

## MEMORANDUM

**To:** Comment File (S7-10-22) – The Enhancement and Standardization of Climate-Related Disclosures for Investors

**From:** The Office of the Chief Accountant, U.S. Securities and Exchange Commission

**Date:** October 24, 2023

**Re:** Meeting with PNC

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On October 19, 2023, staff from the Office of the Chief Accountant and from the Division of Corporation Finance met with PNC. The March 21, 2022, proposal related to climate-related disclosures for investors was among the topics discussed. Two slides prepared by PNC that discuss the proposal are attached.

### **Attendees:**

- Greg Kozich, Senior Vice President and Corporate Controller, PNC
- Dan Janiak, Senior Vice President and Director of Accounting Policy and Financial Reporting, PNC
- Mike Yenchek, Senior Vice President and Director of Corporate and Loan Accounting, PNC
- Matt Hoyt, Accounting Policy, PNC
- Hannah Kochanowski, Project Manager, PNC

### **SEC Attendees:**

- Gaurav Hiranandani, Office of the Chief Accountant
- Rachel Mincin, Office of the Chief Accountant
- Meagan Van Orden, Office of the Chief Accountant
- Michelle Leon, Office of the Chief Accountant
- Stephanie Sullivan, Division of Corporation Finance
- James Lopez, Division of Corporation Finance
- Robert Klein, Division of Corporation Finance
- Cara Lubit, Division of Corporation Finance

# CA Climate Disclosure Rules vs SEC Climate Proposal



	A	B	C
	Disclosure Requirements	CA Climate Rules	SEC Climate Proposal
1	Climate-related risks and likely material impacts	Yes (CA 261)	Yes
2	Climate strategy and risk governance to mitigate risks	Yes (CA 261)	Yes
3	Scenario Analysis	Yes, if based on TCFD recommendations (CA 261)	Only if used
4	Scope 1 & 2 GHG emissions	Yes (CA 253) (Limited assurance upon effective date. Reasonable assurance 4 years after effective date)	Yes (Limited assurance one year after effective date. Reasonable assurance 3 years after effective date)
5	Scope 3 GHG emissions	Yes (CA 253) (Limited assurance 4 years after effective date)	Yes, if material (No assurance requirement)
6	Climate-related targets and goals, and transition plan, if any.	N/A	Yes
7	Actual climate-related financial impacts (physical & transition) - financial statement footnote.	N/A	Yes
8	Effective Dates	Scope 1 & 2 - 2026 (for fiscal 2025)  Scope 3 in 2027 (for fiscal 2026)	If finalized this year, earliest date would likely be <b>2025</b> (for fiscal 2024).  <b>Scope 3 in 2026</b> (for fiscal 2025)

- **SEC proposal will require PNC to prepare its current voluntary disclosures at least one quarter earlier.**
  - Will require estimates
- **Scope 1, 2 and 3 GHG Emissions – GHG Protocol Interpretation Issues**
  - Organizational boundaries under SEC proposal – CA rules unknown
  - Equity-method investments are new to Scope 1 and 2
  - Different categories of Scope 3 will require different calculation methods
- **Financed Emissions – Interpretation Issues**
  - PCAF does not address certain sizable balance sheet items for us.
  - SEC proposal and PCAF methodology are not necessarily “aligned” in certain aspects
- **Climate-related data is spread broadly across the bank.**
  - Centralizing and improving non-financial data will take time.
- **Performing SOX work for processes that will likely prove immaterial from a financial reporting perspective.**