June 17, 2022

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

Securities and Exchange Commission (SEC)
100 F Street NE
Washington, DC 20549

Dear Chair Gensler and Commissioners Peirce, Lee, and Crenshaw,

Thank you for the opportunity to submit a comment in response to the SEC's proposed rule, The Enhancement and Standardization of Climate-Related Disclosures for Investors (File Number S7-10-22).

As a national consumer advocacy organization, the U.S. Public Interest Research Group (U.S. PIRG) is concerned that listed companies are not disclosing climate-related financial risks, which may ultimately hurt investors, particularly individual investors who neither have the time nor resources to manage their portfolios.

Such investors deserve consistent and comprehensive information in order to assess material financial risks. The SEC's proposed rule would provide investors with information about their investments in a way that is transparent, comparable, and reliable, allowing them to mitigate potential financial harm.

The climate disclosure rule is particularly important because Americans' retirement accounts and other savings could be endangered if we don't acknowledge potential threats caused by climate change and work diligently to address them.

Without climate risk and greenhouse gas emissions disclosures, people contributing to their Individual Retirement Accounts (IRA's) may be unaware of how much individual companies are vulnerable to the physical, transitional, and systemic financial risks caused by climate change, or the extent to which each company contributes to global warming, thereby creating risk to other issuers.

It is more and more likely that climate change will hurt investors, particularly universal owners, who may not be able to diversify away from the types of systemic and physical risks that climate change is predicted to create. Furthermore, there could also be economic fallout due to systemic shocks. The Great Recession showed us what can happen when government regulators and Wall Street ignore risks and don't disclose them to the public.

In response to the request for comments section, we would like to see the proposed rule strengthened to provide maximum protection for investors in the following ways:

- In addition to the disclosure of direct emissions in Scope 1 and indirect emissions in Scope 2, all public companies should also be required to disclose their Scope 3 value-chain emissions. It's critical information for assessing climate risk, as they can represent the majority of companies' carbon footprints, and the tools to do so are rapidly becoming available.
- While the Task Force on Climate-related Financial Disclosures recommends using at least a 2°C global warming scenario for scenario analysis, we recommend a 1.5°C scenario analysis because of the Intergovernmental Panel on Climate Change's continued warnings of the significant differences in impact and quality of life between 1.5°C and 2°C temperature increases.
- Details about carbon offsets, if purchased by companies, should be disclosed. Such disclosure will help investors identify and deter greenwashing from advertised offsets that may do little to reverse climate change.

Thank you for your urgent action on disclosing climate-related financial risks for investors. Please consider us a willing partner for strengthening such protections, and feel free to reach out to Mike Litt at [redacted].

Sincerely,

Mike Litt
Consumer Campaign Director
U.S. Public Interest Research Group (U.S. PIRG)