March 15, 2023

The Honorable Gary Gensler
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

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

Dear Chair Gensler,

The undersigned write as strong supporters of the proposed rule for Enhancement and Standardization of Climate-Related Disclosures for Investors (RIN 3235-AM87), including Scope 3 greenhouse gas (GHG) emissions when a company self-determines that they are material. We are concerned that certain Members of Congress and groups representing a handful of SEC registrants may be spreading misinformation about the rule's contents and applicability. This is particularly evident concerning the reporting of Scope 3 emissions[1] which is a critical component of any adequate climate disclosure and will rightly be included in forthcoming global standards from the International Sustainability Standards Board.

As you have explained, the proposed rule requires disclosure from SEC registrants only–and not from their upstream suppliers and downstream customers. The methodology recommended in the proposed rule, the Greenhouse Gas Protocol, permits SEC registrants to use reasonable estimates of emissions in their value chain, especially where data gaps exist. The proposed rule also includes phase-in periods and safe harbor provisions in the proposed rule to enable SEC registrants to adapt their in-house emissions accounting to the requirements of the proposed rule. And the proposed rule only requires disclosure of Scope 3 emissions if a registrant deems them material, or has set a public emissions target.

A recent study of 100 major food companies found that 51 already disclose Scope 3 emissions from suppliers. Despite this, some food and agriculture companies and trade associations are claiming that the proposed rule would result in new burdens for farmers. This outcome is highly unlikely to play out in practice given the nature of how GHG accounting from small, distributed sources like small agricultural producers works today. The USDA, the EPA, state agriculture agencies and private data service providers develop GHG data, estimates, and tools to help large companies estimate GHG emissions from basic information they already receive from suppliers in the course of ordinary business. Measuring GHG emissions on a field-by-field or small

[1] E.g., Steve Suppan, "Agribusiness opposition to the proposed SEC climate related financial disclosure rule," Institute for Agriculture and Trade Policy, August 12, 2022. https://www.iatp.org/agribusiness-opposition-proposed-sec-rule

farm-by-farm basis across a company's entire supply chain is indeed impractical, not part of the ordinary method deployed for corporate GHG accounting, not required by the proposed rule, and there is no evidence that this practice would be adopted upon finalization of the rule.

Lost from the public narrative is that these disclosures–and their use by investors and other market participants–are not just about *risk* but also about *opportunity*. Farmers and ranchers of all sizes are increasingly taking advantage of significant business opportunities and financial incentives for sustainable agricultural practices and products–many of which attract new customers, green premiums, and new investment. Enhanced disclosure from SEC registrants regarding risks and opportunities associated with their Scope 3 emissions will help producers who are adopting best practices for emissions reductions. With Scope 3 reporting by registrants in the food and agricultural sectors, these forward-looking registrants will be better positioned to attract new investment in the capital markets from investors who understand that emissions reporting per the requirements of the proposed rule provides a key indicator of the climate related financial risks to be managed in the registrant's transition management planning.

To alleviate concerns from private businesses while preserving the benefits of the proposal's Scope 3 provisions, the SEC should clarify in the preamble to the final rule that: 1) SEC registrants alone are responsible for complying with Scope 3 reporting and other requirements, 2) suppliers and downstream value chain partners of SEC registrants are not required by the rule to collect, aggregate and report emissions data to the SEC registrants, nor measure or estimate their emissions, and 3) the use of reasonable estimates for reporting Scope 3 emissions from smaller value chain participants generally falls within the disclosure rule's safe harbor provisions. Further, the preamble and the rule text itself should reflect the many ways that disclosure of climate-related opportunities are part and parcel of risk management, decision-useful information for investors, and should be incorporated into financial reporting.

The clarifications that we propose should apply to all registrants, and not to sector specific industries. Such guidance in the proposed rule would not only improve its implementation once adopted but would also help alleviate unnecessary concerns about potential burdens on small businesses.

Thank you for your consideration of this proposed clarification.

Respectfully,

A Well-Fed World
Animal Legal Defense Fund
As You Sow
Earthjustice
Fair Start Movement
Family Farm Defenders
Food & Water Watch
Friends of the Earth U.S.
Global Witness

Green REV Institute
Greenpeace USA
In Defense of Animals
Institute for Agriculture and Trade Policy
Mighty Earth
National Family Farm Coalition
Oxfam America
TAPP Coalition
Union of Concerned Scientists

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