PRENTISS SMITH & CO
Socially Responsible Portfolio Management

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

June 6, 2022

Dear Ms. Countryman,

We at Prentiss Smith & Company are pleased to support File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors. We appreciate the work the SEC has done in ensuring the proposal meets the needs of investors like our clients for material, comparable climate risk information, while at the same time furthering the SEC's mission to maintain fair, orderly, and efficient markets, and facilitate capital formation.

Founded in 1982, Prentiss Smith & Company is an investment management firm with a particular focus on the social and environmental impact of the investments we make on behalf of our clients. As long-term investors, our clients believe that such impacts, including climate-related impacts, are material. We have clients who request greenhouse gas (GHG) emissions data in order to purchase carbon offsets for their portfolio holdings; clients who seek the opportunity to pursue net zero portfolios; and clients who wish to understand specifically how GHG emissions factor into our investment decisions. In situations such as these, as well as in our general investment approach in which we seek to avoid climate risk, the requirement and standardization of climate-related disclosures would give our firm and clients vastly improved decision-making resources, compared to the unregulated, patchwork nature of currently available disclosures. This patchwork causes us to incur significant research time in locating, auditing and normalizing emissions data in particular, which nevertheless remains incomplete across most of our client portfolios.

We therefore strongly support the inclusion of a GHG emissions reporting *requirement* in the proposal, since this is the only mechanism by which we can fully and fairly evaluate material risks related to climate change in our investment decisions, and deliver more comprehensive data to clients who wish to better understand the risks and impacts of their portfolios in terms of GHG emissions. We also support the SEC's integration of nearly all the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into the proposal. The TCFD recommendations are already broadly used by companies and investors, and include many of the essential elements of climate risk disclosure that we use for our own decision-making.

Prentiss Smith & Company further supports the SEC's provisions for requiring assurance of certain GHG emissions disclosures, and for the phasing in of reasonable assurance over time. Assurance is critical to ensuring that more comprehensive data will also be more accurate data. We additionally support the inclusion of some climate-related information in corporate financial statements, which we believe will further enhance consistency and our ability to clearly evaluate material risk. As managers whose investment decisions are not limited by geography, we also believe global alignment of climate risk disclosure standards is critical; therefore we agree with the SEC's efforts to align your proposal with developing ISSB climate risk disclosure standards.

Finally, we believe the proposal's provisions requiring Scope 3 emissions disclosure, if material, are critically important. On behalf of our clients, we dedicate significant time and resources to trying to understand and evaluate the climate impacts of supply chain deforestation and land use change by food and beverage companies; the impacts of fossil fuel financing by banks; and the Scope 3 emissions of many other companies within our client portfolios. We therefore believe Scope 3 emissions disclosure should be required of *all* companies, including smaller reporting companies, with such a requirement being phased in over time as appropriate. At a minimum, the existing draft Scope 3 disclosure requirements could be phased in one year earlier than under the proposed schedule, and earlier or broader adoption could be encouraged by other means as well.

Despite our strong support for a blanket Scope 3 requirement, we realize this may be challenging to implement in the near term, particularly for smaller companies and those with lower, difficult-to-quantify Scope 3 emissions. With this in mind, we do have a concern about the current draft rule's use of goals or targets as a standalone measure of Scope 3 materiality, since we believe this has the potential to discourage companies from setting targets. A broader materiality test might include multiple considerations, e.g. whether a company has set a Scope 3 target; whether it has assessed its Scope 3 emissions; whether its specific industry has relevant standards for determining materiality; and whether factors specific to the issuer make Scope 3 emissions material. In dialogues with our clients, and with the companies they are invested in, our firm has given particular thought to the materiality of Scope 3 emissions for food and consumer staples companies linked to deforestation and land use change, and for banks involved in financing fossil fuel exploration, extraction, refinement, production or distribution. For food and consumer staples companies, we believe the 40% materiality threshold generally functions as a suitable trigger for Scope 3 Emissions disclosure. In the case of banks, while we are pleased with the SEC's inclusion of "financed emissions" in the Scope 3 category "Investments," we believe further specificity from the SEC regarding activities that qualify as "financed emissions" would help our firm and its clients better evaluate the serious transition risks faced by banks engaged in such financing. Again, while we strongly believe Scope 3 emissions disclosure must ultimately be required of *all* companies, we also feel these changes would strengthen the rule's current approach regarding Scope 3 emissions disclosure.

On behalf of Prentiss Smith & Company and our clients, I want to reiterate our strong support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors. Thank you in advance for your consideration of our comments.

Sincerely,

Ethan K. Birchard, Director
Prentiss Smith & Company