June 17, 2022

Delivered by Email: rule-comments@sec.gov

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

Re: PROPOSED RULE 33-11042 THE ENHANCEMENT AND STANDARDIZATION OF CLIMATE-RELATED DISCLOSURES FOR INVESTORS FILE NO. S7-10-22

Dear Secretary Countryman:

This letter is submitted in response to the request for comment on the Securities and Exchange Commission's proposed rule on the Enhancement and Standardization of Climate-related Disclosures for Investors (the "Proposed Rule"). Nutrien Ltd., a Canadian corporation, is the world's largest provider of crop inputs and services, with a market capitalization of approximately US $47 billion. Our shares are publicly traded on the New York Stock Exchange and the Toronto Stock Exchange. We are a foreign private issuer ("FPI") of Rule 405 under the Securities Act of 1933 (the "Securities Act") that has elected to report in accordance with Canadian securities laws under the Multijurisdictional Disclosure System ("MJDS").

We appreciate the opportunity to comment on the Proposed Rule as we support and commend all efforts to introduce mandatory climate-related disclosures that provide comparable, consistent, timely and reliable decision-useful information to investors. We believe that effectively managing environmental, social and governance ("ESG") impacts contributes to long-term value creation and that disclosure around these matters is valued information by investors and other stakeholders.

At Nutrien, our purpose and strategy are centered on our commitment to sustainability and ESG principles. We strive to be a company that does important work and has a positive impact on the world. Our mission moving forward is to create long-term value with measurable outcomes that drive sustainable, climate-focused, inclusive agriculture. These efforts are fundamental to growing our world from the ground up.

The need for consistent and accurate global climate impact disclosure is clear and it is timely but does come with a material cost in both financial and human capital for corporations. In the last six months, there have been substantial developments in the progression of mandatory climate disclosure frameworks that we may be required to comply with including, but not limited to, the Canadian Securities Administrators' ("CSA") Proposed National Instrument 51-107 *Disclosure of Climate-related Matters* ("Proposed NI 51-107"), the International Sustainability Standards Board's ("ISSB") two proposals for new sustainability standards, the expected proposals from the European Financial Reporting Advisory Group ("EFRAG") and the proposed European sustainability reporting standards, and the Proposed Rule. While climate elements of these proposals are substantially similar as they are based on the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Greenhouse Gas Protocol ("GHG Protocol"), the Proposed Rule includes modifications that

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could lead to substantial deviation from these other requirements[1]. These conflicting standards add to the complexity of adoption, regulatory burden and cost of compliance. We agree that the Proposed Rule should not include an amendment to Form 40-F, and should permit MJDS issuers to comply with Canadian climate-related disclosure requirements consistent with other SEC rulemaking. We also strongly encourage the participation of the SEC in the ISSB's working group to enhance comparability between the global baseline and jurisdictional initiatives announced by the ISSB on April 27, 2022.

We have answered specific questions in the Appendix.

We appreciate your thoughtful consideration of the views and recommendations provided in this letter. If you have any questions or need additional information, please do not hesitate to contact us.

Respectfully,

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cc:
Chair Gary Gensler
Commissioner Hester M. Peirce
Commissioner Allison Herren Lee
Commissioner Caroline A. Crenshaw

[1] For example, we note that the Proposed Rule regarding disclosure of GHG emissions are reported to be substantially similar to the GHG Protocol, but the Proposed Rule has not adopted all the features and differs in regard to methodology, including 'organizational boundaries' that a registrant would be required to use when calculating its GHG emissions that "better suits the U.S. financial reporting regime and needs of investors" (page 159 of Proposed Rule). This could be a significant deviation depending on a registrant's investments and organizational structure, as the GHG Protocol uses 'equity share' or 'control' approach for the determination of which assets/operations are to be included.

Appendix

As an FPI reporting on Canadian forms under MJDS, we have responded first to the question specifically applicable to us. We have then answered other questions as applicable in the development of consistent, high-quality, financial reporting disclosures requirements that meet the needs of international stakeholders, while considering consistency and comparability of financial reporting across international jurisdictions.

