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José Ramón González

Chief Legal Officer & Corporate Secretary

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**FILED ELECTRONICALLY**

Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

**Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors**  
**Release Nos. 33-11042; 34-94478; File No. S7-10-22**

Dear Ms. Countryman:

I am the Chief Legal Officer and Corporate Secretary at Equitable<sup>1</sup> (“Equitable”) and a member of the company’s Management Committee. We appreciate the opportunity to provide comments to the Securities and Exchange Commission (the “SEC” or “Commission”) on the Notice of Proposed Rulemaking on the Enhancement and Standardization of Climate-Related Disclosures for Investors (collectively, the “Climate Risk Rules” or “Rules”).<sup>2</sup>

Equitable is one of the country’s largest life insurance and retirement savings companies with over 2.8 million customers nationwide. As a relatively new public issuer and independent entity following our spinoff from former parent AXA Group,<sup>3</sup> we have developed and begun implementing our ESG strategy in earnest in recent years, with the publication of our inaugural Environment, Social & Governance Report (“ESG Report”) in 2021 representing a significant milestone on the company’s ESG journey. In the ESG Report we specifically acknowledge that climate change is “one of the greatest challenges facing our society today” and outline the steps we are taking to manage climate risk, with a particular focus on our General Account investments. Also included in the ESG Report is our first responsive report to the Task Force on Climate-related Financial Disclosures.

In keeping with our commitment to action on ESG imperatives, Equitable supports the Commission’s objective in issuing the Climate Risk Rules to enable investors to “make informed judgments about the impact of climate-related risks” on their investments through enhanced climate-related disclosures.<sup>4</sup> We agree with the

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<sup>1</sup> Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc. including Equitable Financial Life Insurance Company (NY, NY), Equitable Financial Life Insurance Company of America (an AZ stock company with main administrative headquarters in Jersey City, NJ), and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI and TN).

<sup>2</sup> Our publicly listed asset manager affiliate, AllianceBernstein, has also submitted comments on the Rules from its perspective as an investor serving the needs of its retail and institutional clients.

<sup>3</sup> Shares in Equitable Holdings, Inc. have traded on the New York Stock Exchange since our May 2018 IPO.

<sup>4</sup> Proposed Rule, *Enhancement and Standardization of Climate-Related Disclosures*, 87 Fed. Reg. 21334 (April 11, 2022) (“Proposed Rule”) at 21335.



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Commission that information about a company's climate-related risks and metrics "may be material to investors in making investment or voting decisions."<sup>5</sup> Nevertheless, we do have some significant concerns about certain aspects of the Climate Risk Rules. Many of those concerns – and recommended solutions – are amply laid out in letters submitted by the American Council of Life Insurers ("ACLI Letter"), the Committee of Annuity Insurers ("CAI Letter") and the Insurance Coalition ("Insurance Coalition Letter"), the contents of each of which we endorse. More particularly, we urge the Commission to assist issuers with coming into compliance with the Rules by:

- Adopting a longer implementation runway to provide companies with sufficient time to build, refine and test new processes and enhancements to their internal controls over financial reporting.<sup>6</sup>
- Providing a more robust safe harbor for filers who in many cases are disclosing historical and forward-looking climate metrics for the first time.<sup>7</sup>
- Setting a higher materiality threshold for reporting climate related impacts and expenditures in the financial statements to ensure such disclosures are meaningful and useful for investors.<sup>8</sup>
- Removing the requirement for issuers to disclose the specific climate-related expertise of Board members, which should not be critical to their oversight function where such expertise already exists within the company's risk management function – particularly at insurance companies - and supplemented by access to outside advisers.<sup>9</sup> Removal of this requirement would be consistent with the Commission's disclosure approach to other specific subject matter areas for which a Board may rely on the expertise of management or an external advisor.
- With respect to the Scope 3 greenhouse gas emissions disclosure requirement, providing (i) a longer phased implementation for insurers with large investment portfolios, to allow for development of reliable emissions data that currently does not exist for many asset classes; and (ii) more guidance on conducting the qualitative and quantitative materiality assessments that drive the reporting obligation.<sup>10</sup>

We also offer the suggested enhancements below for your consideration.

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<sup>5</sup> *Ibid.*

<sup>6</sup> See ACLI Letter, subsection titled "Implementation Timeline".

<sup>7</sup> See Insurance Coalition Letter, Section V - "Safe Harbor Protections from Liability".

<sup>8</sup> See ACLI Letter, subsection titled "Materiality" and Coalition Letter, Section III – "Definition of Materiality".

<sup>9</sup> See ACLI Letter, subsection titled "Board Member Expertise" and Insurance Coalition Letter, Section V - "Safe Harbor Protections from Liability."

