June 14, 2022

Ms. Vanessa Countryman  
Secretary  
U.S. 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 Domestic & Foreign Missionary Society (the corporate name of The Episcopal Church) wishes to submit 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 extremely grateful for the Commission and the SEC for its work which outlined standardized disclosures that will provide investors useful material concerning climate-related financial data.

The Episcopal Church is a member of the Interfaith Center of Corporate Responsibility (“ICCR”), a 50-year-old coalition of more than 300 faith-and values-based institutional investors who engage with hundreds of corporations regarding environmental and social impacts. The Episcopal Church acknowledges the environmental factors such as air and water quality can greatly affect health and well-being. TEC recognizes the significant long-term and short-term benefits of climate risk disclosures which will bring to investors and companies as they continue to control climate risk. Climate change is not only a threat to the global economy but also presents a risk to devastated communities and threatens survival of the most vulnerable.

As a long-term and diversified investor, The Episcopal Church believes climate-related disclosures are critical for effective investment analysis and decision-making. We engage our portfolio companies on a regular basis to encourage more comprehensive disclosure of climate risks and mitigation measures out of our concern for the risk posed not only to individual companies by climate change but also to the overall risk to global markets.
A well-drafted climate disclosure rule will support our efforts and ensure that we are receiving baseline information that is accurate and comparable. The scope and materiality of the categories covered by the Proposed Rule, including the disclosures in financial statements, is a clear reflection of the Commission’s recognition of the urgency of climate-related risks. The Episcopal Church supports the SEC’s proposal because it would result in decision-useful, comparable climate risk information that is vastly improved compared to disclosures that are currently available.

We believe that disclosure of material and systemic risks of climate change will help companies and investors to understand, price, and manage climate risks and opportunities. These activities are not only at the core of efficient securities markets but also are essential to ensuring a just and thriving economy that works for all people and communities. 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. Additionally, this data will enable asset managers to create more investment product that fits our values and holistic views of risk.

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. With the proposed rules, The Episcopal Church and other investors will be able to accurately make comparative analyses during our investment decisions to lower our carbon footprint and during engagements to understand which companies are developing the best leading practices and to push others to adopt those same strategies for positive impacts.

We appreciate the SEC’s integration of nearly all 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 GHG emissions reporting requirement in the proposal because this information is critical to our understanding of the quality of a company’s actions in the face of climate change and its risk exposure to physical climate impacts and in the global transition to cleaner sources of energy. In the absence of such a reporting requirement, TEC and
other investors have been forced to engage companies one by one to encourage full emissions reporting.

For example, TEC has worked with other investors to engage the U.S. oil and gas refining sector for many years, requesting disclosure of emissions data, short- and long-term emissions targets, and climate risk reporting aligned with TCFD. We have used all the tools at our disposal, from ongoing dialogue to filing shareholder proposals, and we are still receiving inconsistent information from companies in the sector, particularly with respect to their disclosure of scope 3 emissions. This sector faces significant transition risk, as demand for their fossil fuel-based transportation fuels declines over time, but also has significant opportunity if they transition to lower emissions products such as transportation biofuels. Understanding a company’s current scope 3 emissions and how it plans to reduce them is critical for making informed investment decisions in the refining sector.

The present climate crisis requires immediate action. The Episcopal Church realizes that the crisis poses financial and economic threats as well as negative effects to all people and the communities in which they live. We are asking the Commission to intensify the elements of the Proposed Rule to guarantee that investors and companies have the necessary information to best handle the threats imposed by the climate crisis. We sincerely thank you for all of the Commission’s work and for all its efforts regarding the Proposed Rule and are thankful for your consideration of our comments.

Best regards,

N. Kurt Barnes
Treasurer and CFO