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TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
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June 17, 2022

The Honorable Gary Gensler, Chair
U.S. 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 Chairman Gensler,

On behalf of the Connecticut Retirement Plans and Trust Funds ("CRPTF"), I write in support of File No. S7-10-22, *The Enhancement and Standardization of Climate-Related Disclosures for Investors* ("Proposed Rule"). I serve as the State's chief elected financial officer and fiduciary of its pension and trust funds, currently valued at more than \$45 billion. I am charged with investing these assets for the benefit of more than 220,000 beneficiaries.

From the perspective of a universal owner, with exposure to every sector of our global economy, I view climate change as one of the most significant systemic risks to the long-term value of our investments. According to S&P Global, 66% of major global companies own physical assets that are exposed to high risk of physical risk associated with climate change.¹ As such, I appreciate the opportunity to offer comment on the Proposed Rule, and commend the efforts of the Securities and Exchange Commission in drafting a framework that endeavors to standardize disclosures of material information related to climate risks.

The State of Connecticut and the CRPTF have a long history of focusing on climate change and, in particular, the risks to shareholder value. In 2003, we were the first public pension fund to file a shareholder resolution calling for disclosure of greenhouse gas emissions (AEP). Our engagement with AEP continues, as we serve as co-lead with New York State Comptroller Thomas DiNapoli and the New York Common Retirement Fund on a five-year engagement as part of our work with Climate Action 100+. And since I was elected State Treasurer in 2018, I have intensified the pension funds' approach to addressing both the risks and opportunities around climate change -- doubling down on engagement and expanding our commitment to affirmative investment in renewable energy and infrastructure strategies. My Office has filed numerous shareholder resolutions seeking greater transparency around progress toward the goals of the Paris Agreement, and we have actively engaged companies on strategies for mitigating the worst consequences of climate change.

Engagement with our portfolio companies around the risks posed by climate change has proven to be an effective strategy for holding boards accountable for their oversight of climate risks and has, we

¹ <https://www.spglobal.com/esg/education/essential-sustainability/climate/physical-risks>

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believe, significantly improved their disclosures to investors. In February 2021, my office updated our proxy voting guidelines to allow for a vote against directors individually, or the entire board, where a company has failed to align their business plans with the goals of the Paris Climate Agreement, to establish a plan to achieve net-zero emissions by 2050, or where a director individually or the entire board have failed to exercise appropriate risk oversight of environmental and social issues. In casting these important votes, we rely on available climate data to assess whether companies have set adequate net-zero goals. Current data is available to us only through voluntary disclosure, and our engagement is challenged by the absence of common standards that would allow for comparison of companies across sectors, industries and jurisdictions. Were the SEC to require uniform disclosure of climate risk exposures, strategies and scenario planning – in particular, data in line with the Task Force on Climate-Related Financial Disclosures (“TCFD”) – investors would be able to more effectively manage the risks across their portfolios and to chart their own path toward a low-carbon economy.

Beyond the usefulness of standardized climate disclosures to our engagement efforts, we endeavor to ensure consistency amongst our external asset managers in terms of how they integrate climate risks into long-term investment strategies. With a more universal standard that takes from the TCFD framework and is aligned with the International Sustainability Standards Board, the CRPTF can gain a clearer picture of where material climate risks lie and the information asymmetry that has beset investors for decades.

While it is apparent that climate risks vary across sectors, asset classes and regions, I commend the Commission for including provisions within the proposed rule that focus on materiality. Particularly helpful are the requirements to describe the climate-related risks that are “reasonably likely to have a material impact on the registrant, including on its business or consolidated financial statements, which may manifest over the short, medium, and long term...” Also of relevance are the provisions related to “[s]trategy, business model, and outlook.” Climate risks have tangible and identifiable financial impacts, and it is essential to have disclosure of these risks for efficient and data-driven investment decision-making.

In closing, I support the Proposed Rule as an essential pathway toward greater transparency, thereby allowing investors such as Connecticut to more meaningfully measure and mitigate the climate risks in their portfolios.

Thank you for the opportunity to provide comments on this critical Proposed Rule.

Sincerely,



Shawn T. Wooden  
Treasurer  
State of Connecticut