



June 16, 2022

Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors – File Number S7-10-22**

Dear Ms. Countryman:

JUST Capital welcomes the opportunity to comment on the U.S. Securities and Exchange Commission’s (“SEC” or “Commission”) proposed release, The Enhancement and Standardization of Climate-Related Disclosures for Investors, Release Nos. 33-11042; 34-94478 (“Proposed Rule” or “Release”). We appreciate the Commission’s ongoing efforts to modernize corporate reporting and improve the overall quality and utility of disclosures provided by issuers to the investing public, including critical information to understand and assess the risks and opportunities presented by a rapidly changing climate.

In our view, the Proposed Rule represents an appropriate step toward ensuring investors have access to high-quality, decision-useful information, consistent with the Commission’s tripartite mission to protect investors, ensure fair and efficient markets, and facilitate capital formation.<sup>1</sup> Accordingly, we are pleased to support the Release and provide data and insights from JUST Capital’s work that may be productive as Commission staff finalizes the rule.

JUST Capital is an independent nonprofit, co-founded and chaired by Paul Tudor Jones, that inhabits the intersection of business, finance, and civil society to build and support a more just market that works for all Americans. As part of its efforts toward fulfilling its mission, JUST Capital has surveyed over 160,000 Americans through our annual survey to identify which issues they believe U.S. companies should prioritize. We then rank Russell 1000 companies across these issues, grouped into five stakeholder categories: Workers, Communities, Customers, Shareholders, and the Environment. As part of this process, we collect more than 250,000 data points each year across the Russell 1000 index to understand and assess how well the largest publicly traded U.S. companies perform on these criteria; the top 100 companies are featured in our annual JUST 100 Rankings.<sup>2</sup> We also use the data and results to promote the investor case for just investing through our product, data licensing, and index partnerships, including powering the JUST U.S. Large Cap Equity ETF<sup>3</sup> (awarded the Bronze Morningstar Analyst’s Rating in 2021<sup>4</sup>) and the JUST U.S. Large Cap Diversified Index,



providing data-driven interactive tools<sup>5</sup> and market insights<sup>6</sup>, and identifying the tangible steps companies can take to create greater, shared value for all stakeholders, including investors.

**JUST Capital's research shows clear public demand for standardized data more generally, and higher-quality climate data in particular.**

The strength and stability of the U.S. capital markets system largely rests on the availability of high-quality, decision-useful information investors rely on to understand and assess a company's business, risks, and prospects, in order to make critical decisions about how and where to direct capital. This broader allocative function ensures the efficient movement of capital to its most productive use, while lowering the cost of capital for firms that are best able to mitigate risk and seize opportunities to effectuate superior performance. It is thus critical that this information remain reliable, clear, comparable, and decision-useful.

JUST Capital believes that mandating disclosure on environmental performance through a standardized reporting structure is necessary to accurately assess the financial impact of companies' actions on investors, including the quality of a company's financial positions and results in light of their relative preparedness for climate change and the transition to lower-emissions energy strategies.

Data collected and published<sup>7</sup> by JUST Capital in February 2022 supports this view. According to our survey research, 90% of Americans say it is important for companies to have common reporting standards, while 86% support federal requirements for corporate disclosure on climate metrics specifically that would standardize reporting and analysis across companies and/or industries. Our research found 87% of Americans agree<sup>8</sup> it is important for companies to disclose greenhouse gas emissions. Further, two-thirds<sup>9</sup> of Americans believe that companies can have a high or moderate impact on climate change by tracking and publicly reporting their progress on climate goals. JUST Capital's stakeholder research further shows an increasing interest in corporate climate stewardship among the American public, with 60% of respondents stating environmental issues are more important to them in 2022 than they were in 2021.

**U.S. public issuers currently report some Scope 1 and 2 data, but Scope 3 emissions disclosures remain elusive.**

Despite Americans' support of federally mandated corporate disclosure, our research shows that just companies have a long way to go. Today, only 10.6% of Russell 1000 companies have made commitments to achieving Net-Zero greenhouse gas emissions in their operations by 2050.<sup>10</sup> According to our recent report detailing the state of environmental disclosure,<sup>11</sup> 57% of companies currently disclose Scope 1 and 2 emissions, but only 10% report Scope 3 emissions from sold products, 30% report emissions from business travel, and less than 14% disclose criteria on air pollutants including nitrogen oxides, sulfur dioxide, and



particulate matter. Of all Russell 1000 companies, more than one-third did not disclose any of the 13 environmental metrics we track.