II.J. Registrants Subject to the Climate-Related Disclosure Rules and Affected Forms

181. We have not proposed to amend Form 40-F, the Exchange Act form used by a Canadian issuer eligible to report under the Multijurisdictional Disclosure System ("MJDS") to register securities or to file its annual report under the Exchange Act, to include the proposed climate-related disclosure requirements. Should we require a Form 40-F issuer to comply with the Commission's proposed climate-related disclosure requirements? Should we permit a MJDS issuer to comply with Canadian climate-related disclosure requirements instead of the proposed rules if they meet certain conditions or provide certain additional disclosures and, if so, which conditions or disclosures?

We agree that the Proposed Rule should not amend Form 40-F, and should permit MJDS issuers to comply with Canadian climate-related disclosure requirements as currently drafted, Proposed NI 51-107. This approach is consistent with other disclosure rules applicable to Canadian companies, including the regulation of non-GAAP financial measures where Form 40-F is not subject to Regulation G or Item 10(e) of Regulation S-K, and the proposed rule on Cybersecurity Risk Management, Strategy, Governance and Incident Disclosure.

Nutrien submits that Proposed NI 51-107 provides a robust disclosure framework that will be suitable for investors to provide consistent, comparable and decision-useful information. Canadian issuers will be required to disclose certain climate-related information in compliance with the TCFD recommendations, including metrics and targets which require Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks, or the issuer's reason for not disclosing this information. We believe that allowing companies like Nutrien to follow Canadian standards will reduce regulatory burden, avoid duplication or inconsistent disclosure under overlapping securities laws and will continue to facilitate cross-border public offerings of securities, articulated as follows.

While the Proposed Rule and Proposed NI 51-107 are substantially similar as both are based on the recommendations of the TCFD and the GHG Protocol, we are concerned with how the modifications made to those standards reflected in the Proposed Rule will intersect with the requirements of Proposed NI 51-107. For example, we note that the CSA is proposing the GHG Protocol as a basis for disclosing GHG emissions. The Proposed Rule has not adopted all the features of the GHG Protocol, and differs in regard to methodology, including 'organizational boundaries' that a registrant would be required to use when calculating its GHG emissions under the GHG Protocol and Proposed NI 51-107. This could be a significant deviation depending on a registrant's investments and organizational structure, as the GHG Protocol uses 'equity share' or 'control' approach for the determination of which assets/operations are to be included.

We believe the Proposed Rule is analogous to the different reporting frameworks for mining disclosure requirements under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the SEC's Subpart 1300 of Regulation S-K Disclosure by Registrants Engaged in Mining Operations ("Subpart 1300 of Regulation S-K"). Under the applicable rules, Canadian FPIs reporting under MJDS may comply with NI 43-101 instead of Subpart 1300 of Regulation S-K which reduces compliance burden in light of the substantial similarity between the two rules. This approach is similar to the Canadian and U.S. approach to oil and gas disclosures, where Canadian FPIs reporting on MJDS may comply with

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities instead of Rule 4-10 of Regulation S-X, since the frameworks are substantially similar. As such, we strongly support the Proposed Rule as currently drafted, which would permit Canadian FPIs reporting on MJDS to comply with Proposed NI 51-107 instead of the Proposed Rule. This approach will provide substantially similar decision-useful information to investors, while at the same time reducing the compliance burden on Canadian FPIs reporting under MJDS, all of which are consistent with the stated objectives of the SEC in the Proposed Rule.

