

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549

Re: Request for Comment on Climate Change Disclosure

Dear Secretary Countryman,

The Principles for Responsible Investment (PRI) welcomes the leadership shown by the SEC in its renewed focus on climate and ESG disclosure, and writes in support of Carbon Tracker Initiative's September 27, 2021 submission of the report '[Flying blind: the glaring absence of climate risks in financial reporting](#)'.<sup>1</sup> This report demonstrates why climate change disclosures are necessary for investors, and we encourage the Commission to review the report in its preparation of the proposed rulemaking on climate change disclosures.

## KEY FINDINGS FROM FLYING BLIND<sup>2</sup>

- *There is little evidence that companies incorporate material climate-related matters into their financial statements.*
- *Most climate-related assumptions and estimates are not visible in the financial statements.*
- *Most companies do not tell a consistent story across their reporting.*
- *There is little evidence that auditors consider the effects of material climate-related financial risks or companies' announced climate strategies.*
- *Even with considerable observable inconsistencies across company reporting ('other information' and financial statements), auditors rarely comment on any differences.*
- *Companies do not appear to use 'Paris-aligned' assumptions and estimates.*

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<sup>1</sup> Carbon Tracker Initiative September 27, 2021 Comment Submission to the SEC Request for Comment on Climate Change Disclosure available at: <https://www.sec.gov/comments/climate-disclosure/cl12-9289891-259712.pdf>. Flying blind is the work of Carbon Tracker Initiative and the Climate Accounting Project. The Climate Accounting Project is commissioned by the PRI.

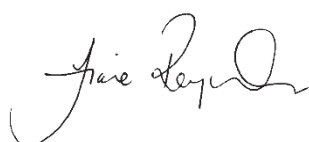
<sup>2</sup> Carbon Tracker Initiative September 27, 2021 Comment Submission to the SEC Request for Comment on Climate Change Disclosure, 'Key Findings' p1 available at: <https://www.sec.gov/comments/climate-disclosure/cl12-9289891-259712.pdf>.

A change in the quality and quantity of corporate climate-related disclosures is essential to an efficient market response to climate change and ESG risks. Mandating climate-related disclosure for US public and private companies will help companies prepare and plan for this transformation and protect investors and US competitiveness in the economies of the future.

Thank you for the opportunity to respond to the SEC's Request for Comment on Climate Change Disclosures. For further conversation and follow up, please contact our US policy team:

- Colleen Orr, Senior US Policy Analyst: [REDACTED]
- Greg Hershman, Head of US Policy: [REDACTED]

Yours sincerely,



Fiona Reynolds  
Chief Executive Officer  
Principles for Responsible Investment

cc. The Honorable Gary Gensler, Chair  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Elad L. Roisman, Commissioner  
The Honorable Allison Herren Lee, Commissioner  
The Honorable Caroline A. Crenshaw, Commissioner

## ABOUT THE PRI

The PRI is the world's leading initiative on responsible investment. We work to understand the investment implications of environmental, social and governance (ESG) factors and to support our network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI has over 4,000 signatories (pension funds, insurers, investment managers and 3 service providers) globally with approximately US \$100 trillion in assets under management.<sup>3</sup> The US is the PRI's largest market, with 902 signatories.<sup>4</sup>

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<sup>3</sup> As of March 4, 2021

<sup>4</sup> As of November 5, 2021. An overview of the PRI's signatories is available on the PRI website, <https://www.unpri.org/signatories/signatory-resources/signatory-directory>.