

Ms. Vanessa Countryman
Secretary
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

Dear Ms. Countryman,

Beach Point Capital Management LP (“Beach Point”) welcomes the opportunity to respond on File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (“Proposed Rule”). We commend the Commission for its Proposed Rule aimed at providing investors with climate-related financial information from issuers of public securities.

Beach Point is a SEC-registered investment adviser founded in 2009. Managing over \$15 billion in assets, the firm specializes in credit strategies such as high yield bonds, leveraged loans, private and illiquid credit, direct lending, and structured credit. The firm has an institutional client base and currently has over 140 employees globally with offices in Los Angeles, New York, Dublin and London.

The Commission’s Proposed Rule marks a change in the quality and comparability of climate disclosures that is essential to an efficient market response to climate change and ESG-related risks. While most companies report sustainability information in some form, the content and type of disclosures vary significantly. To better interpret and utilize climate-related information, consistent, reliable and comparable disclosures by companies are a top priority for investors. In the absence of standardized disclosures, investors seeking climate-related information have had to collect this data from numerous sources, including companies’ voluntary disclosures that are unverified and often difficult to compare.

Therefore, we support the SEC’s Proposed Rule requiring all public companies to file climate-related financial information with the Commission, to have this information appear alongside financial information, and to present narrative and quantitative information in XBRL tagged form. This will make climate-related financial information more useful to investors seeking to understand the risks and opportunities presented by climate change.

The Proposal’s alignment with recommendations by the TCFD (Taskforce on Climate-Related Financial Disclosures) and the Greenhouse Gas Protocol ensures market efficiencies, a key focus for investors. The TCFD recommendations are widely used across the largest capital markets, with 2,600 supporters globally. Furthermore, regulators have begun mandating TCFD-aligned reporting in the UK, Brazil, the EU, Hong Kong, Japan, New Zealand, Singapore, and Switzerland.

The IFRS Foundation, which sets accounting standards used in over 140 nations, recently released its own proposal for climate-related disclosures via its International Sustainability Standards Board (ISSB).

The ISSB proposal similarly uses the TCFD recommendations as a baseline and has significant similarities to the SEC's proposal.

Coherence with future ISSB standards will reduce the burden of compliance on issuers as many of the largest US issuers are global companies and will likely fall under the disclosure requirements of a jurisdiction following ISSB standards. Furthermore, globally coherent disclosure requirements will lead to better comparability of data for investors.

The SEC's decision to mandate climate-related financial disclosures by US public companies will help companies prepare and plan for the transition to a low-carbon economy and protect investors and US competitiveness in the economies of the future. It is important for investors to understand how companies are managing climate risks and following through on public statements via action towards set goals. The Proposed Rule also includes safe harbor provisions for forward-looking information and Scope 3 emissions, and a reporting phase-in period based on the registrant's filer status, which aims to address issuers' concerns about compliance. The Proposed Rule could also ease the burden on companies that are currently providing this information in numerous formats in response to various investor questionnaires on climate information and shareholder proposals calling for this information.

In our opinion, the Proposed Rule strikes the right balance between investors' needs for climate-related information and issuers' ability to collect and report this information.

Response to Request for Comment on selected question

2. If adopted, how will investors utilize the disclosures contemplated in this release to assess climate-related risks? How will investors use the information to assess the physical effects and related financial impacts from climate-related events? How will investors use the information to assess risks associated with a transition to a lower carbon economy?

Currently, the data required for assessing climate-related risks and opportunities in an investment portfolio is not available to investors at the scale required for, or not available in a format that lends itself to, comprehensive investment portfolio analysis.

According to MSCI, among the 2,565 companies in the MSCI USA Investment Market Index, only 28% have disclosed Scope 1 and 2 emissions, and only 15% have disclosed some form of Scope 3 emissions. In addition, the data currently reported is not readily comparable among companies. Companies set varying decarbonization targets that cover different emissions (or scopes of emissions), have different timelines or cover different activities or geographies. Furthermore, some companies use a combination of absolute emissions and emissions intensity targets, metrics which are expressed in different units. While assessing current exposure to risk and opportunities is a necessary first step, building a forward-looking view of companies' readiness for a low carbon economy is also crucial to inform investors' climate risk strategy. This is incorporated in:

- Internal reporting to identify areas of risk and opportunities to inform the development of a climate strategy.
- Portfolio reporting to clients and stakeholders, with a preference to align with emerging standards and frameworks.
- Risk management, by identifying portfolio companies that may be most vulnerable to policy, technological, market and physical risks arising from climate change. This includes climate scenario analysis to inform investment-decision making and climate strategy.
- Portfolio construction, by informing strategies that favor companies that are potentially more resilient to climate change scenarios and/or more likely to gain from innovations in a transitioning economy.
- Stewardship and engagement where consistent, comparable and quantitative data is necessary to assess corporate decarbonization strategies and targets, companies' resilience to climate-related risks and their readiness for a net-zero economy.
- Implementation and monitoring of an investor's net zero target which may build upon the above-mentioned use cases.

On the matter of disclosure of scenario analysis, the Commission signals its agreement with commenters who stated that information concerning scenario analysis could help investors evaluate the resilience of the registrant's business strategy in the face of various climate scenarios that could impose potentially different climate-related risks.

We similarly believe that scenario analysis can be helpful in the context of understanding a company's assessment of the impact of climate-related risks on its business and support the broader goal of encouraging companies to further develop the tools and techniques they use for the assessment of climate-related risks.

Beach Point Capital Management LP

By: Bridget Bartlett
Title: Head of ESG