



Via email to: rule-comments@sec.gov

June 17, 2022

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

RE: File number: S7-10-22. The Enhancement and Standardization of Climate-Related Disclosure for Investors

Dear Ms. Countryman:

On behalf of the Unitarian Universalist Association (UUA) and its Unitarian Universalist Common Endowment Fund, LLC (UUCEF), we are writing to offer our perspectives as long-term investors on the above Proposed Rule published by the SEC on 21st March 2022. In short, we strongly support the new rules proposed by the SEC to establish a mandatory framework for the disclosure of climate change risk by companies.

The Unitarian Universalist Association is a faith community of more than 1000 self-governing congregations that brings to the world a vision of religious freedom, tolerance and social justice. Our congregations are located in every state in the Union. With roots in the Jewish and Christian traditions, Unitarianism and Universalism have been forces in American spirituality from the time of the first Pilgrim and Puritan settlers. The UUA is also an investor with total assets under management in excess of \$800 million, including the UU Common Endowment Fund, the UU Organizations Retirement Plan, and other invested assets.

Others have submitted comments and recommendations, which we support. These include:

- Ceres' Statement of Essential Principles for SEC Climate Change Disclosure Rulemaking¹, an investor letter which the UUA has signed.

¹ <https://survey.alchemer.com/s3/6292930/SEC-Climate-Disclosure-Support-Letter>

- The UN’s Principles for Responsible Investment’s (PRI) response to the SEC Request for Comment on Climate Change Disclosures.² The UUA is a PRI member.
- Sarasin and Partners comment on factoring climate into financial accounting.³
- Investors and Indigenous Peoples Working Group comment letter.⁴

Mandatory standards for disclosure of data on climate-related risks are long overdue. Such information is clearly material because investors are asking for it. The PRI, for example, represents over \$90 trillion in assets under management. As Commissioner Allison Heron Lee said regarding what information is material to investment decisions, “investors are also the ones who decide what information they need to make those choices.”⁵ Today ESG disclosures are voluntary, inconsistent from one company to another, not assured by third parties, and widely varying in quality. For the disclosures to be useful to investors, this must be remedied.

Among the issues raised in the comment letters referenced above, we would urge the Commission to pay particular attention to the following:

1. **Factoring climate into financial statements.** We believe current US GAAP requires that the effects of climate change be factored into audited financial statements. Elements such as the valuation of fossil fuel reserves, useful lives of long-lived assets and attendant depreciation expense, and asset retirement obligations could be materially affected by climate change. For example, if a electric power company has made a commitment to achieve net zero emissions by 2050, then the useful lives of long-lived assets such as coal-fired power plants would need to be adjusted to be consistent with this goal. At a minimum, footnotes should include sensitivity analysis to Paris aligned public policies and actions by other companies. See the comment letter submitted by Sarasin and Partners for a detailed discussion of this issue. The UUA fully endorses the points made in this letter.

²<https://www.sec.gov/comments/climate-disclosure/cll12-8906878-244193.pdf>

³<https://www.sec.gov/comments/s7-10-22/s71022-20131024-300394.pdf>

⁴https://www.colorado.edu/program/fpw/sites/default/files/attached-files/iipwg_sec_comment_-_final_draft_3.pdf The letter was submitted to the SEC as a comment on June 16, 2022, but had not been posted at this writing.

⁵<https://www.sec.gov/news/speech/lee-living-material-world-052421>



2. **Consideration of the rights of Indigenous Peoples.** The UUA is a signatory to a comment letter submitted by the Investors and Indigenous Peoples Working Group (IIPWG) and fully endorses the views expressed there. The signatories to this letter believe that: “Failure to include relevant information on Indigenous Peoples would negatively impact investors and issuers because climate disclosures made without a contemporaneous assessment of Indigenous rights risk fail to provide investors with the full scope and context needed for evaluating and comparing a registrant’s climate-related disclosures.”

The letter provides five recommendations to strengthen the rule:

- “enhance the proposed rule by explicitly referencing Indigenous Peoples, and by explicitly referencing the United Nations Declaration on the Rights of Indigenous Peoples, which is critical where current standard-setting frameworks, such as the TCFD, fail to do so;
- reference the need to assess impacts to Indigenous Peoples within disclosures of Scope 1, 2, and 3 greenhouse gas emissions;
- require an SEC registrant company to disclose how it considers Indigenous land tenure and resource management in assessing potential transition risks;
- require a registrant to disclose how it assesses Indigenous knowledge, cultures, and traditional practices when assessing or responding to the physical impacts of changing weather and climate on business infrastructure; and
- understand the link between offsets and conducting due diligence with respect to Indigenous rights risk.”

3. **Political spending/lobbying.** This important issue was not addressed in the SEC proposed rule. We understand that the Appropriations rider prevents the SEC from rulemaking regarding election spending, but this should not preclude the Commission from requiring disclosure of lobbying activities. Companies should be providing full transparency on their lobbying activities including amounts expended and how these functions are overseen by the board. In particular, companies should disclose their lobbying through third parties, such as trade associations.



We very much appreciate that the Commission is proposing long overdue rules mandating climate-risk disclosure by public companies. This rule will provide investors with much-needed information about companies' climate-related financial risks in a reliable, consistent and comparable manner so they can make better, more-informed investment decisions that will protect institutional portfolios from climate-related financial risks. Standardizing corporate reporting on the financial risks of climate change is an essential part of the transition to a net zero economy.

Very truly yours,



Timothy Brennan,
Special Advisor on Responsible Investing

Cc: Andrew McGeorge, Treasurer & CFO

