Ms. Vanessa Countryman Secretary
Securities and Exchange Commission 100 F Street NE,
Washington, D.C. 20549

June 16, 2022

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman,

The Center for Sustainable Business (CSB) at the University of Pittsburgh (Pitt) welcomes the opportunity to respond on File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors ("Proposed Rule").

We commend the Commission for its Proposed Rule aimed at providing investors with climate-related financial information from issuers of public securities. The Commission's Proposed Rule marks a change in the quality and comparability of climate disclosures that is essential to an efficient market response to material issues of climate change and ESG-related risks. The proposed climate-related disclosures are in step with the Commission's mandate to protect investors, maintain fair and efficient markets and facilitate capital formation. The proposal is also responsive to investor and public demands and lays the groundwork for alignment with global regulatory peers who have made strides toward mandated, standardized climate-related financial disclosures.

The CSB aims to **galvanize businesses to thrive for all stakeholders**.[1] Through innovative research, specialized education and training, and critical thought leadership, the CSB helps companies learn how to leverage their investments in sustainability across all organizational functions to generate better business and societal outcomes.

Investors are exposed broadly to market risk, which includes climate risks. Climate change poses significant and systemic risks to financial stability and the capital markets.[2] If we are to minimize the systemic risk posed by climate change, we must align investment strategies with the need to reduce greenhouse gas emissions by roughly 43% by 2030 to hold warming to just 1.5 degrees Celsius.[2] By following science-based targets, we also minimize the disproportionately negative impact experienced by low income, racially and economically segregated communities.[3] **To minimize these compounding economic and market risks, we require access to clear, timely and comparable climate data, and businesses are increasingly recognizing the importance of measuring and disclosing their impacts on a broad set of stakeholders. The Proposed Rule would protect investors as elements of this rule will be critical in obtaining information from companies that inform investment decisions in line with the latest climate science to avoid the worst costs from climate change.** In turn, this empowers investors to (1) evaluate an issuer's climate risk-related exposure and (2) better assess physical risks associated with climate-related events and/or transition risks associated with the shift to a low-carbon economy.

We are therefore supportive of the proposal's inclusion of disclosures on companies' Scope 1, 2, and 3 greenhouse gas emissions, all of which are necessary for investors to understand the full extent of a company's exposure to climate risks. The 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.

As an academic center, we interact with a variety of different investors. The University of Pittsburgh's own inaugural ESG Report on its Endowments (CEF) acknowledges the difficultly Pitt has in "gaining access to ESG-related metrics from private market, or alternative, investments, which include private equity, private debt, real estate, infrastructure, and natural resources, among other potential asset classes." Even for public investments, the Univesrity's Office of Finance found a "major challenge is the availability of data across the entire range of ESG factors and an understanding of their financial impact," which was available for only "certain public equity and corporate fixed-income investments that make

[1] About, Center for Sustainable Business, 2022, sustainablebusiness.pitt.edu/about
[2] Report on Climate-Related Financial Risk, Financial Stability Oversight Council, 2021, home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf
[3] Climate Change and Social Inequality, Department of Economic & Social Affairs, 2017, un.org/esa/desa/papers/2017/wp152_2017.pdf

up only approximately 19% of CEF as of June 30, 2021."[4]

Additionally, many of the MBA and other students at Pitt and elsewhere who've interacted with the Center over the last academic year have expressed interest in trying to integrate the physical and transition risks posed by climate change into their own personal future professional investment decisions -- yet were concerned about both the availability and veracity of company-supplied data. Similarly, Pitt employees engaging with the Center about the physical and transition risks of climate change to their own retirement investments were also concerned about the low availability of trustworthy information to compare across investment options. Across our varied stakeholders, we've seen similar concerns raised over the last year.[5] **As a result, we support mandatory reporting to ensure consistency, comparability and veracity of information; these concerns have not been addressed by voluntary reporting.**

We believe the Commission's Proposed Rule attempts to provide clear, consistent, and comparable company reporting that will produce useful investment insights and ensure financial markets can properly price and act on the physical and transitional risks of climate change. We also ask the SEC to consider the following changes to the Proposed Rule:

Recommendations:

- We recommend universal disclosure for Scope 3 GHG reporting within 3 to 5 years of the final rule, regardless of whether companies have stated commitments or internal carbon prices at the time of the Rule. This will ensure fair, orderly, and efficient information sharing for investors to understand and manage risk. To avoid punishing companies that have been proactive in setting targets and tracking Scope 3 emissions, the Rule should seek to set a level playing field where all companies are required to report on Scope 3 after a set time period (3 to 5 years); this time period is long enough for companies to prepare, but short enough to be useful given the urgency of the risks posed by the climate crisis.

- We recommend that company reporting align with both the goals of the Paris Agreement and the Science Based Targets initiative. We recommend companies set and report on interim targets - including 2030 - to ensure transparency of physical and transitional risks. Reporting should include plans to achieve targets.

- We recommend the Commission enhance the proposed rule by 1) Explicitly referencing racial equity as central to climate justice; 2) Referencing the UN Declaration on the Rights of Indigenous Peoples as the SASB and GRI reporting frameworks have; and 3) Referencing the need to assess impacts to Indigenous Peoples and local communities within disclosures of Scope 1, 2, and 3 emissions sources.

- We recommend allowing small cap companies to use an abbreviated reporting format and giving them an additional year to prepare prior to their reporting requirement start.

- We recommend the Commission share more explicit details regarding how the proposed rule will benefit individual investors. The Commission should also clarify the different benefits (if any) to investors depending on where investors are on the spectrum of using ESG data in their respective investment approaches.[6]

Thank you for the opportunity to provide comment on the Proposed Rule, and thank you to the Commission for taking this critical step to address the systemic risks associated with climate change.

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[redacted]

[4] Pitt Consolidated Endowment Fund ESG Report, 2022, sustainable.pitt.edu/endowment-esg-report/
[5] Past Events, Center for Sustainable Business, 2021/2022, www.sustainablebusiness.pitt.edu/events/past-events
[6] Understanding the impact of your investments, Technical Guide, PRI, 22 October 2013, unpri.org/thematic-and-impact-investing/understanding-the-impact-of-your-investments/141.article