In addition, we are seeking clarity on the applicability of financial statement metrics required under the Proposed Rule to Canadian FPIs reporting under MJDS. As we have interpreted the Proposed Rule, a Canadian FPI reporting under MJDS would not be required to disclose in a note to its financial statements the certain disaggregated climate-related financial impact metrics, expenditure metrics, and financial estimates and assumptions as specifically proposed, at the thresholds described in the Proposed Rule. Instead, these issuers would continue to apply current accounting standards under either International Financial Reporting Standards as issued by the IASB ("IFRS") or U.S. GAAP, both which require MJDS issuers to consider how climate-related matters may intersect with and affect the financial statements, including their impact on estimates and assumptions, and disclose decision-useful information that is material to investors. We have found the FASB Staff Educational Paper and IASB Effects of Climate-Related Matters of Financial Statements educational materials particularly relevant on how to consider climate-related matters in the context of financial statements.

II.B.2 Proposed Time Horizons and the Materiality Determination

12. For the location of its business operations, properties or processes subject to an identified material physical risk, should we require a registrant to provide the ZIP code of the location or, if located in a jurisdiction that does not use ZIP codes, a similar subnational postal zone or geographic location, as proposed? Is there another location identifier that we should use for all registrants, such as the county, province, municipality or other subnational jurisdiction? Would requiring granular location information, such as ZIP codes, present concerns about competitive harm or the physical security of assets? If so, how can we mitigate those concerns? Are there exceptions or exemptions to a granular location disclosure requirement that we should consider?

While physical risks related to climate change can be concentrated in particular geographic areas and location information is a key component for investors to assess the climate risk facing a company, in our view, providing information by ZIP code creates a substantial additional compliance burden without producing additional decision-useful information. Instead, we suggest aggregating location information by using well-established concepts of asset groupings under U.S. GAAP ASC 360.

For organizations with a large geographic operational footprint such as Nutrien, quantifying material physical risks by zip code creates significant regulatory burden. In our view, the SEC should provide additional guidance about how to quantify physical risk by zip code and how to determine whether there is a 'material' physical risk associated with that location, including the expected time horizon for which the scope of costs should be considered. The time horizon for these costs could be over multiple years, whereas financial statement materiality is determined based on historical results. Given a long enough time horizon for this determination, all of our locations in which we operate by zip code could have a 'material physical risk' associated (2,000+ locations by zip code). Not only would this disclosure be burdensome, but it would overwhelm investors with information that would not be decision useful.

We request clarity on how to assess the scope of costs that should be considered when making this materiality determination. For example, is the assessment limited to the net book value of the assets located by zip code, or must we consider the fair value of these assets, which would require use of valuation specialists. We also have questions whether our estimate of costs extend past what is recognized in our accounting general ledger to hypothetical costs over long-term time horizons, such as lost revenues, supply chain disruptions, legal costs, or insurance premiums, that in many cases cross zip code boundaries.

Depending on the interpretation of the Proposed Rule and broad nature of what a material physical risk may amount to, in comparison to annual materiality determination made in connection with our financial reporting, the outcome of this Proposed Rule may result in pages of tabular information, similar to what would be produced for a fixed asset register. The granularity of this information will not produce decision-useful information as in our view, it would obscure what would be material information to an investor who is trying to identify a material geographical physical risk.

Instead, we suggest that the SEC look to aggregating this data, applying similar concepts to what registrants are familiar with when determining aggregating criteria for an asset grouping under U.S. GAAP ASC 360 or cash generating units under IAS 36. As we have understood from our review of the Proposed Rule, this information will largely be used to assess impairment risk related to fixed assets, or concentration of physical risk. In addition to further guidance on how to assess the materiality of physical risks associated with climate change, we believe applying similar aggregation criteria that is used in impairment testing would provide more decision-useful information for investors.

II.F.1 Financial Statement Metrics

56. Should information for all periods in the consolidated financial statements be required for registrants that are filing an initial registration statement or providing climate-related financial statement metrics disclosure for historical periods prior to the effective date or compliance date of the rules? Would the existing accommodation in Rules 409 and 12b-21 be sufficient to address any potential difficulties in providing the proposed disclosures in such situations?

We are not supportive of requiring information for periods prior to the effective date or compliance date of the rules. There is a significant amount of new data to capture, and to require retrospective application will significantly affect the regulatory burden associated with complying with the Proposed Rule.

