

June 14, 2022

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File Number S7-10-22

Dear Ms. Countryman,

The Nathan Cummings Foundation (NCF) is an endowed philanthropic institution working to further racial, economic, and environmental justice. NCF is committed to aligning its investments with its mission and has a long history of using its voice as an investor to engage companies on climate risk. Over the last two decades, the foundation has filed nearly 70 separate shareholder proposals seeking information on various facets of corporations' approaches to managing the risks and opportunities presented by climate change.

The Nathan Cummings Foundation very much supports File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (the "Proposed Rule"). Over the last two decades, NCF has invested significant amounts of staff time and financial resources in efforts to obtain data like that contemplated in the Proposed Rule. For instance, between 2003 and 2010, the foundation gave the organization now known as the CDP more than \$750,000 in grant funding to support efforts to spark voluntary climate disclosure by public companies. Over the last 20 years, the foundation also provided significant support for Ceres' work to support investor efforts to engage companies on climate risk, including offering issue area expertise to investors asking for information on scope 1, 2, and 3 greenhouse gas emissions, carbon asset risk, renewable energy usage and other climate related disclosures. In all, the foundation has provided more than \$1.7 million of grant funding to Ceres to support this work. The foundation has also provided grants to multiple other organizations working to advance aspects of corporate climate risk disclosure over the last two decades, including the Interfaith Center on Corporate Responsibility and Majority Action.

While the Proposed Rule is a significant step in the right direction, we believe it overlooks several areas of climate related disclosure that are of importance to investors. As such, we offer several recommendations for strengthening the Proposed Rule to improve the consistency and comprehensiveness of the disclosures that will result.

Indigenous Peoples' Rights & Climate Related Risks

We believe that the Proposed Rule should be expanded to include disclosures regarding Indigenous Peoples' rights and climate related risks where Indigenous Peoples are directly or indirectly impacted by listed companies' operations, business models, transition risk mitigation

plans, and emissions. There are multiple instances where the failure to obtain free, prior, informed consent (FPIC) from impacted Indigenous Peoples has resulted in material impacts for companies and their investors. One of the most well-known instances relates to the Dakota Access Pipeline, which a 2018 [paper](#) from the University of Colorado found faced significant costs increases due in large part to the failure to conduct an independent due diligence process rooted in human and indigenous rights policies. We therefore believe that climate and transition-related disclosures containing information about a registrant's Indigenous Peoples due diligence would serve as a decision-useful metric for investors.

Along the same lines, we recommend that the Commission require registrants to disclose how they consider Indigenous land tenure and resource management in assessing potential transition risks. Projects that threaten Indigenous Peoples' lands, waters, and resource management practices often garner costly opposition because these actions threaten human rights. For investors, it is critical to recognize that this opposition can result in material risk for corporations.

Just Transition

As investors, we are concerned by the Proposed Rule's failure to address the climate transition's social impacts and their potential to pose material risks to companies. The Proposed Rule should be revised to better reflect the potential social impacts of transition activities, which may pose material risks to companies, the climate transition, and, ultimately, investors' entire portfolios. Potential material risks relating to the climate transition's social impacts include loss of social license to operate, reputational risk, and the disruption of relationships with employees, business partners, and local communities. In addition to considerations relating to Indigenous Peoples, we encourage the SEC to consider requiring information on the impacts of companies' transition activities on their workforces and local communities.

We note that the Proposed Rule requires registrants that have adopted transition plans to discuss how they plan to mitigate or adapt to any identified transition risks, including changing demands or preferences of consumers, investors, employees, and business counterparts. We urge the Commission to extend this provision to include the changing demands and preferences of impacted fenceline and Indigenous communities. We also encourage the Commission to require registrants to include with their GHG emissions data sufficient location information to permit investors to identify sources impacting fenceline, local, and Indigenous communities.

Finally, we believe that, at a minimum, all public companies in the oil and gas sector, utilities sector, and financial sector should develop and disclose transition plans that account for the needs of their workforces and impacted communities.

Scope 3 Emissions

We support mandatory disclosure of Scope 3 emissions for all registrants. We do not believe the SEC should provide an exemption from Scope 3 emissions disclosure for smaller reporting companies (SRCs) as proposed. If the SEC does proceed to establish an exemption for smaller reporting companies, it should be applied to all smaller reporting companies and not exclude SRCs that have set targets or goals or otherwise made a commitment to reduce Scope 3 emissions. Exempting all but those who have set targets to reduce Scope 3 emissions would, we

believe, provide a strong disincentive for action on Scope 3 emission reductions for smaller companies, potentially penalize climate leaders, and possibly make investor engagements on the establishment of Scope 3 emission reduction goals less productive.

We very much appreciate the Commission's work on this important matter and would like to reiterate our support for the Proposed Rule, despite what we believe are several important omissions that, if addressed, could strengthen the final Rule and its utility for investors. We likewise appreciate the opportunity to provide comments on the Proposed Rule.

Sincerely,



Laura Campos

Director, Corporate & Political Accountability