Chair:
Mr. James F. Sanft *
Concordia Plan Services of
The Lutheran Church—Missouri Synod
1333 S. Kirkwood Road
St. Louis, MO 63122
(314) 885-6701

Secretary:
Ann T. Stillman
Concordia Plan Services of
The Lutheran Church—Missouri Synod

Treasurer:
Robert A. Bouché
Concordia Plan Services of
The Lutheran Church—Missouri Synod

Vice Chair:
Rev. Jeffrey Thiemann *
Evangelical Lutheran Church in America
800 Marquette Ave., Suite 1050
Minneapolis, MN 55402
(612) 752-4051

Members:
Rev. Dr. Todd Adams
Christian Church (Disciples of Christ)
Mr. Louis Barbarin *
American Baptist Churches
Mr. Brian Bodager *
United Church of Christ
Ms. Barbara A. Boigegrain *
United Methodist Church
Mr. John H. Bolt
Christian Reformed Church in North America
Mr. John Brummitt
National Association of Free Will Baptists
Mr. Scott Dolfi *
Young Men's Christian Association
Mr. Mark Dowley
Free Methodist Church of North America
Mr. Nevin Dulabaum
Church of the Brethren
Dr. Craig A. Dunn
Wesleyan Church
Mr. Ed Dunnington
Presbyterian Church in America
Mr. Curtis Farmer
Christian and Missionary Alliance
Mr. Rob Fox
CBF Church Benefits
Mr. Bart J. Francescone
Evangelical Presbyterian Church
Mr. Kevin Gilmore
Church of the Nazarene
Dr. O. S. Hawkins *
Southern Baptist Convention
Mr. Ken Hochstetler
Mennonite Church
Mr. Reggie Hundley
Christian Churches Pension Plan
Mr. Michael Kimmel
Reform Pension Board
Mr. Steve Klimkowski
Evangelical Covenant Church
Rev. Richard Nugent
Unitarian Universalist Association
Rev. Jim M. O'Bold
Board of Pensions of the Church of God (IN)
Ms. Kelly Oliveira
Reformed Church in America
Mr. Joshua Peterman
Wisconsin Evangelical Lutheran Synod
Mr. Jonathan Phillips
International Church of the Foursquare Gospel
Br. Michael F. Quirk, FSC *
Christian Brothers Services
Mr. Arthur D. Rhodes
Church of God Benefits Board (TN)
Mr. Edwin G. Romero
General Conference of Seventh-Day Adventists
Ms. Rachel Roth
American Conference of Cantors
Mr. Mitchell J. Smilowitz *
Joint Retirement Board for Conservative Judaism
Rev. Frank C. Spencer *
Presbyterian Church (U.S.A.) Board of Pensions
Rev. Ric Stanghelle
Evangelical Free Church of America
Rev. Bernard E. Tanis
Converge / Baptist General Conference
Mr. James P. Thomas
Churches of God, General Conference
Ms. Mary Kate Wold *
Church Pension Group / Episcopal Church

*** Steering Committee Members***

CHURCH ALLIANCE

Acting on Behalf of Church Benefits Programs

Counsel:
K&L Gates LLP
1601 K Street NW
Washington D.C. 20006
Tel (202) 778-9128
Fax (202) 778-9100

June 14, 2021

Via Electronic Mail

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F St. NE
Washington, DC 20549

Re: Public Input on Climate Change Disclosure Rules and Guidance

Dear Chair Gensler:

The Church Alliance appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC or Commission) request for public input regarding climate change disclosure rules and guidance.

First formed in 1975, the Church Alliance is a coalition of 37 church benefit boards, covering mainline and evangelical Protestant denominations, two branches of Judaism, and Catholic schools and institutions. Our member benefit programs provide retirement and health benefits to more than one million clergy, lay workers, and their family members.

Our members seek to be faithful stewards of the finances entrusted to them. Consequently, our members aim to execute mission-driven, sustainable investment strategies that both provide the retirement security and health benefits on which their members rely and reflect their communities' beliefs. To be effective stewards, our members, like other institutional investors, need access to consistent, comparable, reliable, and decision-useful disclosures about a wide range of environmental, social, and governance (ESG) information.