58. In several instances, the proposed rules specifically point to existing GAAP and, in this release, we provide guidance with respect to the application of existing GAAP. Are there other existing GAAP requirements that we should reference? Are there instances where it would be preferable to require an approach based on TCFD guidance or some other framework, rather than requiring the application of existing GAAP?

We agree that references to financial statements and GAAP be calculated with reference to the registrant's consolidated financial statements and based in accordance with the same set of accounting principles that the registrant is required to apply in preparation of the rest of the consolidated financial statements included in a filing (e.g., IFRS, "GAAP").

II.F.2 Financial Impact Metrics

59. Should we require registrants to disclose the financial impact metrics, as proposed? Would presenting climate-specific financial information on a separate basis based on climate related events (severe weather events and other natural conditions and identified physical risks) and transition activities (including identified transition risks) elicit decision-useful or material information for investors? Are there different metrics that would result in disclosure of more useful information about the impact of climate-related risks and climate-related opportunities on the registrant's financial performance and position?

60. Would the impact from climate-related events and transition activities yield decision useful information for investors?...

(Response to 59 and 60 is combined) We do not agree with certain aspects of the proposed Financial Impact Metrics regarding requirements to disclose financial information that is not based on our accounting general ledger. As proposed, Financial Impact Metrics may include hypothetical information that may be prone to management bias and will be difficult to verify by external auditors. We happen to be an issuer that experiences seasonality, season to season variability, and commodity pricing volatility. As drafted, the Proposed Rule presents significant challenges with quantifying hypothetical impacts on revenue and costs due to climate related events, and presenting reliable and verifiable information that will be subject to both internal controls on financial reporting ("ICFR") and external audit.

For example, the Proposed Rule has provided the following example that a registrant may determine it needs to disclose (page 122 of the Proposed Rule):

- "Cost of revenue was impacted negatively by Events A and B by $300,000, driven by increased input costs impacted by severe weather events that strained the registrant's main supplier;
- Cost of revenue was impacted positively by Event C by $70,000, driven by technology that improved the registrant's ability to manage the impact of severe heat on certain raw materials, which resulted in more efficient production; and
- Cost of revenue was impacted positively by Transition Activity D, which reduced production costs for certain products by $90,000 through advanced technology that improved energy efficiency during the production process"

In the examples provided, this is not information that would exist in our accounting records, but instead would be better suited in management commentary on a likely variance analysis. It would be hypothetical to speculate how revenue is negatively or positively impacted. We can report on increased revenues and increased cost, as these are objectively verifiable and based on records such as invoices and contractual agreements with third parties. We cannot objectively report on decreased revenue (unless due to contractually specific discounts or volume rebates where revenue is recognized net of these amounts) or decreased costs. In another example provided on page 124 of the Proposed Rule:

- "Changes to revenue or cost due to new emissions pricing or regulations resulting in the loss of a sales contract;"

This disclosure would also require speculation over why a registrant lost a sales contract. To attribute all or part of such loss to emissions pricing or new regulations, instead of alternative business rationale, is subject to potential management bias. Building the prospect of management bias into financial statements will negatively impact comparability across registrants and create significant burdens on internal controls and the process with external auditors.

We question how the SEC considers the Proposed Rule in comparison to its guidance related to non-GAAP financial measures, and particularly guidance related to individually tailored revenue recognition measures that could violate Rule 100(b) of Regulation G. Over the years, the SEC has continued to challenge adjustments to GAAP revenue, emphasizing the importance of revenue, and measures should not be a substitute for a GAAP accounting recognition and measurement method. Recently with the COVID-19 pandemic, the SEC emphasized that non-GAAP financial measures must be objectively quantifiable rather than estimates. Thought leadership from accounting firms emphasized that adjustments that are unlikely to be consistent with the SEC requirements and interpretations include those related to estimated loss revenue or profit as these amounts cannot be objectively quantified (i.e., the estimate is not an actual cost or benefit).

