ES153654

Allianz Global Investors

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August 13, 2015

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC20549

Improving company disclosure of carbon costs in the Oil & Gas sector

Dear Chair White,

As an active, long-term investor with nearly $500bn in asset under management, Allianz Global Investors pays close attention to the impact of climate change on the investments it makes on behalf of clients.

We note the recent letter from Ceres to the SEC and strongly support the role of collective engagement by investors in order to make changes to mitigate climate risks, where needed, in the companies we invest in. One area of particular interest and concern relates to achieving better disclosure of the effects of carbon costs on the Oil & Gas companies. To this end, we request that the SEC consider our proposal to adapt reporting requirements for Oil & Gas companies.

Oil & Gas companies are required to report proved reserves, and also a "Standardised measure of discounted future cashflows" from those proved reserves, which projects both future revenues and future development and operating costs, discounted back to a net present value (NPV).

In order to improve the discussion of climate change risks, we propose that the existing disclosure requirement is enhanced to include carbon costs alongside the baseline assessment of a company's proved reserves and standardised NPV analysis. This could be achieved by requiring companies to base their calculations on a scenario where a **$50/te CO2 Carbon price is assumed**. This would assist shareholders in identifying:

1) Proved reserves which would become uneconomic in the event of carbon price of $50/te or more
2) The changes in development and operating costs caused by a carbon price being introduced
3) The total impact on the NPV of companies' proved reserves

Our goal in requesting this additional data is to create a level playing field of improved disclosure while minimising any additional reporting burden for companies involved. This will then enable investors to start asking much better-informed questions about climate change risks, and the extent to which they can be mitigated.

We view this proposal as a win/win situation- If shareholders can be better informed, then not only is there better transparency in the equity marketplace, but companies and investors can work together to better react to climate and carbon risks.

Thank you very much for your consideration of this proposal and we remain available at any time to discuss it in more detail.

Yours sincerely,

Steven J. Berexa - Global CIO Equity

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