

MEMO# 33462

April 15, 2021

SEC Commissioner Hester Peirce Statement on ESG Metrics

[33462]

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TO: ICI Members

ESG Advisory Group

ESG Task Force

SEC Rules Committee SUBJECTS: Disclosure

ESG

International/Global RE: SEC Commissioner Hester Peirce Statement on ESG Metrics

On April 14, 2021, SEC Commissioner Hester Peirce issued a statement expressing concerns about efforts to move toward a common set of ESG disclosure metrics.[\[1\]](#) She stated that common disclosure metrics "will drive and homogenize capital allocation decisions" and "constrain decision making and impede creative thinking." She noted that, unlike "financial accounting, which lends itself to a common set of comparable metrics, ESG factors, which continue to evolve, are complex and not readily comparable across issuers and industries." The result of global reliance on a centrally determined set of metrics, she said, "could undermine the very people-centered objectives of the ESG movement by displacing the insights of the people making and consuming products and services."

Commissioner Peirce also stated that "the European concept of 'double materiality' has no analogue in our regulatory scheme and the addition of specific ESG metrics, responsive to the wide-ranging interests of a broad set of 'stakeholders,' would mark a departure from these fundamental aspects of our disclosure framework." She stated that "such a regime would likely expand the jurisdictional reach of the Commission, impose new costs on public companies, decrease the attractiveness of our capital markets, distort the allocation of capital, and undermine the role of shareholders in corporate governance."

She urged a rethinking "of the path we are taking before it is too late."

Annette Capretta

Associate General Counsel

endnotes

[1] SEC Commissioner Hester M. Peirce, Rethinking Global ESG Metrics (Apr. 14, 2021), available at <https://www.sec.gov/news/public-statement/rethinking-global-esg-metrics>. This statement appears in the April 2021 edition of *Views — the Eurofi Magazine*. See Peirce, Hester, "Rethinking global ESG metrics", *Views — the Eurofi Magazine*, April 2021, p.208.

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