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Portfolio Advisory Board

June 14, 2022

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

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

Ms. Countryman:

On behalf of the Adrian Dominican Sisters (“ADS”) we are submitting a comment in support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (the “Proposed Rule”). We gratefully acknowledge the Commission and the SEC for its documentation outlining standardized disclosures that will give investors relevant information with respect to climate-related financial data.

As a faith-based investor and member of the Interfaith Center on Corporate Responsibility (“ICCR”), the Adrian Dominican Sisters fully recognize that environmental factors such as air and water quality can greatly affect the health and well-being of all humans as well as other living beings and ecosystems. We are committed to the work that is necessary to address critical environmental issues and climate change for the common good of the whole Earth community. This includes encouraging corporate policies and practices specifically aimed at addressing climate change, which we know can be achieved through socially responsible investing processes implemented by our corporate partners.

As a long-term and diversified investor, ADS believes climate-related disclosures are critical for effective investment analysis and decision-making. We engage our portfolio companies on a regular basis to encourage more comprehensive disclosure of climate risks and mitigation measures out of our concern for the risk posed not only to individual companies by climate change but also to the overall risk to global markets.

A well-drafted climate disclosure rule will support our efforts and ensure that we are receiving baseline information that is accurate and comparable. The scope and materiality of the categories covered by the Proposed Rule, including the disclosures in financial statements, is a clear reflection of the Commission’s recognition of the urgency of climate-related risks. ADS supports the SEC’s proposal because it would result in decision-useful, comparable climate risk information that is vastly improved compared to disclosures that are currently available.

We believe that disclosure of material and systemic risks of climate change will help companies and investors to understand, price, and manage climate risks and opportunities. These activities are not only at the core of efficient securities markets but also are essential to ensuring a just and thriving economy that works for all people and communities. Inclusion of climate-related disclosures in the financial statements (Reg S-X) and in accompanying (Reg S-K) disclosures regarding company strategies, financial impacts, risk management, GHG emissions data, offsets, etc., will offer greater accessibility and assurance of this information to investors. Additionally, this data will enable asset managers to create more investment products that fit our values and holistic views of risk.

Voluntary disclosures have been insufficient to meet investors' needs for comparable, consistent, and reliable information from issuers. The lack of a regulatory mandate has led to inconsistent information across multiple reporting regimes, causing cherry-picking among companies regarding which metrics and information to disclose, as well as confusion among investors about which disclosures to trust and use. With the proposed rules, ADS and other investors will be able to accurately make comparative analyses to help lower our carbon footprint and use this data in engagements both to understand which companies are developing the best leading practices and to push others to adopt those same strategies for positive impacts.

We appreciate the SEC's integration of nearly all the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into your proposal, because the TCFD recommendations cover many of the essential elements of climate risk disclosure that we use for our decision making and are broadly supported and used by companies, investors, and securities regulators worldwide.

We also support the SEC's inclusion of a GHG emissions reporting requirement in the proposal because this information is critical to our understanding of the quality of a company's actions in the face of climate change and its risk exposure to physical climate impacts and in the global transition to cleaner sources of energy. In the absence of such a reporting requirement, ADS and other investors have been forced to engage companies one by one to encourage full emissions reporting.

For example, as a Michigan-based investor, ADS has engaged the U.S. automakers over many years, requesting disclosure of emissions data, short- and long-term emissions targets, and climate risk reporting aligned with TCFD. We have used all the tools at our disposal, from ongoing dialogue to filing shareholder proposals. Over this time the companies' disclosures have been widely varied, particularly with respect to the scope 3 emissions in their supply chains and the emissions of their primary product—passenger vehicles. This sector faces significant transition risk, as policies and consumer preference move away from internal combustion engines, but also has significant opportunity in the shift to electric vehicles. Understanding these company's current scope 3

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emissions and how they plan to reduce them over time is critical for making informed investment decisions.

The Adrian Dominican Sisters fully acknowledge the current climate crisis and realize that it requires dedicated action. We also know that the negative impact of the climate crisis needs to be addressed to alleviate the impact it creates for all communities. We are asking the Commission to intensify the elements of the Proposed Rule to guarantee that investors and companies have the necessary information to best handle the threats imposed by the climate crisis. We appreciate the opportunity to share our perspectives. We thank the Commission for all its efforts regarding the Proposed Rule and are grateful for your consideration of our comments.

Best regards,

A handwritten signature in blue ink that reads "Frances Nadolny, OP". The signature is written in a cursive style.

Frances Nadolny, OP
Administrator
Adrian Dominican Sisters
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