Operationally, we can put systems and processes in place to track specific costs incurred towards mitigating transition risks, as well as those costs incurred due to severe weather events and natural conditions. For example, if there is a fire at one of our locations that we can attribute to a severe weather event, we can readily identify costs associated with demolition, clean-up and rebuilding of those physical assets for disclosure. However, any information regarding lost revenues during the time the business was interrupted would be hypothetical and subject to management bias.

Overall, we are very concerned that the Proposed Rule appears to require information in the financial statements that does not originate from the accounting general ledger, which would make it challenging for registrants to critically assess accuracy and completeness of disclosures without reference to an authoritative framework of accounting principles, and it will be difficult for auditors to opine on this information. As such, we refer to our response to question 87 and 89 regarding location of these disclosures to be outside the audited financial statements, to mitigate the concerns raised above.

61. Alternatively, should we not require disclosure of the impacts of identified climate related risks and only require disclosure of impacts from severe weather events and other natural conditions? Should we require a registrant to disclose the impact on its consolidated financial statements of only certain examples of severe weather events and other natural conditions? If so, should we specify which severe weather events and other natural conditions the registrant must include? Would requiring disclosure of the impact of a smaller subset of climate-related risks be easier for a registrant to quantify without sacrificing information that would be material to investors?

The Proposed Rule will require a considerable effort to determine climate-related Financial Impact Metrics on a comprehensive and complete basis. We expect that if instead, registrants are required to disclose the impacts from a specified list of severe weather events and other natural conditions, this will be easier to assert to completeness.

However, while this alternative would aid in the comparability amongst registrants and reduce regulatory burden, it does not seem practical to have a list maintained by the SEC that would exhaustively define worldwide severe weather events for registrants to reference when determining which severe weather events or other natural conditions a registrant should include within their financial statement metrics. While the Proposed Rule includes examples of what a severe weather event and natural condition *may* include (i.e., flooding, drought, wildfires, extreme temperatures, and sea level rise), translating these examples into a 'severe weather events and other natural condition register' on a global scale may be difficult to operationalize.

62. Should impact from climate-related opportunities be required, instead of optional, as proposed? We are proposing to require a registrant that elects to disclose the impact of an opportunity to do so consistently (e.g., for each fiscal year presented in the consolidated financial statements, for each financial statement line item, and for all relevant opportunities identified by the registrant). Are there any other requirements that we should include to enhance consistency? Should we only require consistency between the first fiscal period in which opportunities were disclosed and subsequent periods?

While the TCFD has emphasized both opportunities and risks, quantification of opportunities should not be required, and arguably, should not be permitted in the audited financial statements. Based on the Proposed Rule, this information appears to be forward-looking information at the least, speculative, and may subject to management bias. If required, we consider that this disclosure will be challenging, and costly, to develop sufficient internal controls to ensure reliability and verifiability of this quantitative data.

II.F.5 Inclusion of Climate-Related Metrics in the Financial Statements

87. We are proposing to require the financial statement metrics to be disclosed in a note to the registrant's audited financial statements. Should we require or permit the proposed financial statement metrics to be disclosed in a schedule to the financial statements? If so, should the metrics be disclosed in a schedule to the financial statements, similar to the schedules required under Article 12 of Regulation S-X, which would subject the disclosure to audit and ICFR requirements? Should we instead require the metrics to be disclosed as supplemental financial information, similar to the disclosure requirements under FASB ASC Topic 932-235-50-2 for registrants that have significant oil- and gas-producing activities? If so, should such supplemental schedule be subject to assurance or ICFR requirements?

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89. Should we require the disclosure to be provided outside of the financial statements? Should we require all of the disclosure to be provided in the proposed separately captioned item in the specified forms?

(Response to 87 and 89 is combined) We are concerned that the Proposed Rule could require financial statement metrics in the notes to the audited financial statements that are prepared under IFRS. Instead, we believe that these disclosures are better suited within the Climate-Related Disclosure Framework, outside the audited financial statements, similar to disclosures about a registrant's business and operations in the MD&A.

