out in GRI 101.

Our experience is that investors, which are far from being a homogenous group, are not solely interested in so-called "financially material" information. The distinction between issues that have been linked to short-term enterprise value creation and issues that are currently judged to be not financially material (but which have negative impact on people and planet) is a false dichotomy. One example that illustrates this is how corporate workforce practices have been shown to have a material impact on both companies and on society during the COVID-19 pandemic.

We recognize that standards on different topics and in different geographic regions may develop at different speeds and to different levels of ambition. Therefore, efforts to develop comprehensive, global standards should not themselves create additional fragmentation in an already crowded ecosystem, nor stifle the development of existing standards to reach the level of ambition we need, nor lead to the adoption of "lowest common denominator" standards, stymieing regional efforts such as those of the EU. Rather, such efforts must work closely with established sustainability standard setters, such as GRI/ TCFD, to ensure that any new global standards truly build on and support their work. Established standard setters are already able to respond dynamically to rapidly evolving issues, including through mechanisms for working with new and emerging and subject matter expert initiatives, such as WDI, that can inform and feed into their evolving thinking.

Given the rapidly moving pace of sustainability reporting specifically, and the broader recognition of sustainability issues as a whole, any standards must be sufficiently flexible and adaptable to reflect new developments and changing consensus. Static, rigid standards will fail to meet the needs of all users of sustainability information as understanding of sustainability issues advances. Any standard setting process should account for this fact and ensure the structures and mechanisms are in place for standards to evolve when needed. There exist other organisations, such as GRI and CDSB which have an established expertise and credibility in setting global sustainability reporting standards. The SEC should therefore seek the deep involvement and support of existing sustainability standard setting organisations.

These organisations also have established and credible standard-setting processes that are inclusive of and accountable to a broadly defined set of stakeholders, including those who are most greatly affected by sustainability issues, with interest in this critical information about corporate impacts.

ShareAction believes that a narrow focus on climate change disclosures neglects the fact that sustainability issues are interlinked and interdependent, such as climate and biodiversity and just transitions. Neglecting the broader context also fails to recognise the appetite from users of sustainability data, including investors, for a much broader scope for corporate

63/66 Hatton Garden
Fifth Floor, Suite 23
London EC1N 8LE

reporting. This is evidenced by the WDI's growing coalition of 56 investor signatories which represent over $7.5 trillion in assets. These investors actively engage companies through the WDI to drive up the quality and quantity of publicly available workforce and supply chain data.

It is our view that climate-related requirements be one component of a broader ESG disclosure framework and that the SEC should move forward to create a comprehensive, mandatory ESG disclosure framework.

Thank you for your consideration.

Sincerely,

Simon Rawson
Directorof Corporate Engagement
ShareAction
[redacted]