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,

Ecofin 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. 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. The proposed climate-related disclosures are in step with the Commission's mandate to protect investors, maintain fair and efficient markets and facilitate capital formation. The proposal is also responsive to investor and public demand and lays the groundwork for alignment with global regulatory peers who have made strides toward mandated, standardized climate-related financial disclosures.

Ecofin is a sustainable investment firm with roots dating to the 1990s. Ecofin manages portfolios that deliver strong risk-adjusted returns while making a true impact on the environment and society. The Ecofin team has significant experience and expertise investing in sustainable infrastructure, energy transition, water and social impact. Our strategies seek to achieve positive impacts that align with the UN Sustainable Development Goals by addressing global issues in climate action, clean energy, water, and sustainable communities.

As investors, we are exposed broadly to market risk, which includes climate risks. Climate change poses significant and systemic risks to financial stability and the capital markets.[1] If we are to minimize the systemic risk posed by climate change, we must align investment strategies with the need to reduce greenhouse gas (GHG) emissions by roughly 43 percent by 2030 to hold global warming to just 1.5 degrees Celsius.[1] Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals. Following science-based emission reduction targets also minimizes the disproportionately negative effects of climate change experienced by low income, racially and economically segregated communities.[2] To minimize these compounding economic and market risks, we require access to clear, timely and comparable climate data, and businesses are increasingly recognizing the importance of measuring and disclosing their impacts on a broad set of stakeholders. The Proposed Rule would provide clear and consistent climate related analytics for systemic risk mitigation, as elements of the Proposed Rule will be critical in obtaining information from companies that inform investment decisions in line with the latest climate science to avoid the worst climate related impacts to our investment portfolios. In turn, this empowers us to (1) evaluate an issuer's climate risk-related exposure and (2) better assess physical risks associated with climate-related events and/or transition risks associated with the shift to a low-carbon economy.

[1] Report on Climate-Related Financial Risk, Financial Stability Oversight Council, 2021, https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf

[2] Climate Change and Social Inequality, Department of Economic & Social Affairs, 2017, https://www.un.org/esa/desa/papers/2017/wp152_2017.pdf

We are therefore supportive of the Proposed Rule’s inclusion of disclosures on companies’ Scope 1, 2 and 3 GHG emissions, all of which are necessary for investors to understand the full extent of a company’s exposure to climate risks. The 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.

As an institutional investor, we incur significant annual costs for collecting, analyzing and reporting the emissions data that would be covered by this proposal. Mandatory reporting ensures consistency, comparability and veracity of information that may not be addressed under a voluntary reporting market.

We believe the Commission’s Proposed Rule does attempt to provide clear, consistent and comparable reporting from companies to produce useful investment insights and ensure financial markets can properly price and act on both the physical and transitional risks related to climate change. To that end, we ask the SEC to consider the following changes to the Proposed Rule:

Recommendations:

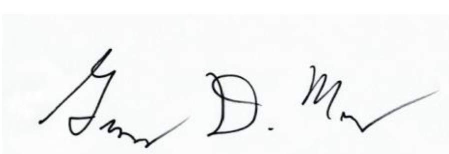
- We recommend that companies’ reporting align with the goals of the Paris Agreement and with the Science Based Targets initiative. We recommend companies set and report on interim targets including 2030 to ensure transparency of physical and transitional risks. Reporting should include business plans to achieve the targets.

- We recommend universal disclosure for Scope 3 GHG reporting within 3-5 years of the final rule, regardless of whether companies have stated commitments or internal carbon prices at the time of the Rule. This will ensure fair, orderly, and efficient information sharing for investors to understand and manage risk. The Rule should seek to avoid punishing companies that have been proactive in setting targets and tracking Scope 3 emissions by requiring them to report while not requiring those companies that have been slower to act in this regard to do so. Instead, the Rule should seek to set a level playing field where all companies are required to report on Scope 3 after a set time period (3-5 years) that is long enough for companies to prepare, but short enough to be useful given the urgency of the climate crisis.

Thank you for the opportunity to provide comment on the Proposed Rule, and thank you to the Commission for taking this critical step to address the systemic risks associated with climate change.

For further discussion or questions, please feel free to contact me.

Best regards,



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