June 15, 2022

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Comments on Proposed Climate-Related Disclosures, File No. S7-10-22

As more companies disclose climate-related information such as GHG emissions metrics, targets and goals, and risks that impact a company's business, there is a need for consistent, comparable, and reliable climate-related disclosures. The SEC's proposed climate-related disclosures attempt to address this need, but the proposed disclosures go far beyond what is needed by investors, regulators and other stakeholders. In my 50-year professional career[1], I've never seen proposed disclosures as broad and complex in scope and oppressively burdensome and costly to implement.

Rather than respond to the 200+ individual requests for comment in the proposed rules, I will provide comments on three major issues.

Some of the proposed disclosures are conceptually flawed. As an example, the proposed rules would require disclosure of Scope 3 emissions if material or if a registrant has set a GHG emissions target or goal that includes Scope 3 emissions. If required to disclose Scope 3 emissions, a registrant would also be required to describe the data sources used to calculate those emissions to assist investors in assessing the reliability and accuracy of the registrant's Scope 3 emissions disclosure. The SEC acknowledges on page 160 of the proposed rules that "Scope 3 emissions typically result from the activities of third parties in a registrant's value chain and thus collecting the appropriate data and calculating these emissions would potentially be more difficult than for Scopes 1 and 2 emissions". This is an obvious understatement. The proposed Scope 3 disclosures are conceptually flawed and fail to address the realities of the availability and accuracy of climate data. The proposed rules do not adequately address several important issues, including double counting emissions by different companies, emissions that are driven by consumer decisions rather than a company's operations, and obtaining complete, accurate and timely data from private companies that are not subject to SEC regulations or timelines.

The implementation timeline is unrealistic. Although the proposed rules provide for a phase-in period for the proposed disclosures and accommodations for certain disclosures, the proposed implementation timeline to meet the proposed reporting dates is unrealistic given the extensive scope and complexity of the proposed disclosures. Many companies will have to design and implement processes, internal controls, and information systems for compiling and analyzing data required to make the proposed disclosures. Also, some of the data required to calculate Scope 3 emissions would have to be obtained from private companies, which are not subject to SEC regulations and timelines. The proposed disclosures do not provide enough time for companies to compile and analyze data and prepare disclosures for inclusion in their Form 10-Ks. For companies required to make the proposed disclosures beginning in 2023 (assuming the proposed rules will be adopted with an effective date in December 2022), completing the work required will be burdensome and costly.

[1] Includes 16 years as an independent board member of publicly traded companies and 33 years in public accounting.

The cost of implementation will be unreasonably excessive for many companies. The SEC's estimate of the costs to implement the proposed rules is unrealistic and understated by a material amount. These estimates do not include all costs (both internal and external) related to designing and implementing processes, internal controls and information systems for compiling and analyzing data required to make the proposed disclosures; the cost of additional resources (employees, consultants and contractors) required to prepare the disclosures; and the cost for attestation by independent attestation service providers.

In summary, the SEC's proposed climate-related disclosures do not adequately consider 1) evolving climate-disclosure standards being developed by standard-setting organizations and industry groups, 2) the complex conceptual and practical issues that impact many of the proposed disclosures, 3) the realities of the availability and accuracy of climate data, 4) the extensive time required for companies to compile and analyze data for preparing meaningful disclosures, 5) the time required and the cost for attestation by independent attestation service providers, and 6) the balance between the benefits of the disclosures and the true costs of implementation and compliance. In their present form, the proposed rules do not efficiently or effectively improve climate-related disclosures. In my opinion, the SEC should reconsider this proposal in its entirety.

Thank you for the opportunity to provide my comments on this important matter.

Victor Burk

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