PERSEFONI

Via Electronic Mail to rule-comments@sec.gov June 3, 2022

Secretary Vanessa Countryman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Public Comment on Proposed Rule: Enhancement and Standardization of Climate-Related Disclosures for Investors - Release Nos. 33-11042; 34-94478; File No. S7-10-22

Dear Secretary Countryman,

On behalf of Persefoni AI Inc. ("Persefoni"), I wish to submit this letter in response to the comment letter dated May 25, 2022 submitted by Representative John Rose and other members of Congress stating their opposition to the SEC's proposed rules related to the Enhancement and Standardization of Climate-Related Disclosures for Investors as referenced above. Representative Rose' letter asserts that the SEC's proposal would, if adopted, require greenhouse gas reporting by small farmers that would be unduly burdensome and would effectively preclude small farmers from doing business with public companies. Representative Rose's letter reflects a perhaps common misperception of the SEC's proposal and the Greenhouse Gas (GHG) Protocol, the GHG accounting standard on which the proposal is based.

Representative Rose's letter states the SEC proposal, by requiring certain public companies to disclose their Scope 3 (indirect) emissions, would effectively force small farms to disclose significant amounts of climate-related information in order to do business with public companies. This is not the case. It is true that Scope 3 emissions include emissions associated with activities in a company's value chain, including the emissions associated with purchased goods and services from upstream suppliers. However, reporting companies may use several different methods to calculate their Scope 3 emissions and are not required to obtain emissions data from every supplier. For example, one method companies can use to calculate their GHG emissions permits the use of spend-based formulas or the amount of goods purchased. This method relies on industry averages and other third-party emissions data to estimate the Scope 3 GHG emissions in their value chains rather than requiring actual data to be provided by each supplier. Such methods are included in the methodology for the exact reason outlined by Representative Rose in his letter - many companies are simply too small to have the resources to produce such reporting. Very pointedly, they were included in the guidance so as not to create undue burden on such companies.

The Greenhouse Gas Protocol acknowledges the effort required to collect actual emissions data from each supplier might be unduly burdensome so it explicitly sanctions the use of industry averages: *"Collecting data directly from suppliers adds considerable time and cost burden to conducting a scope 3 inventory, so companies should first carry out a screening (see Introduction, "Screening to prioritize data collection") to prioritize data collection and decide which calculation method is most appropriate to achieve their business goals."*[1]

The SEC's proposal adopts the GHG Protocol's approach and similarly recognizes the validity of industry average data: *"when calculating Scope 3 emissions from purchased goods or services, a registrant could determine the economic value of the goods or services purchased and multiply it by an industry average emission factor (expressed as average emissions per monetary value of goods or services)."*

In short, Representative Rose's letter draws conclusions about the anticipated effect of the proposal that fail to take into account the flexibility that is built into both the GHG

[1] Greenhouse Gas Protocol, Technical Guidance for Calculating Scope 3 Emissions (version 1.0) (2013).

Protocol and the SEC's proposal. Nothing in the proposal should cause small farmers to cease conducting business with public companies. Nothing in the proposal would require companies to obtain emissions data directly from small farmers if such data is difficult to obtain. On the contrary, the proposal - consistent with the GHG Protocol - explicitly recognizes the difficulties some companies might have in obtaining Scope 3 GHG emissions data and it addresses that difficulty by permitting calculations based on dollars spent with a supplier or the volume of goods purchased. Using this type of calculation method would place minimal to no burden on small suppliers, including small farmers, doing business with publicly reporting companies.

Thank you.

Sincerely Yours,

Timothy J. Mohin
Chief Sustainability Officer// Persefoni