THE EDUCATIONAL FOUNDATION OF AMERICA

EFA 1959

June 7, 2022

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

Dear Ms. Countryman,

The Educational Foundation of America, a private family foundation located in Garrison, New York, writes in support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors. We appreciate the Commission's work to ensure the proposal meets the needs of investors for material climate-related information and also furthers the SEC's objectives to maintain fair, orderly, and efficient markets and to facilitate capital formation.

The Educational Foundation of America (EFA) is an active public asset owner that for many years has managed its investment portfolio to promote environmental and social corporate responsibility through the choice of its investments and through shareholder engagement. We rely on our investment advisor to help identify and engage portfolio managers to implement the Foundation's Investment Policy Statement, based originally on Socially Responsible Investing (SRI) principles, and now Environmental, Social, and Governance (ESG) principles, which includes close attention to climate change mitigation and climate-related financial risks. We require our portfolio managers to assure that the investments they make for EFA comport with our principles, foremost among them monitoring fossil fuels finance activity and financed emissions, as well as investing in measurable climate change mitigation solutions.

The Educational Foundation of America's Investment Policy Statement focuses, in part, on greenhouse gas and carbon dioxide emissions reductions. For example, in the finance sector, as reasonable investors with these goals, we therefore need to understand and assess net-zero emissions commitments made by lending and investment banks, insurance companies, and other publicly owned businesses in which EFA invests. A key to our ability to monitor and assess company performance around ESG and climate-related risk mitigation goals, as a reasonable investor making investment decisions with available financial and non-financial information, is credible greenhouse gas emissions reduction data and climate-related information disclosed by these companies.

The Educational Foundation of America supports the SEC's proposal because it would result in actionable, comparable climate risk information that would vastly improve disclosures currently available from most public companies. We appreciate the SEC's integration of nearly all of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into your proposal, because the TCFD recommendations cover many of the essential elements of climate risk disclosure that we use for our decision making and are broadly supported and used by companies, investors, and securities regulators worldwide. We also support the SEC's inclusion of a greenhouse gas (GHG) emissions reporting requirement in the proposal, because this information is critical to our understanding of the quality of a company's earnings in the face of climate change risks and the energy transition.

The Educational Foundation of America supports the SEC's provisions for requiring assurance of certain GHG emissions disclosures. Measuring Scope 3 emissions is central to corporate responses to climate change. Conditioning disclosure of Scope 3 emissions on a materiality assessment by companies is highly problematic, as other comments have documented, because it conditions disclosure on judicial interpretations of materiality which diverge significantly from actual market conditions and institutional investor needs. That is why we strongly recommend that the SEC require Scope 3 emissions disclosure for all public companies, phasing in Scope 3 disclosures for smaller registrants on a longer timeframe.

Further, because climate-related impacts or risks can materially affect a company's financial position and operations, we support the inclusion of some climate-related information in financial statements; this also promotes consistency in information across a company's reporting. Finally, global alignment of climate risk disclosure standards is essential to both investors and issuers, so we support the SEC's efforts to align its proposal with developing ISSB climate risk disclosure standards.

The national and global economy is rapidly adjusting to how energy and material resources are produced and distributed due to many factors including the investment and financial risks posed by climate change. Part of the mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. Given the scale and pace of decarbonization activity necessary and occurring throughout the economy, it is clear that the state of knowledge, field testing and calculation throughout supply chains will advance rapidly, such that the proposed requirement to provide updated climate related reports annually is appropriate. In this sense, the proposed Enhancement and Standardization of Climate-Related Disclosures for Investors is needed as much by the SEC as it is by investors, in order to maintain fair, orderly and efficient markets regardless of judicial determinations about the materiality of climate-related disclosure information.

The Educational Foundation of America is a member of the Interfaith Center on Corporate Responsibility (ICCR) and affirmatively associates itself with the ICCR comments to SEC on the Proposed Climate Disclosure Rule.

Thank you very much for your consideration of our comments.

Sincerely,

David Stocks
Executive Director