June 17, 2022

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

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Chair Gensler,

We appreciate the opportunity to comment on the U.S. Securities and Exchange Commission’s (SEC) proposed rule to require registrants to provide information concerning climate-related risks and their impact on financial metrics in their registration statements and annual reports. We broadly support the submissions made by the American Council of Life Insurers and the Canadian Life and Health Insurance Association, and respectfully submit this additional letter for your consideration.

Sun Life is a leading Canada-based financial services organization providing insurance, wealth and asset management solutions to individual and corporate clients in several countries around the world. In the U.S, we are one of the largest employee benefits providers. Our portfolio of insurance products and services includes disability, absence management, life, dental, vision, supplemental health and medical stop-loss.

Through SLC Management, our asset management business, and its affiliates, we are a large asset manager with experience in fixed income, real estate, infrastructure and alternative credit. We have substantial experience in sustainable finance and mobilizing capital for greenhouse gas (GHG) emissions reduction. We have more than $65 billion in total assets under management in sustainable investments, primarily in real estate and infrastructure, across our asset management businesses. And, we have made significant progress toward our goal of $20 billion in new sustainable investments from 2021 to 2025. Finally, in 2021, we announced our goal to achieve net-zero GHG emissions for both our operations and investments by 2050.
We are encouraged by the SEC’s efforts to ensure that investors have access to consistent, comparable, and decision-useful information on how public companies are managing their exposure to climate-related risks.

Our investment teams rely on information from climate-related financial disclosures to evaluate how climate change can impact a company’s financial performance, reputational risk, and social license to operate in the short and long term. Information about the company’s methodology for assessing capital alignment, key assumptions and key performance indicators and targets for decarbonization are critical to evaluating complex impacts from climate change.

Economy-wide mandatory disclosures create a pool of consistent and reliable data across industries. This allows for better investment decision making, more efficient pricing of securities, and assists in steering capital toward investment opportunities that encourage the transition to a low-carbon economy. Improved access to this information is also important for financial institutions to reliably evaluate their portfolio’s exposure to climate-related risks.

Efforts to mandate climate-related financial disclosures can be found around the world, including in Canada, where we are headquartered. For example, in her mandate letter from Prime Minister Trudeau, Chrystia Freeland, the Canadian Finance Minister, is directed to move companies toward mandatory climate-related financial disclosures in alignment with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

In addition, regulatory expectations for public companies in Canada to issue climate-related financial disclosure are growing. Earlier this year, the Canadian Securities Administrators, the umbrella group of Canada’s provincial securities regulators, completed an extensive consultation on requiring public issuers across Canada to disclose their exposure to climate-related financial risks using the TCFD framework.

Finally, Canadian firms are often subject to industry-specific regulators that are developing disclosure obligations on their exposure to climate-related risks. Our federal regulator, the Office of the Superintendent of Financial Institutions, has launched an extensive climate risk management program and is mandating disclosure obligations for climate-related risks, including scenario analysis that builds on a series of climate analysis exercises with Canadian financial institutions.

Given the forthcoming introduction of regulatory obligations in Canada concerning climate-related financial disclosures, we strongly recommend that the SEC maintain its proposal and not amend Form 40-F to include climate-related disclosure requirements. In addition, we urge the SEC to permit Multijurisdictional Disclosure System (MJDS) issuers to comply only with forthcoming Canadian climate-related disclosure requirements, and to make any compliance with SEC rules strictly voluntary for MJDS filers. Extending the proposed rule to MJDS filers would result in duplicative, or even conflicting, regulatory filings.
Investors require access to climate-related information that is consistent and comparable. Subjecting MJDS and Form 40-F filers to at least two different regulatory regimes will likely result in two different climate-related financial disclosures, which would negatively impact the ability of investors to reliably integrate information from disclosures in their investment analysis. This would be contrary to the SEC’s laudable goal of providing “consistent, comparable, and reliable—and therefore decision-useful—information to investors to enable them to make informed judgments about the impact of climate-related risks on current and potential investments”.

Introducing additional climate disclosure obligations as similar rules are being developed in Canada would also introduce a significant regulatory burden for issuers without improving access to climate-related information. We encourage the SEC to collaborate with Canadian regulators as each regulator’s proposed rules are being finalized. It is our sincere belief that cross-border regulatory cooperation can be a powerful tool to support regulators seeking to fulfill their mandate, while also minimizing disruption to businesses. This is crucial given the global nature of financial markets and climate change as a risk and opportunity that investors seek to incorporate in their investment analysis.

Our concern with a proliferation of inconsistent national disclosure regimes extends to the treatment of foreign private issuers. To ensure that climate-related financial disclosures are globally consistent, we recommend that foreign private issuers be permitted to issue reports made pursuant to criteria developed by the International Sustainability Standards Board.

We look forward to working collaboratively with the SEC on enhancement and standardization of climate-related disclosures for investors. Please let me know if you have any questions or if there is any way we can be of further assistance.

Sincerely,

Melissa Kennedy
EVP & Chief Legal Officer and Public Affairs