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OAKLAND, CA 94612
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Friday June 17, 2022

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

RE: The Enhancement and Standardization of Climate-Related Disclosure for Investors File Number S7-10-22

Dear Ms. Countryman,

On behalf of The Greenlining Institute, we write in strong support of the Security and Exchange Commission (SEC)'s proposed rule on The Enhancement and Standardization of Climate-Related Disclosure for Investors ("Proposed Rule"). We offer some specific recommendations for how the Proposed Rule can be further strengthened to ensure adequate information is provided to investors regarding impacts to low-income communities and communities of color that bear a disproportionate burden of climate change.

Founded in 1993, The Greenlining Institute ("Greenlining") is committed to building a just economy that is inclusive, cooperative, sustainable, participatory, fair, and healthy. Our multifaceted advocacy efforts address the root causes of racial, economic, and environmental inequities in order to meaningfully transform the material conditions of communities of color in California and across the country.

In practice, Greenlining has worked with financial institutions and their respective regulators to promote robust access to capital and investments in low-income communities and communities of color in order to foster a sustainable, more equitable future. We also have a long track record of directing climate-related investments to these same communities to support climate mitigation and adaptation activities. Through this work, we have learned important lessons and gathered a strong understanding of how large institutions can support self-determination and boost climate resilience in low-income communities and communities of color. We know that economic equity and environmental justice are inextricably linked. and that this Proposed Rule offers a unique opportunity to begin addressing some of the root causes of those challenges.

Investors have long called for companies to develop meaningful practices in regard to environmental, social, and governance (ESG) factors. While the Proposed Rule presents a strong step forward in meeting investor demand with critical information related to risk, emissions, and governance, we at Greenlining believe more information could be provided to understand how registrants are grappling with potential environmental justice implications of climate change and their business practices.

We offer the following recommendations to help reinforce the Proposed Rule to ensure environmental justice and community impacts are meaningfully considered.

(1) **Climate-Related Risks to Registrants: Require registrants to disclose how they engage communities in assessing transition and physical risk.**

As the Proposed Rule asserts, registrants face a number of risks as a result of climate change, including both physical and transition risk. It is appropriate for climate-related disclosures to include an accounting of these risks and their respective impacts on business and financial statements. The Proposed Rule is appropriately prescriptive and comprehensive, and we commend the inclusion of assessing potential risks to value chains.

In response to Question 15 inquiring about additional information of interest for regarding risk, we recommend requiring registrants to disclose if their analysis of physical and transition risk includes engagement with communities directly surrounding their facilities. This analysis should include descriptions of the registrant's outreach and engagement efforts to communities likely to face climate-related impacts due to their activities. This outreach and engagement could include, but is not limited to, consultation with Native American tribes, hosted meetings and events, and one-on-one meetings. The analysis should also include outcomes or conclusions from such engagement, including any community disputes or potential opposition to registrant activities, as they may relate to climate change. This information will allow investors to comprehend if the registrant has support for their efforts and activities in their surrounding community and understand any potential threats or challenges.

(2) **Climate-Related Impacts on Strategy, Business Model, and Outlook: Require registrants to include disclosures on how companies assess community-level impacts of business activities, including from environmental, climate, and racial justice perspectives.**

In addition to the above recommendation on community engagement and related to Question 12 of the Proposed Rule, we further recommend that disclosures require a detailed analysis of community-level impact of business activities. This information should at a minimum include, but is not limited to: (1) the racial and economic composition of communities directly surrounding registrant's facilities, reported on either a zip code or census tract level; (2) how communities adjacent to registrant facilities may experience positive or negative social and economic consequences as a result of land use changes, ecosystem impacts, and/or use of local natural resources resulting from registrant's activities; and (3) potential impacts to public health, public safety, resilience, and infrastructure as a result of registrant's activities.

Disclosures that do not mandate specific requirements related to community-impact leave investors without critical information to support ESG goals. The information that would be provided in the above proposed disclosure is critical to understanding if a registrant is having a disproportionate environmental impact on low-income communities and/or communities of color - the very communities that are most vulnerable to the impact of climate change. Having this nuanced analysis that digs into the racial and socioeconomic makeup of neighboring communities will allow investors to make more informed decisions about their investment priorities.

(3) **Oversight and Management: Require registrants to disclose if they have incorporated community engagement and environmental justice expertise into their management, board positions, and/or committee work.**

In response to Questions 38 and 41, it is important for investors to understand how issues of climate are being addressed within a company's governance and organizational culture. These disclosures should be required. Additionally, registrants should also disclose how expertise in environmental justice and community engagement is being incorporated into the staff and board structure.

As registrants begin to do the work of disclosing climate-related risk, expertise in maintaining relationships with surrounding communities and understanding of potential disproportionate environmental burden will be key to providing adequate and useful disclosures for investors. Expertise in environmental justice and community engagement will facilitate these efforts.

(4) **Greenhouse Gas Emissions Reporting: Require all large registrants to disclose Scope 3 emissions.**

Scope 3 emissions, being those from a company's entire value chain, represent the bulk of a company's emissions. To not disclose these emissions could undermine the entire purpose of climate-related disclosures. All large registrants should be required to disclose Scope 3 greenhouse emissions. The SEC should not allow companies to self-determine if their Scope 3 emissions are "material," and it should remove the safe harbor from liability for fraudulent Scope 3 disclosures. Scope 3 emissions inventories are becoming more and more commonplace and allowing registrants to self-determine could lead to significant underreporting.

Additionally, in response to Question 107, registrants should disclose the locations of emissions sources for Scopes 1, 2, and 3 emissions either by zip code or by census tract. Understanding the geographic distribution of emissions sources is critical to analyzing potential risk and understanding intersections with other climate-related impacts.

(5) **Targets, Goals, and Transition Plans: Require registrants to disclose transition plans, including plans to engage potentially impacted communities.**

In response to Question 48, registrants should be required to disclose transition plans if they have been adopted. Further, the description of "transition plan" should incorporate potential impacts to communities surrounding the registrant's facilities, as well as plans to engage potentially impacted communities. Investors would benefit greatly from understanding the registrant's approach to dealing with potential

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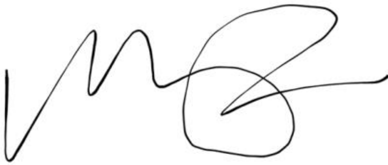
community harms that may result from climate-related impacts. These should be core components of disclosed transition plans.

(6) **Incorporate Private Equity: Expand disclosure requirements to private companies.**

As entities exit public markets, more and more climate-related risk is being stacked in private markets with little regulatory oversight. More specifically, climate disclosures for private debt offerings are key for assessing risks, and without information from registrants, investors and other market participants may be unable to assess their own portfolio risks fully and accurately. The SEC should pursue opportunities to expand covered entities of this proposal and require climate-related disclosure in private markets.

Once again, we appreciate this opportunity to provide comment on the Proposed Rule and look forward to its final adoption.

Sincerely,



Monica Palmeira

Climate Finance Strategist
The Greenlining Institute

CC: The Honorable Gary Gensler, Chair
The Honorable Allison Herren Lee, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner