The Enhancement and Standardization of Climate-Related Disclosures for Investors

As the Principal Responsible Investment Specialist at the Bank of Finland, I strongly support the SEC’s proposed rule “The Enhancement and Standardization of Climate-Related Disclosures for Investors”. Growing number of investors are requesting this type of “information they need to make informed investment and voting decisions”, meaning that standardizing climate disclosure is within the SEC’s mandate. Investors who do not consider climate disclosure as relevant can simply ignore the additional reporting. The SEC proposal is not reducing investors’ rights but benefits those that value information on climate-related risks and opportunities.

Various net-zero pledges, alliances and initiatives have emerged\(^1\) showing that climate disclosure is becoming a standard globally. Not having adequate climate disclosure may negatively impact US listed corporations as investors are increasingly aware of the benefits from material climate disclosure. Increased disclosure therefore doesn’t automatically lead to exclusions. Better disclosure allows investors to make more informed decisions and potentially benefit companies to develop their operations also by highlighting hidden inefficiencies and externalities.

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\(^1\) e.g. Net-Zero Asset Owners Alliance represents over $10trillion AuM, also investors like the Bank of Finland have made individual Net-Zero pledges without joining any alliances; Net Zero Asset Managers initiative represents approximately 50% of global asset managers’ AuM and Net-Zero Banking Alliance representing over 40% of global banking assets