We are concerned that if these requirements are not contained specifically within one of the IFRS Standards, this will, in effect, cause confusion amongst preparers and users that apply that IFRS, creating a hybrid framework for those regulated by the SEC, and those that are not. Fundamentally, IFRS strives to promote consistent application internationally, and IFRS undergoes extensive due process to develop standards that are clear, understandable and enforceable[2]. We are concerned that the Proposed Rule undermines the IASB's due processes and the SEC's stated objective of consistency, comparability and reliability.

We agree that IFRS would not specifically prohibit these additional disclosures as we consider that a registrant may use IAS 1 paragraph 112(c) for inclusion of this type of information. However, where these disclosures are not material to the financial statements (for example, amounts are greater than the 1 percent thresholds proposed by the SEC, but immaterial to the financial statements taken as a whole), we are concerned this information may obscure other relevant, material information disclosed in the notes, potentially contrary to The Conceptual Framework for Financial Reporting (revised 2018), IAS 1 and IAS 8.

We also note that that ISSB's two initial exposure drafts[3] under the IFRS Sustainability Disclosure Standards are to be in a separate disclosure document from the financial statements prepared under a general framework, such as IFRS or U.S. GAAP.

Alternatively, if inclusion within the audited financial statements is largely based on the investor driven need for this information to be audited and subject to an internal control framework, this can be resolved by a separate schedule to the audited financial statements regulated by the SEC, as noted in the Proposed Rule, similar to the schedules required under Article 12 of Regulation S-X. However, we note that if the information is contained in a document that is filed with the Commission in Exchange Act periodic reports, it will be subject to a registrant's disclosure controls and procedures ("DCP"), and subject to the PCAOB standards applicable to an auditor's responsibility over other information in documents containing audited financial statements (AS 2710), where the auditor is required to read and consider whether this information is materially inconsistent with information appearing in the financial statements.

If ICFR is to apply to financial statement metrics, there should be a suitably long transition period for processes and procedures to be finalized, documented, tested, and remediated, no different than the initial compliance requirements for Section 404 of the Sarbanes-Oxley Act of 2002. Recognizing the SEC's proposed timelines, it is expected that the Proposed Rule is to be finalized by December 2022, with first disclosure of financial statement metrics for the year ending December 31, 2023 (filed with the annual report in 2024). This means ICFR needs to be in place and <u>should be operating effectively by January 1, 2023</u>. Less than one month is not a suitable time period to design and implement a new system of internal controls and processes to completely capture the information required for this disclosure in compliance with a final rule. We strongly encourage the SEC to reconsider its proposed timeframe for this requirement.

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[2] See the IFRS Foundation's *Due Process Handbook* (August 2020) https://www.ifrs.org/content/dam/ifrs/about-us/legal-and-governance/constitution-docs/due-process-handbook-2020.pdf

[3] On March 31, 2022, the ISSB released two Exposure Drafts under the new IFRS Sustainability Disclosure Standards, available now for public comment. The General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures, with comments due before July 29, 2022.

92. … What are the costs for accounting firms to provide assurance with respect to the financial statement metrics? Would those costs decrease over time?

We have inquired with our auditors, who have estimated the costs to be within the range of $70,000 to $225,000 per year, as compared to the initial estimate in the Proposed Rule of $15,000 per year.

II.G GHG Emissions Metrics Disclosure

100. Should Scope 3 emissions disclosure be voluntary? Should we require Scope 3 emissions disclosure in stages, e.g., requiring qualitative disclosure of a registrant's significant categories of upstream and downstream activities that generate Scope 3 emissions upon effectiveness of the proposed rules, and requiring quantitative disclosure of a registrant's Scope 3 emissions at a later date? If so, when should we require quantitative disclosure of a registrant's Scope 3 emissions?