We commend the Commission for recognizing investors' need for these types of disclosures and soliciting public input on climate change and, more broadly, an ESG disclosure framework. As the Commission considers the public comments and drafts a proposed rulemaking, we urge you to not conceive of ESG disclosures too narrowly. Rather, the Commission should be guided by investors' views of material information.

Responses to Select RFI Questions

Below, we provide comments addressing several of the questions posed in the Commission's request for information. Silence with respect to any particular question or component within a specific question does not express any view on the unaddressed question or component. We look forward to the Commission's issuance of a proposed rulemaking, and we may provide additional comments at that time.

Question 3: What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them? Should those standards satisfy minimum disclosure requirements established by the Commission? How should such a system work? What minimum disclosure requirements should the Commission establish if it were to allow industry-led disclosure standards? What level of granularity should be used to define industries (e.g., two-digit SIC, four-digit SIC, etc.)?

Mandatory disclosure standards are critical to establishing and maintaining a common disclosure framework that will produce consistent, comparable, reliable, and decision-useful information about climate change-related risks and opportunities, as well as other ESG factors. The fragmented disclosure framework currently in place, whereby investors must negotiate with individual issuers to obtain certain material ESG information, hinders the ability of our members, and their investment managers, to effectively compare risks and opportunities across issuers. As a result, it is unnecessarily difficult to evaluate the opportunity cost of any particular investment in terms of our exposure to climate change-related and other ESG risks and opportunities. Accordingly, investors need a mandatory disclosure framework to better inform their ESG-related investment decisions.

Moreover, the Commission should establish industry-specific standards because ESG considerations vary by industry. Tailoring climate and ESG disclosures on an industry basis will enable investors to access material information more efficiently. Specifically, industry-specific standards would prevent issuers from dumping ESG data that is not actually pertinent to that issuer's particular industry. Such measures protect investors from becoming overwhelmed by large amounts of immaterial ESG disclosures, which would only hamper their ability to make ESG-related investment decisions. To that end, we believe the Commission should consider using a two-digit industry classification schema, like the Sustainability Accounting Standards Board's (SASB) "Sustainable Industry Classification System," to design an efficient, tailored disclosure framework.

The Commission also should take investors', registrants', and other market participants' input and experience in developing voluntary disclosure standards into account as it moves forward with a rulemaking. The work done by many investors, in partnership with many issuers, to develop mutually agreed-upon disclosures can help inform a baseline for which climate and ESG disclosures are material.

Establishing a mandatory minimum disclosure framework may have the added benefit of reducing shareholder resolutions because shareholders will have access to the data they often seek through those resolutions. Many shareholder resolutions, particularly over the last several years, seek to

obtain climate change-related risk information. If issuers are required to disclose this information, and to do so in a manner that is comparable to other issuers, shareholders may not need to file these resolutions. We believe that a mandatory minimum disclosure framework would, therefore, be more cost-effective and beneficial for both shareholders and issuers.

Question 6: How should any disclosure requirements be updated, improved, augmented, or otherwise changed over time? Should the Commission itself carry out these tasks, or should it adopt or identify criteria for identifying other organization(s) to do so? If the latter, what organization(s) should be responsible for doing so, and what role should the Commission play in governance or funding? Should the Commission designate a climate or ESG disclosure standard setter? If so, what should the characteristics of such a standard setter be? Is there an existing climate disclosure standard setter that the Commission should consider?

Ultimately, we believe the Commission should be responsible for designing, maintaining, and, when necessary, updating the disclosure requirements. Standards should focus on capturing material information and, as such, be updated based on input from investors and other market participants. However, we also think it would be constructive for the Commission to review the benefits and disadvantages of establishing a dedicated standard-setter subject to Commission oversight. There are several frameworks and organizations the SEC can review in drafting its proposed rule, including the Taskforce for Climate-related Financial Disclosure (TCFD) and the SASB.

