



June 14, 2022

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

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

Ms. Countryman:

The Committee on Mission Responsibility Through Investment (MRTI) of the Presbyterian Church (U.S.A.) (PCUSA) submits this comment in support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (the “Proposed Rule”). We are deeply grateful for the Commission and SEC Staff’s substantive work leading to this groundbreaking Proposed Rule that will drive standardized disclosures and provide investors with useful climate-related financial information crucial to investment decisions.

The Presbyterian Church U.S.A. (PCUSA) is a mainline protestant denomination with 1.1 million members in all fifty states and Puerto Rico. The General Assembly, the highest governing body of the PCUSA, sets policy and creates implementation structures on behalf of the church. The General Assembly of the PCUSA established MRTI in 1971 to implement the church’s policies with respect to the investments held through church-related agencies, including the Board of Pensions and the Presbyterian Foundation, with combined portfolios of \$14.3 billion. MRTI conducts shareholder engagement on behalf of the Board of Pensions and the Presbyterian Foundation.

The PCUSA is a founding member of the Interfaith Center of Corporate Responsibility (ICCR), a 50-year-old coalition of more than 300 faith- and values-based institutional investors representing over \$4 trillion in assets under management who engage with hundreds of corporations on their environmental and social impacts. ICCR members have been engaging for decades with companies on the risks posed by climate change and therefore deeply understand the value of comparable, consistent, and reliable climate-related information.

MRTI believes climate-related disclosures are critical for effective investment analysis and decision-making and we support many components of the Proposed Rule’s measures to establish a baseline of climate risk information accessible to investors of all sizes, as outlined below. We also offer recommendations for strengthening the Proposed Rule to improve the consistency and comprehensiveness of the resulting disclosures.



The climate crisis is only becoming more urgent. The scope and materiality of the categories covered by the Proposed Rule is a clear reflection of the Commission’s recognition of this urgency. The latest IPCC report from April 2022 reaffirms the need for “immediate and deep emissions reductions across all sectors” to limit global warming to 1.5 degrees Celsius.¹ Meanwhile, many investors believe companies must have clear decarbonization strategies and commitments backed by science-based transition plans in place to mitigate climate-related risks. Decisions that companies and investors make today will have long-term impacts on emissions and climate-related matters.

The disclosure of material and systemic risks of climate change will help companies and investors to understand, price, and manage climate risks and opportunities. Inclusion of climate-related disclosures in the financial statements (Reg S-X) and in accompanying (Reg S-K) disclosures regarding company strategies, financial impacts, risk management, GHG emissions data, offsets, etc. will offer greater accessibility and assurance of this information to investors.

The Proposed Rule’s mandatory disclosures will fill essential gaps for investors and will do so in a cost-effective manner. To this point, voluntary disclosures have been insufficient to meet investors’ needs for comparable, consistent, and reliable information from issuers. The lack of a regulatory mandate has led to inconsistent information across multiple reporting regimes, causing cherry-picking among companies regarding which metrics and information to disclose, as well as confusion among investors about which disclosures to trust and use. This also makes it difficult to compare company progress across sectors.

Requiring Scope 1 and 2 greenhouse gas emission data is critical for investors to understand how companies are managing climate risk. Having consistent disclosure of these metrics will help us determine whether a company’s actions are in-line with their stated climate goals.

We support mandatory disclosure of Scope 3 emissions but recommend that the SEC require Scope 3 disclosure for all registrants. The decision of whether to disclose Scope 3 emissions should not be conditioned on the reporting company conducting a materiality assessment given the broad demands of the market for Scope 3 information. The SEC should create the conditions necessary for an orderly development of needed market information by creating a consistent Scope 3 requirement.

The proposed rule does not request disclosure of company climate lobbying positions and their consistency with a company’s net-zero commitments. We’d like to see a change that addresses climate policy in disclosure regarding risk management, business strategy, and transition plans and targets. We’ve engaged several large oil and gas, transportation, utility, and insurance companies on disclosing their lobbying positions. This information is crucial for determining how a company is managing climate risk and whether their actions are in-line with their stated goals (as mentioned above). We also support the idea that the SEC should be prepared to scrutinize

¹ https://www.ipcc.ch/site/assets/uploads/2022/04/IPCC_AR6_WGIII_PressRelease_English.pdf



company strategy and transition disclosures, and the omission of inconsistent lobbying position could be a misleading omission by a company that would necessitate enforcement action.

The rule proposal does little to address the how social impacts of the climate transition may pose materials risks to a company and its ability to meet its climate goals. The proposed provisions on strategy, targets, and transition plans are all currently missing important issues regarding the materiality of societal impact and issues of fairness in the transition on the company.

The proposed rule requires a registrant that has adopted a transition plan to discuss how it plans to mitigate or adapt to any identified transition risks, including “Changing demands or preferences of consumers, investors, employees, and business counterparts” This provision should be extended to “Changing *needs* and preferences of consumers, investors, the workforce, and business counterparts, *as well as the changing needs and preferences of the public, including affected fence line and indigenous communities.*”

The definition of transition plans should also include considerations related to social impacts of the company’s actual and planned climate transition activities, i.e., any impacts to workers and affected communities and the associated material business risks.

We urge the SEC to include disclosures regarding Indigenous Peoples’ rights and climate related risks where they are directly or indirectly impacted by listed companies’ operations, business model, transition risk mitigation plans, and emissions. Environmental health and human health are deeply intertwined for Indigenous Peoples, and issues relating to Indigenous rights risk are often inseparable from issues relating to climate. Recent reports from IPCC have acknowledged with “high confidence” that adaptation efforts benefit from the inclusion of local and Indigenous knowledge. Climate and transition-related disclosures containing information about a registrant’s Indigenous Peoples due diligence would serve as a decision-useful metric for investors.

The climate crisis requires immediate action to mitigate the growing threats to financial markets and the economy, and, more importantly, to people. We appreciate the steps the Commission has taken and ask the SEC to strengthen the elements of the Proposed Rule to ensure investors and companies have uniform, comparable information to best manage such risks. We appreciate the opportunity to participate in this rulemaking and thank you for your consideration of our comments. For further discussion or questions, please contact: Rob Fohr, [REDACTED]



Presbyterian Mission
**Mission Responsibility
Through Investment**

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Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Fohr".

Rob Fohr
Director of Faith-Based Investing and Corporate Engagement
Presbyterian Church U.S.A.

Cc: Rev. Kerri Allen, Chair, Committee on Mission Responsibility Through Investment of the
Presbyterian Church U.S.A.