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June 8, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman,

Thank you for the opportunity to comment on the Securities and Exchange Commission's ("SEC" or, the "Commission") rule proposal titled "The Enhancement and Standardization of Climate-Related Disclosures for Investors" ("Proposed Rule"). Neuberger Berman believes that the Proposed Rule would provide investors with critical information needed to adequately assess climate risk, thereby improving the efficiency and transparency of capital markets. We commend the Commission for responding to investors' calls for climate-related disclosures.

Founded in 1939, Neuberger Berman is a global, independent, employee-owned investment manager. The firm manages almost $450 billion across a range of strategies – including equity, fixed income, private equity, real estate and hedge funds – on behalf of institutions, financial advisors, and individual investors globally. With more than 600 investment professionals and approximately 2,200 employees in total, Neuberger Berman has built a diverse team of individuals united in their commitment to delivering compelling investment results for our clients over the long term. That commitment includes, for many of our clients, active consideration of environmental, social and governance (ESG) factors.

As an active manager, we have a long-standing belief that consideration of material ESG factors, including climate risk, are important drivers of long-term investment returns from both an opportunity and a risk-mitigation perspective. Therefore, for certain of our accounts, we take a deep fundamental approach toward the integration of material ESG criteria into our investment processes.

The lack of required high-quality, comparable, decision-useful information on material climate-related information has made it difficult for investors to analyze risk and efficiently allocate capital to companies that can generate strong long-term financial returns. In certain markets outside of the United States, investors are mandated to provide climate information pertaining to issuers in which they invest. In the absence of standardized and comparable climate disclosures, investors must resort to reliance on estimates that are often provided by third parties and not by the companies themselves. Those third-party estimates are often based on sector or industry averages and fail to consider important company-specific nuances. Unfortunately, that creates less efficient capital markets than would be the case if there were uniform required disclosures, and also inhibits deep investment analysis. Further, a recent study has shown that third-party estimates of emissions diverge significantly from company reported data[1]. That study underscores investors' need for company-provided emissions data in a timely and reliable manner.

We believe that the Proposed Rule would play a pivotal role in addressing these challenges. We strongly support mandatory, standardized disclosure of a registrant's climate-related risks including greenhouse gas ("GHG") emissions and qualitative discussion of climate risks, assessments, and transition plans. Collectively, that information will provide investors like Neuberger with decision-useful information needed to adequately assess climate risk. Moreover, we applaud the Commission for recognizing that climate-related disclosure obligations be mandated on operating companies and not just on asset owners and their advisers.

We support the SEC's inclusion of a GHG emissions reporting requirement in the proposal that includes Scope 1 and 2 emissions, and Scope 3 emissions, in certain circumstances. We believe those requirements will provide investors with accurate, relevant, and consistent information about emissions, which is currently very difficult to obtain. We believe the Proposed Rule will provide much needed transparency on climate risk across supply chains, which is currently lacking and material to investors. While we recognize that methodologies for determining Scope 3 emissions are evolving, for certain industries, Scope 3 emissions can comprise a majority of GHG emissions. For companies whose emissions are largely derived from Scope 3 emissions, disclosure of those emissions is critical to understanding the risk that climate change poses to their business and should be disclosed.

We encourage the SEC to provide further guidance to issuers on how they should make a materiality determination for Scope 3 emissions disclosure. When assessing the materiality of Scope 3 emissions, registrants should consider whether Scope 3 emissions make up a relatively significant portion of their overall GHG emissions. For example, if Scope 3 emissions comprise 40% or more of total emissions, then we believe that the company should disclose Scope 3 emissions. Further, we believe that the disclosures of Scope 3 emissions within the "Investments by a registrant" category should include financed emissions as those can comprise a significant portion of an issuer's total emissions and therefore would be critical to evaluate the climate risks and opportunities facing that issuer.

We believe enhanced transparency through scenario analysis disclosure will help reduce market uncertainty. Disclosure of the parameters, assumptions, analytical choices, and projected impacts used in the analysis will be critical to understanding the analysis and its findings. That information, along with quantitative GHG emissions reporting, would provide investors with information needed to better identify and assess how climate-related risks may affect a company's business, strategy, and capital planning. Further, investors would be able to utilize those disclosures in various investment processes to mitigate risk, identify investment opportunities, and conduct transition risk analysis.

We support the SEC's integration of nearly all of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into the Proposed Rule. As stated in our Governance and Proxy Voting Guidelines, we currently expect companies to produce reporting aligned with the recommendations of the TCFD, including board oversight of climate risk, GHG emissions, and GHG emissions reduction targets. Additionally, given the importance of global alignment of climate risk disclosure standards, we support the SEC's efforts to align its proposal with developing International Sustainability Standards Board climate risk disclosure standards. We

[1] FTSE Russell. "Mind the gaps: Clarifying corporate carbon." May 2022 https://www.ftserussell.com/research/mind-gaps-clarifying-corporate-carbon

believe global coordination and synchronization of deployment are essential to creating compatibility between global baseline disclosures and jurisdictional initiatives. We appreciate the Commission's responsiveness to investors' calls for more globally consistent reporting. We believe the adoption of a more standardized climate disclosure framework will also help reduce the reporting burden on issuers.

Given the urgency of climate change, issuers should act swiftly to meet disclosure expectations. We are mindful that the new required disclosures may require assumptions and estimates, and we are supportive of protections such as safe harbors being provided to issuers. We recognize that phased-in implementation dates are appropriate for certain disclosure elements, but we encourage the SEC to look for opportunities to encourage early adoptions of certain rule requirements. Assurance, particularly of emissions data, will play a fundamental role in ensuring that high-quality, reliable, investor-grade information is disclosed.

As an active manager, we believe transparency and communication between companies and investors is critical to functioning markets. We commend the Commission for putting forth a Proposed Rule that promotes improved transparency and disclosures of material information. We appreciate the opportunity to share our views and welcome further dialogue with the SEC on this important matter.

Sincerely,

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