Dear Securities and Exchange Chair Gensler,

Shareowners are increasingly concerned about climate change and the systemic and material risk it builds into the global economy. As 75 investors with $4.7 trillion assets under management, we write today to underscore the importance of requiring verified Scope 1 through 3 value chain emissions reporting as part of the climate risk disclosure rule, with a particular emphasis on Scope 3 reporting. The SEC has a critical role to play in ensuring that full emissions reporting is timely, comparable, complete, and accurate.

Reporting of greenhouse gas emissions (GHG) is the bedrock of sound investor decision making on climate and transition risk. Investors need robust, complete, and comparable disclosure of emissions data to determine which companies are aligning their business activities with Paris targets, thereby minimizing transition risks -- and which are failing to prepare for the rapidly accelerating and economy wide transition.

For the [majority of issuers](), including companies with carbon-intensive business models, Scope 3 emissions are the largest source of emissions and present the most significant opportunities to influence GHG emissions reductions. Failure to require disclosure and reporting of Scope 3 emissions is therefore likely to result in the largest source of emissions remaining unaccounted for in company reporting and unaddressed in company activities. This in turn impacts a wide variety of actors that rely on accurate and consistent emissions information including investors, banks, insurers, and policy makers.

Partial reporting of Scope 3 emissions, which we are seeing today, can also be misleading to investors. Without rules requiring reporting on all 15 Scope 3 categories[1], investors may assume that a company reporting its Scope 3 emissions is reporting in full, while in reality, it is reporting only a fraction of such emissions. Further, required reporting of only Scope 1 and 2 emissions can incentivize companies to outsource emissions to supply chains, making it appear that they are reducing emissions while, in reality, those emissions are being located elsewhere.

Scope 3 emissions reporting is feasible. While collecting Scope 3 data undoubtedly requires effort, such data gathering drives companies to account for both their own and their value chain emissions, surfaces climate risks and opportunities, and often precipitates climate related assessments and action by suppliers. In engagements with issuers, investors are observing that a significant number of companies are beginning to review their value chain emissions, assess climate related risk, set emissions reduction targets, and develop informed transition plans.[2]

[1] Such reporting includes identifying what categories are de minimis or not relevant.
[2] https://www.cdp.net/en/articles/companies/how-can-companies-address-their-scope-3-greenhouse-gas-emissions

Requiring Scope 3 emissions reporting will expedite and expand the number of issuers taking these important actions.

As the financial system moves to address climate risk, the lack of adequate data is increasingly clear. Reporting of Scope 1 and 2 emissions leaves gaping information holes that banks, insurance companies, asset managers, governments, investors, and innovators must traverse, impeding action and sound decision making. In its February 2022 report on the climate disclosures of 25 major global companies, the New Climate Institute (NCI) found that although Scope 3 emissions account for 87% of these companies' total emissions, Scope 3 emissions generally are not reported with transparency and integrity.

Companies that are poorly prepared for the energy transition may be inclined toward concealing or obfuscating these financial weaknesses from investors. This is a key reason why investors believe that Scope 3 emissions must be reported in the Form 10-K and receive reasonable assurance.

The Commission can create clear requirements and a reasonable phase in period for such reporting. We request that the SEC require tabular disclosure of a company's estimated Scope 1, 2 and 3 greenhouse gas (GHG) emissions, by category, assured at the reasonable assurance level, based on the GHG Protocol's well-accepted framework for measuring and reporting emissions, which covers direct and indirect emissions and the percentage of carbon, methane and other gases. Investors suggest that Scopes 1, 2, and 3 be reported in company 10-Ks in year 1, with reasonable assurance starting immediately for Scopes 1 and 2, and starting in year 2 for Scope 3 reporting. Finally, a safe harbor from liability for Scope 3 reporting could be allowed until year 2. This delay in third party verified assurance will allow issuers to create sound systems for Scope 3 reporting, and auditing firms to ramp up their expertise and capacity. We note that Ernst & Young alone is currently hiring 1,300 new staff members to address ESG issues, stating in a recent Reuters article,[3] "We have also focused on equipping our people with the skills needed to challenge companies on their disclosures and have enhanced our internal climate-related auditing guidance. . . ."

By mandating reliable and comparable Scope 3 disclosures, the SEC would be adhering to best practices, which are increasingly being recognized by other financial regulators. In January 2022, the European Banking Authority issued new requirements for financial institutions to

[3] https://www.reuters.com/markets/funds/corporate-sustainability-push-35-trillion-dollar-conundrum-auditors-2022-02-22/?utm_campaign=ETH%2025FEB22%20Newsletter%20Database&utm_medium=email&utm_source=Eloqua

disclose, among other things, "information on financed greenhouse gas (GHG) emissions, that is, scope 1, 2 and 3 emissions of an institution's counterparties financed by the institution."

Climate is a global problem. As climate-related impacts reach historic and increasingly catastrophic levels, commensurate ambition and action is required. We have seen that voluntary guidance does not result in either quick or comprehensive action by markets. To prompt necessary action, investors support clear and consistent climate related disclosure mandates from the SEC, including full reporting of Scope 1-3 emissions.

Thank you for your consideration of these comments.

Danielle Fugere
President
As You Sow

3/07/2022
Date

Signatories listed alphabetically

Adrian Dominican Sisters, Portfolio Advisory Board
AJF Financial Services
Align Impact
Amalgamated Bank
As You Sow
Augustine Asset Management
Bailard, Inc.
Boston Common Asset Management
Boston Trust Walden
Bullitt Foundation
Change Finance
Christian Ride, Individual Investor
CommonSpirit Health
Congregation of St. Joseph
CoreCommodity Management, LLC
Daughters of Charity, Province of St. Louise
Earth Equity Advisors
Entelligent, Inc.
Etho Capital
Farm Girl Capital
Fennel Markets
Figure 8 Investment Strategies
First Affirmative Financial Network
Friends Fiduciary Corporation
FundX Investment Group
Good Capital Investment Group
Green Century Capital Management
Harkins Wealth Management
Healing Living Systems, Inc.
Impact Capital Strategies
Interfaith Center on Corporate Responsibility
Jesuit Committee on Investment Responsibility
John Riley
Jonas Philanthropies
JSA Sustainable Wealth Management
Local Authority Pension Fund Forum
Manaaki Foundation
Maryknoll Sisters
Merck Family Fund
Mercy Investment Services, Inc.
Miller/Howard Investments, Inc.
Natural Investments
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
Overlook Investments

Parnassus Investments
Proxy Impact
Rachel's Network
Region VI Coalition for Responsible Investment
Rose Foundation for Communities and the Environment
Seva Foundation
Seventh Generation Interfaith Inc
Sierra Club Foundation
Signet Strategic Wealth Management, Inc.
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Francis of Philadelphia
Sisters of the Humility of Mary
Sisters of the Precious Blood
Socially Responsible Investment Coalition
SRI Investing LLC
Sustainable Advisors Alliance LLC
Swift Wings Foundation
Terra Alpha Investments
Terra Blue Wealth Management
The George B. Storer Foundation
The Martha and Hunter Grubb Foundation
The Prentice Foundation
The Russell Family Foundation
The Volgenau Foundation
Trillium Asset Management
Trinity Health
US SIF: The Forum for Sustainable and Responsible Investment
ValuesAdvisor
Veris Wealth Partners
Vert Asset Management