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Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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Proposal on Climate-Related Disclosures for Investors

We write to provide additional comments regarding the SEC’s proposal to mandate climate-related disclosures for public companies (“Proposal”), supplementing our comment letters submitted on April 25, 2022 and June 17, 2022. We believe that recent developments require the SEC to scrutinize the Proposal further before proceeding.

The March 2022 proposing release for the Proposal explains that the SEC’s rationale for the Proposal is “growing investor demand” for extensive standardized climate-related disclosures, including emissions disclosure requirements and new financial reporting obligations under Regulation S-X. The SEC also lists several “investor”-led organizations that have called on regulators in the United States and other countries to adopt standardized disclosures.

The proposing release names Climate Action 100+, UN Principles for Responsible Investment, Net Zero Asset Managers Initiative, and the Glasgow Financial Alliance for Net Zero as illustrating recently-formed investor initiatives that emphasize “the need for improved disclosure by companies regarding climate-related impacts.”¹ While our earlier comment letters raised doubt about the relevance of such organizations to investor interests or in an assessment of “investor demand,” we now note that many members of such organizations have been withdrawing or curtailing their memberships, raising deeper doubt about the appropriateness of the SEC relying upon them and their views as a rationale for the Proposal.

Most dramatically, last month three large institutional asset managers—JP Morgan, PIMCO and State Street—abruptly withdrew from Climate Action 100+. Another massive firm, BlackRock, has stated that it is scaling back its participation in the group.² Last year, at least nine

¹ Proposing release at 26.

² JPMorgan and State Street Quit Climate Group as BlackRock Scales back, *Financial Times* (February 15, 2024) <https://www.ft.com/content/3ce06a6f-f0e3-4f70-a078-82a6c265ddc2>

large insurance companies left the Net-Zero Insurance Alliance³ and the year before that another giant, Vanguard, announced it was leaving the Net Zero Asset Managers Initiative.⁴

Such withdrawals call into further question much of the SEC’s stated rationale for the Proposal, including its characterization that such alliances evidence a “consensus” view favoring the Proposal. The SEC cited as support for the Proposal such investors with “trillions of dollars of assets under management”⁵ and must now come to grips with the fact that such firms with at least \$15 trillion of assets under management have exited the organizations the SEC cites as justifications for the Proposal. In addition to reassessing its calculation of “investor demand,” the SEC must investigate the possible reasons for such an exodus, including whether such firms have reevaluated their assessment of the behaviors of such organizations and/or what their own duties require.

The SEC should also examine the responses of such climate organizations to these investor withdrawals. Climate Action 100+’s recent response to the departures of JPMorgan and State Street are telling. The organization, speaking of its mission, declared (in bold letters): “**The initiative has always been action-oriented and about more than disclosure.**”⁶ Such candor is refreshing as a matter of public debate but should be alarming to the SEC, which clearly has no power to act in accordance with such a declaration. At the very least, the SEC should assess the ultimate goals and methods of groups such as Climate Action 100+ before choosing again to invoke them as ambassadors for investor protection.

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Signatories⁷

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³ Insurers Flee Climate Alliance after ESG Backlash in the U.S., *Reuters* (May 26, 2023) <https://www.reuters.com/business/allianz-decides-leave-net-zero-insurance-alliance-2023-05-25>.

⁴ Vanguard Quits Net-Zero Group, Marking Biggest Defection Yet, *Bloomberg* (December 7, 2022) <https://www.bloomberg.com/news/articles/2022-12-07/vanguard-quits-net-zero-alliance-marking-biggest-defection-yet>.

⁵ Proposing release at 19

⁶ Climate Action 100+ Reaction to Recent Departures (February 26, 2024) <https://www.climateaction100.org/news/climate-action-100-reaction-to-recent-departures/>

⁷ Institutional affiliations are supplied for identification and are not intended to suggest that we speak for our respective institutions or other employers.

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