Wespath

Wespath Benefits and Investments
1901 Chestnut Avenue
Glenview, IL 60025-1604
wespath.org

June 14, 2022

Ms. Vanessa A. Countryman
Secretary
U.S. 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 Disclosures for Investors

Dear Ms. Countryman,

We appreciate the opportunity to respond to the Securities and Exchange Commission's (SEC) request for comment on the proposed rule related to "Enhancement and Standardization of Climate-Related Disclosures for Investors."

Wespath
Wespath Benefits and Investments (Wespath), together with its subsidiaries, manages assets on behalf of retirement plan participants of The United Methodist Church and United Methodist-related charitable institutions. Wespath and its subsidiaries maintain one of the largest faith-based pension funds in the world.

We are a long-term, broadly-diversified investor that believes the stability of markets is dependent on achieving a sustainable global economy, one that must be informed by a disclosure framework that promotes the sharing of material climate-related financial information. Climate-related financial disclosure informs our investment decision-making process by providing context on the risks and opportunities of climate change in relation to the companies in which we invest, ultimately positioning us to better serve our beneficiaries and underlying investors.

Our Long-Standing Support for More Climate Data
We support the SEC's proposed integration of the Task Force on Climate-Related Financial Disclosures (TCFD) and the inclusion of greenhouse gas (GHG) emissions reporting requirements into its proposal for investor disclosures. Access to these enhanced disclosures will not only inform our own investment interests, but also those of the approximately 30 asset managers that invest on our behalf, our industry coalition partners, and the broader financial services industry.

Wespath has regularly advocated for climate-related financial disclosure at the corporate level through the investor-led **Climate Action 100+** initiative, engaging companies on various issues such as investor demand for improved disclosure, scenario analyses that demonstrate resilient company strategy in a net-zero environment, and reasonable assurances in relation to transition plans and TCFD-aligned reports. These expectations are also documented in our **Proxy Voting Policy**, which states, "Wespath may oppose the election of directors who have oversight responsibility for governance of climate risk that have failed to ensure the implementation of such corporate emissions targets with respect to capital expenditure plans, financial statements, policy influence activities, disclosures and/or compensation incentives." The SEC's proposed disclosures are reflective of this collective investor demand for additional climate-related disclosure, which is currently pursued through avenues such as engagement with Climate Action 100+ focus companies and proxy voting.

Our Experience With an Incomplete Climate Data Landscape
We also believe the SEC's provisions requiring assurance of certain GHG emissions disclosures will promote efficiency within broader capital markets, ensuring investors receive accurate, relevant, comparable, and consistent information across the companies in which they invest. For example, as a member of the United Nations-convened Net-Zero Asset Owner Alliance ("Alliance"), we issued **an interim target of** "reducing the carbon intensity of [our] investment funds by 35% from October 2018 levels by 2025." When analyzing our U.S. Equity Fund to establish a baseline for our target, we learned that only approximately 50% of the market value of the fund's investment companies were self-reporting the data we required. For the remaining 50%, we believe that improved data methodology will help alleviate the additional resource expenditures and reliance on third-party data providers currently required to ensure we are on track to meet our objectives. For example, we found through in-depth analysis of one of our most carbon-intensive holdings that the difference between estimated and reported emissions can be as high as 3X. The climate data from this company would be more reliable and consistent if the proposed rules from the SEC were in place. The cost burden of this industrywide challenge to accurately assess climate risk in the current fractured data landscape was recently outlined in the **ERM Cost of Climate Disclosure Survey**.

Proposed Rules Represent Material Improvement
We believe the proposed disclosure rules will promote the more efficient use of stewardship resources in the capital markets. Wespath recently co-authored the Alliance paper, **The Future of Investor Engagement**, in which we identify the "inefficiencies [and limits] of focusing on voluntary, company-by-company disclosure," (page 15) acknowledging that while individual corporate engagements can add value, they often are not the best use of resources. Instead, we believe investors should complement corporate engagement with systemic levers of stewardship, including regulatory requirements, to address climate risk broadly and effectively.

In closing, we strongly support the alignment with TCFD, disclosure of GHG emissions, and reasonable assurance proposed by the SEC. We believe the proposed rules will serve investors seeking to analyze the risks associated with climate change and support the transition to a sustainable global economy. You can read more about our work to support this transition in our **2019-2020 Sustainable Investment Report**.

Thank you for your consideration of Wespath's perspective on these important issues. If you have any further questions, please direct them to my colleague Jake Barnett, Director of Sustainable Investment Stewardship, **jbarnett@wespath.org**, who oversees our corporate governance and climate-focused stewardship activities.

Sincerely,

David H. Zellner
Chief Investment Officer