<sup>10</sup> See ACLI Letter, subsection titled "Scope 3 Disclosures".



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**1. Provide an exemption for life insurance company registrants that are subsidiaries of U.S. public companies**

As proposed, the Climate Risk Rules would broadly apply to all registrants with Exchange Act reporting obligations and companies that file Securities Act or Exchange Act registration statements. This would include life insurance company subsidiaries of publicly held parent companies, such as Equitable Financial Life Insurance Company (“EFLIC”) and Equitable Financial Life Insurance Company of America (“EFLOA”), who are registrants solely by virtue of their decision to sell certain types of insurance products for which the Commission requires registration on Form S-1 or S-3.

EFLIC and EFLOA are subsidiaries of publicly held Equitable Holdings, Inc. (“EQH”). As a Large Accelerated Filer, EQH will be required to comply with the Climate Risk Rules beginning with filings for fiscal year 2023. It would therefore be both duplicative and enormously burdensome for EFLIC and EFLOA – which are SEC registrants for the sole and limited purpose of meeting the regulatory requirements for sale of products such as variable index-linked annuities and market value adjustment contracts – to have to separately provide the extensive disclosures required by the Rules.

Furthermore, in contrast to a public company’s debt or equity securities, the value of insurance products registered on Form S-1 or S-3 does not fluctuate based on the business performance or risks exposure of the issuing life insurer. While the underlying financial health of a life insurer is certainly important to its customers, they rightfully rely on the robust policyholder protections and solvency oversight provided by the U.S. insurance regulatory framework for that assurance.<sup>11</sup> The extensive financial and other company information that life insurers are required to provide as part of their S-Form product registrations are peripheral to purchasers of those products,<sup>12</sup> whose evaluation is primarily based on the features of the products they are considering. And with respect to insurance products sold by public company subsidiaries such as EFLIC and EFLOA, purchasers can easily refer to the parent company’s SEC filings – including the climate related disclosures required by the Climate Risk Rules – if they do wish to incorporate that information into their investment decisions.

Accordingly, we urge the Commission to exempt life insurance company subsidiaries of U.S. public issuer holding companies from having to comply with the Climate Risk Rules.

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<sup>11</sup> See CAI Letter, subsection titled “The proposed climate-related disclosures are immaterial to potential and existing contract owners” for a detailed description of the distinctions between debt and equity securities and registered insurance contracts from an investor protection perspective.

<sup>12</sup> S-Form product filing life insurers strongly support the bipartisan Registration for Index Linked Annuities (RILA) Act introduced in Congress in November 2021, which directs the Commission to promulgate a new, more suitable form for registering variable index-linked annuities that would be trimmed of the unnecessary disclosures required by Forms S-1 and S-3.



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**2. Grant relief from historical period disclosure requirements**

The proposed Regulation S-X amendments require that the applicable climate-related disclosures be provided “for the registrant’s most recently completed fiscal year, and for the historical fiscal year(s) included in the consolidated financial statements in the filing.” Large Accelerated Filers such as EQH, which must begin providing these disclosures for filings beginning with fiscal year 2023, typically include an additional year of historical consolidated balance sheet and two years of historical income statement information in their financial statements. Absent relief, in 2024 EQH and other similarly situated issuers would seemingly be required to disclose the new climate-related metrics mandated under Regulation S-X for fiscal years 2022 and 2021 as well – an outcome that would be highly problematic for many issuers and surely not intended by the Commission.

We recommend the Commission clarify that the historical information requirement for providing the Regulation S-X climate-related metrics is only applicable on a rollforward basis and eliminate the requirement to report these metrics for any comparative period that is prior to a filer’s initial disclosure compliance date. With this clarification in place, EQH, for example, would not have to provide the Rules’ climate-related metrics in its 2021 or 2022 balance sheet or income statement reporting when data for those years is included for comparison purposes in EQH’s 2023 financial statements.

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At Equitable, we stand by our public commitment to be an enduring force for good. As a signatory to the United Nations-sponsored Principles for Responsible Investing, we support requiring appropriate disclosure on climate risk by the entities in which we invest, and by extension we hold ourselves to that same standard. We are confident that with these modifications to the Climate Risk Rules, together with those proposed by our life insurance industry representatives referenced in this letter, the Commission can achieve its goal of implementing a climate risk disclosure framework that “elicit[s] investment decision-useful information that is necessary or appropriate to protect investors”<sup>13</sup> within parameters that are practicable for issuers like Equitable.

Respectfully Submitted,

José Ramón González

<sup>13</sup> Proposed Rule at 21340.