Question 9: What are the advantages and disadvantages of developing a single set of global standards applicable to companies around the world, including registrants under the Commission's rules, versus multiple standard setters and standards? If there were to be a single standard setter and set of standards, which one should it be? What are the advantages and disadvantages of establishing a minimum global set of standards as a baseline that individual jurisdictions could build on versus a comprehensive set of standards? If there are multiple standard setters, how can standards be aligned to enhance comparability and reliability? What should be the interaction between any global standard and Commission requirements? If the Commission were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?

In theory, a single set of global standards is an attractive proposition. However, we do not believe it is feasible to develop such a standard. It would be difficult for any global set of standards to balance international requirements in a cohesive manner while still aligning with the relevant jurisdictional ESG regimes and their existing requirements. Nevertheless, there are some international approaches that could serve as helpful models to the Commission as it develops its disclosure framework. As discussed, we support building on existing guidelines developed by the TCFD and the SASB.

Question 10: How should disclosures under any such standards be enforced or assessed? For example, what are the advantages and disadvantages of making disclosures subject to audit or another form of assurance? If there is an audit or assurance process or requirement, what organization(s) should perform such tasks? What relationship should the Commission or other

existing bodies have to such tasks? What assurance framework should the Commission consider requiring or permitting?

We believe that having some form of assurance that the information disclosed is accurate would be appropriate and helpful to investors. Assurances are important to investors for instilling reasonable confidence that the issuer's financial reporting accurately reflects the impact of climate change-related and other ESG risks and opportunities on its business operations. Assurances further support the larger goal of implementing consistent and reliable disclosure standards, which would improve investors' ability to effectively compare risks and opportunities across issuers. However, whether mandated auditing is necessary merits further deliberation as audits could, at least in certain circumstances, impose significant costs. If mandated auditing were to be implemented, the Commission could consider accompanying such a requirement with cost-reducing safe harbor provisions that are conditioned on an issuer's compliance with obtaining such assurances, maintaining appropriate internal controls and procedures, and reporting under prescribed standards.

Question 15: In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters. Should climate-related requirements be one component of a broader ESG disclosure framework? How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard? How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?

As others have noted, "the SEC has a critical role to play in ensuring that the U.S. disclosure regime delivers robust, actionable information that will accurately disclose the impact of the climate crisis on companies and the impacts of companies on the climate crisis. Doing so will help companies, investors, regulators, and policymakers drive a successful transition to a net-zero economy."[1] We agree and we note further that there is no need to isolate climate change-related disclosures from other ESG disclosures, nor limit disclosures to climate change-related risks and opportunities.

We encourage the Commission to design an ESG disclosure framework that incorporates, but is not limited to, climate change-related risks and opportunities. There is a wide range of material ESG issues that issuers should disclose so that investors can make informed investment decisions that meet both their values and investment goals. For instance, the SEC's disclosure framework should include mandatory disclosures of material sustainability, governance, and human capital management data because such data is also critical to, and sought by, investors. Our members integrate ESG factors into their investments because such factors are fundamental to long-term value creation and such strategies align with their faith traditions.

[1] Ross, S. (n.d.). *The Role of Accounting and Auditing in Addressing Climate Change*. Center for American Progress, available at https://www.americanprogress.org/issues/economy/reports/2021/03/01/496290/role-accounting-auditing-addressing-climate-change/.

A comprehensive, industry-specific ESG disclosure framework will make the U.S. disclosure regime more robust and the information disclosed more actionable for investors. On the contrary, surface-level or immaterial disclosures will undermine investors' ability to make informed investment decisions. Our members would be particularly harmed by such disclosures, as they would prevent us from accessing the comprehensive, material information necessary to properly execute our mission-driven investment strategies and provide retirement security and health benefits to the clergy, lay workers, and families we serve.

Conclusion

As the representative of 37 mission-driven stewards of church plans that provide retirement and health benefits for more than one million members, we appreciate the Commission's attention and efforts to establish a mandatory framework for consistent, comparable, reliable, and decision-useful climate change-related and ESG disclosures. Material climate change-related and ESG information is critical to our members' ability to invest for the long-term well-being of their beneficiaries in a manner consistent with their faith traditions.

If you have any questions, please do not hesitate to contact us. Thank you for considering our views.

Sincerely,
The Church Alliance