Honorable Gary Gensler, Chair  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC  20549  

Re: Request for Public Comment on Climate Disclosure, March 15, 2021  

Dear Chair Gensler,  

We appreciate the opportunity to provide input into the U.S. Securities and Exchange Commission’s (SEC) consultation on climate change disclosures. We support the submissions of the American Council of Life Insurers and Canadian Coalition for Good Governance to this consultation, and respectfully submit this additional letter for your consideration.  

Sun Life is a leading financial services organization providing insurance, wealth and asset management solutions to individual and corporate clients in several countries around the world. Through SLC Management, our affiliated asset management business, we are a large asset manager with experience in fixed income, real estate, infrastructure and alternative credit. In addition, SLC Management is a member of the Climate Action 100+ initiative, an investor-led initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change.  

We welcome the SEC’s response to climate risks and opportunities. As part of our effort to address climate change, Sun Life is evaluating and reporting on our potential impacts. To this end, we issued our first disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in the Management’s Discussion and Analysis section of our 2020 Annual Report.  

It is our view that climate-related disclosures can assist insurers with investment risk management. Disclosures improve the availability and quality of the data on the impacts of climate change which should help institutional investors estimate the risks and seek out opportunities to invest in a sustainable manner. Further, our ability to assess a company’s adherence to its public commitments on addressing risks related to environmental, social and governance (ESG) issues, including climate-related risks, is contingent on transparent, clear and consistent disclosures.  

We recommend that the SEC consider the following to encourage climate disclosure:  

- The approach to climate risk disclosures should be principles-based, rather than prescriptive. Existing climate risk standards are still evolving and consolidating. A principles-based approach would allow companies the flexibility to begin incorporating these standards into their disclosures as they mature and become more widely used;
U.S. capital markets are global, attracting firms from around the world. Many of these firms are already directed to report climate disclosures using internationally recognized standards and frameworks, particularly in alignment with the TCFD recommendations. We urge the SEC to develop principles for climate disclosure that reflect the TCFD recommendations, which are increasingly recognized as the emerging global standard for climate-related financial disclosures;

Some industries may require their own industry-specific reporting requirements for Scope 3 emissions given how challenging it would be to create and apply one common set of requirements in a fair and effective manner to all market participants;

A significant amount of time is required to fully implement disclosure frameworks, especially for large firms with multiple metrics and targets. Companies require a reasonable timeframe to ensure that they fully meet the SEC’s principles;

Market participants rely on other parties to disclose the data necessary for complete climate disclosure. This data may be inadequate, inaccurate or not available at all. The SEC should recognize that companies cannot be held responsible for incomplete climate disclosures if the data they rely on is not available;

Sun Life recognizes that investments are exposed to other societal risks beyond just climate change, and so we consider broader ESG factors in our investing strategies. ESG factors are complex and can be influenced by a variety of factors related to specific industries, locations, etc. In order to account for the complex nature of ESG investing, companies require significant flexibility to report in a way that reflects their operating context;

As climate disclosures become more common, we expect the availability and quality of climate and ESG data to grow, and we expect a principles-based approach to regulation to encourage this trend;

In addition, market pressure should encourage vendors and suppliers of ESG ratings and data solutions to improve their offerings, thereby improving capital allocation and risk measurement.

We look forward to working with the SEC on facilitating the disclosure of consistent, comparable and reliable information on climate change. Please let me know if you have any questions or if there is any way we can be of further assistance.

Sincerely,

Scott M. Davis
SVP & General Counsel