We agree with the views expressed in the Proposed Rule that investors need information about climate-related risks that is consistent, comparable and reliable. Disclosures on the material climate-related risks public companies face would serve both investors and capital markets, and these include quantitative disclosure of a registrant's Scope 3 emissions.

Given the size and complexity of our value chain, the task of quantifying Scope 3 emissions by specific greenhouse gas will be challenging and will require using industry averages and proxies for actual data. Greenhouse gas quantification methods will vary significantly across business sectors, industries, and even within organizations with diverse and complex chemical manufacturing processes. As noted in the SEC's footnote 543 of the proposal, we agree with the concerns expressed by the SEC that this will result in less accurate data, but we agree that these challenges are expected to recede over time. For example, we are working with our suppliers and customers to increase access to emissions data to improve reliability. Our overall comment is regarding phasing in required disclosures.

We suggest allowing for an additional two years, at minimum, for requiring disclosures of Scope 3 GHG emissions by Large Accelerated Filers, moving the disclosure compliance date to Fiscal year 2026 (filed in 2027). This is similar to our suggestion we made to the CSA in response to Proposed NI 51-107. We base this view on the following comments with our experience on Scope 3 GHG emissions and the GHG Protocol.

Scope 3 GHG emissions are 'other indirect GHG emissions' under the GHG Protocol, which is articulated as:

> "*an optional reporting category* that allows for treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company" (page 25 of the GHG Protocol, emphasis added).

As a large multinational organization with four diverse business units across three continents, quantifying all of our Scope 3 GHG emissions with sufficient precision and quality for accurate, reliable, and verifiable public disclosure is a substantial undertaking, requiring significant time and investment of resources and may be prone to confusion regarding ownership of upstream and downstream GHG emissions. Without clearly defined standards for calculating Scope 3 GHG emissions, organizations make noncomparable assumptions in calculations, further eroding the value of the exercise. We have prioritized other actionable sustainability initiatives, including launching and scaling a comprehensive Carbon Program, investing in our controllable emissions reductions programs, and developing more precise, consistent and comparable Scope 1 and Scope 2 GHG emissions reporting.

Notably, the GHG Protocol continues to evolve and develop standards to quantify Scope 3 GHG emissions. For example, as noted in the Proposed Rule on in footnote 118, additional guidance that may impact Scope 3 emissions related to land use and land sector activities are still in development. Nutrien will likely be subject to the Carbon Removal and Land Sector Initiative, where we note that draft guidance is only expected to be available for both pilot testing and review in June 2022, with publication expected in early 2023.[4] Until Scope 3 guidance is fully developed and agreed upon, we think that it is too early to require such disclosures in a registrant's filing. We do not think the proposed safe harbors will be sufficient and the final rule should allow for more transition time.

The process of measuring GHG emissions itself relies heavily on significant assumptions and data. There is significant scientific and estimation uncertainty associated with developing GHG inventories. While Nutrien can manage and set up an appropriate quality management program to be able to reliably measure Scope 1 and Scope 2 GHG emissions, measurement of Scope 3 GHG emissions relies heavily on information provided by external parties within our value chain that are not directly under the control of Nutrien. While we have influence over our upstream supply chain and downstream customers, we do not have direct control through ownership interests that can mandate quality data to support our identification and measurement of Scope 3 GHG emissions. As noted within the Proposed Rule, this information is subject to DCP and therefore significant use of estimates, assumptions and low-quality data is concerning to those charged with governance when this information is disclosed in public documents filed with securities regulators.

The process of requiring partners throughout a company's value chain to provide GHG emission data is still in its infancy stage. It is our experience that our suppliers and customers within our value chain are at different stages of adoption, and this will take time. We rely on many smaller, private entities to provide transportation and logistics in our distribution network; these entities have no immediate impetus to provide accurate and reliable data. As we can only influence data reporting for our disclosure of Scope 3 GHG emissions from third parties, it is our view that our resources are more effectively utilized investing in the initiatives we can control.

