



Adrienne Monley
Head of Investment Stewardship—Americas
The Vanguard Group, Inc.
P.O. Box 2600
Valley Forge, PA 19482-2600

Tuesday, September 8, 2020

RE: Managing Climate Risk in the U.S. Financial System, a report of the Climate-Related Market Risk (CRMR) Subcommittee

To the Market Risk Advisory Committee:

The Vanguard Group, Inc.¹ (Vanguard) recognizes the effort of the Commodity Futures Trading Commission, the Market Risk Advisory Committee, and the CRMR Subcommittee to evaluate the potential long-term implications of climate risk on economic and investors' outcomes. I was honored to represent Vanguard on the Subcommittee over the last ten months. For 45 years, Vanguard has been guided by our core purpose "*to take a stand for all investors, to treat them fairly, and to give them the best chance for investment success.*" We approached our contributions to this effort in that spirit, and with particular attention to the impact climate risk could have on the long-term investment outcomes of our collective 30 million investors around the world.

In a series of published *Insights*², Vanguard stated in early 2020 that "the earth's climate is changing in unprecedented ways, with far-reaching implications for individuals, society, companies, and the global economy." As a practically permanent investor in more than 10,000 companies worldwide through our diverse product lineup, we believe that it is prudent for investors, companies, and wider market participants to consider and account for climate risk. Our clients are saving for long-term life goals—such as retirement, a home, or education—which can take decades to achieve. In that same time horizon we believe most companies will affect or be affected by the change in climate, and in each case, a company's risk oversight, effective disclosures, and progress towards risk mitigation will be critical to preserving and creating value for investors.

Through our collaboration on this Subcommittee, we were encouraged by the similarly long-term orientation of other participants; a shared perspective that we believe supports the best interest of all investors. The Subcommittee's work reflected the inputs of its diverse participant organizations, and through our involvement we appreciated the opportunity to learn from different sectors and thought leaders, and to contribute our views. The resulting report—*Managing Climate Risk in the U.S. Financial System*—raises a range of questions about climate-related risks and offers a framework to address potential solutions. Vanguard is committed to continued engagement with public companies, primary regulators and other policymakers to drive progress in those areas which bear on long-term investor outcomes.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrienne Monley", with a long, sweeping flourish extending to the right.

¹ Vanguard is one of the world's leading investment management companies, offering a diverse selection of low-cost investment products—including mutual funds and exchange-traded funds—advice and related services. As of June 30, 2020, Vanguard managed approximately \$6.1 trillion in assets globally on behalf of more than 30 million investors.

² "*Why climate change matters to long-term investors*"; https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/ISWHYC_062020.pdf and "*How Vanguard addresses climate risk*"; https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/ISHVAC_062020.pdf