By mandating climate disclosure, the SEC's proposed rule will make it increasingly possible for investors and other stakeholders we serve to accurately assess whether companies are on the correct trajectory to meet their targets, ensuring that management is effective in deploying investors' capital and that boards of directors are providing strong risk oversight to protect shareholders' interests. In our rankings data,<sup>12</sup> companies with lower environmental impacts outperform their peers: companies scoring in the top quintile realized total returns of 3.96% over the trailing year, versus -1.47% for the lowest quintile.

**The lack of clear, consistent, comparable, reliable, and decision-useful issuer climate disclosures creates substantial costs for investors and other market actors, including data providers.**

As noted above, JUST Capital's mission depends on the collection of high-quality data that is used to power investable products, market insights, and index partnerships. Accordingly, JUST Capital employs a team of data scientists to collect and analyze corporate disclosures across a wide range of sources, including issuer regulatory filings, corporate social responsibility and sustainability reports, corporate websites, and other media. Still, it took a team of two skilled data analysts over 420 hours to collect data across 25 environmental metrics at 1,112 companies. Smaller retail investors may not have the resources – in time or money – to devote to finding the data, while professional investment managers may pass these costs on to clients. We believe better standardization of data could mitigate many of these transaction costs, ultimately lowering costs for investors and freeing up more capital to deploy into the markets.

We appreciate the opportunity to provide the Commission with our views. If you have any questions, or need anything further, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin Whittaker".

Martin Whittaker  
CEO, JUST Capital

## Endnotes

1. "About the SEC." *U.S. Securities and Exchange Commission*, <https://www.sec.gov/about.shtml>
2. "2022 Overall Rankings." *JUST Capital*, 11 Jan. 2022, <https://justcapital.com/rankings/>
3. "Introducing the JUST ETF." *JUST Capital*, 2018, <https://justcapital.com/reports/introducing-the-just-etf/>
4. "Goldman Sachs JUST US Large Cap Eq ETF." *Morningstar*, 20 Dec. 2021, <https://www.morningstar.com/etfs/arcx/just/quote>
5. See. e.g., "JUST Report: The Environmental Explorer." *JUST Capital*, accessed 16 Jun. 2022, <https://justcapital.com/reports/environmental-explorer/>.
6. "News & Insights." *JUST Capital*, <https://justcapital.com/news-and-insights/>
7. Tonti, Jennifer. "SURVEY ANALYSIS: Americans Want to See Greater Transparency on ESG Issues and View Federal Requirements as a Key Lever for Increasing Disclosure." *JUST Capital*, 16 Feb. 2022, <https://justcapital.com/reports/americans-want-transparency-on-esg-and-federal-requirements/>
8. Tonti, Jennifer. "SURVEY ANALYSIS: Americans Want to See Greater Transparency on ESG Issues and View Federal Requirements as a Key Lever for Increasing Disclosure." *JUST Capital*, 16 Feb. 2022, <https://justcapital.com/reports/americans-want-transparency-on-esg-and-federal-requirements/>
9. Tonti, Jennifer. "SURVEY ANALYSIS: Corporations Have a Role to Play in Addressing Climate Change." *JUST Capital*, 21 Sep. 2022 <https://justcapital.com/reports/corporations-have-a-role-to-play-in-addressing-climate-change/>
10. Thornton, Laura and Cabral, Shannon. "More Corporate Climate Commitments Are Essential to Limiting the Effects of Global Warming." *JUST Capital*, 21 Sep. 2022, <https://justcapital.com/news/more-corporate-climate-commitments-are-essential-to-limiting-the-effects-of-global-warming/>
11. Thornton, Laura; Khan, Shane; Cabral, Shannon; and Stutzman, Molly. "The Current State of Environment Disclosure in Corporate America: Assessing What Data Russell 1000 Companies Publicly Share." 28 Apr. 2022, [https://justcapital.com/wp-content/uploads/2022/04/JUST-Capital\\_Environment-State-of-Disclosure-Report\\_2022.pdf](https://justcapital.com/wp-content/uploads/2022/04/JUST-Capital_Environment-State-of-Disclosure-Report_2022.pdf)
12. Mahoney, Charlie. "Chart of the Week: Environmental Protection Is Paying Off for Stakeholders." *JUST Capital*, 18 Nov. 2022, <https://justcapital.com/news/chart-of-the-week-environmental-protection-is-paying-off-for-stakeholders/>