This problem is directly identified in the GHG Protocol which notes:

> "While data availability and reliability may influence which scope 3 activities are included in the inventory, it is accepted that data accuracy may be lower….Verification of scope 3 emissions will ***often be difficult*** and ***may only be considered if data is of reliable quality***" (page 31 of the GHG Protocol, emphasis added).

Considering this all in the context of the Proposed Rule that will require such information by certain registrants for December 31, 2024, we see this as problematic in the short-term. This information must be of high quality that is accurate and reliable for it to be decision-useful for investors, even despite the safe harbor proposed. If the information is not accurate and reliable, the disclosure will undercut the SEC's objectives in providing consistency and transparency. Sufficient time is needed across registrants to be able to prepare and report Scope 3 GHG emissions.

We also have concerns regarding public disclosure of Scope 3 GHG emissions and how the information is not 'double counted' when two different companies include the same emissions in their respective disclosures. While this issue is raised in the GHG Protocol (page 34), the GHG Protocol has not yet suggested a solution, only commenting that it needs to be avoided, and that this matter is less important as the presumption is that this information is reported voluntarily. The GHG Protocol has not been designed to prevent double counting of Scope 3 GHG emissions, while it has been designed to prevent double counting of Scope 1 and Scope 2 GHG emissions. We respectfully suggest this is something that the SEC should consider further within the final rule.

Last, we point out the following sentence in the GHG Protocol that:

> "Scope 3 may not lend itself well to comparisons across companies" (page 29 of the GHG Protocol).

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[4] *See* Greenhouse Gas Protocol*, Update on Greenhouse Gas Protocol Carbon Removals and Land Sector Initiative* (July 8, 2021), available at https://ghgprotocol.org/blog/update-greenhouse-gas-protocol-carbon-removals-and-land-sector-initiative

One alternative to mandatory disclosure of all Scope 3 GHG emissions is to consider mandating reporting for only significant categories of Scope 3 GHG emissions, or those categories that are considered material by registrants. This may negate some of the concerns raised above.

For the reasons above and the SEC's discussion within the Proposed Rule, we agree with the Proposed Rule to not require attestation over Scope 3 GHG emissions.

II.H Attestation of Scope 1 and Scope 2 Emissions Disclosure

143. We considered whether to require registrants to include the GHG emissions metrics in the notes or a separate schedule to their financial statements, by amending Regulation S-X instead of Regulation S-K.

We agree with the Proposed Rule that GHG emissions should be disclosed outside of the audited financial statements. We consider this information akin to disclosure of reserves of mining and oil and gas registrants, where information is disclosed outside of the audited financial statements, and regulations should be consistent.

IV Economic Analysis

Nutrien is a large, multinational organization that has complex operations and a significant environmental footprint. We operate in the agriculture industry and are the world's largest provider of whole-acre crop inputs and services, playing a critical role in helping growers increase food production in a sustainable manner.

While we are voluntarily providing disclosures under the frameworks of TCFD (including Scope 1 and Scope 2 GHG emissions with limited assurance), SASB disclosure for chemicals and mining standards, GRI Index, and the International Business Council for Stakeholder Capitalism, we anticipate significant costs to comply with the Proposed Rule in comparison to the SEC's Economic Analysis. For informational purposes to respond to the SEC's request on cost information, we have answered this question on the assumption we would be required to fully comply, and not be exempt as an MJDS issuer.

We have estimated that the direct and indirect costs of compliance ranges from $35 million to $55 million. This includes the costs associated with conducting scenario analysis and including the related information in public disclosures; measuring and reporting Scope 1 and 2 emissions by each greenhouse gas, obtaining reasonable assurance on Scope 1 and 2 emissions by each greenhouse gas; measuring and reporting Scope 3 emissions by each greenhouse gas for public disclosure subject to DCP; and disclosure of Financial Impact Metrics within the audited financial statements, among other required disclosures. These costs include internal costs, external professional service fees, and additional systems and internal control processes that will need to be designed and operating effectively for public disclosure of high-quality information.