Vanessa A. Countryman

Secretary

Securities and Exchange Commission

100 F Street NE Washington, DC 20549-1090

16 June, 2022

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

Dear Ms. Vanessa Countryman:

On behalf of the FAIRR (Farm Animal Investment Risk and Return) Initiative we are grateful for the opportunity to provide comments in response to the Notice of Proposed Rulemaking "The Enhancement and Standardization of Climate-Related Disclosures for Investors" (File No. S7-10-22) ("Proposal").

FAIRR strongly supports this Proposal as a crucial step in providing investors with the comparable and reliable information they need to assess public companies' climate-related financial risks.

FAIRR is an investor network representing over 350 members globally, with over $66 trillion in combined assets under management, focused on the ESG risks and opportunities in the global food system (www.fairr.org). We both observe and provide for the growing demand among our membership for consistent, comparable, and reliable disclosure of financially material climate and broader Environmental, Social, and Governance (ESG) related information.

According to the US SIF Foundation's 2020 Report on US Sustainable and Impact Investing Trends, climate change has emerged as the single largest ESG issue among asset managers that disclose the specific ESG issues they consider.

We support the Proposal's inclusion of narrative and quantitative disclosure around companies' climate risk management, strategies, and governance in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, we support the audited reporting of Scopes 1 and 2 greenhouse gas emissions (GHG) and reporting of Scope 3 emissions by the largest companies, and eventual inclusion of all listed companies.

In our letter to the Commission in June, 2021, we recommended a mandatory disclosure of minimum information such as Scope 3 emissions across the board, accompanied by clear guidance on what must be included. We are pleased to see this integrated in the proposed rule, and welcome the proposed requirement that where a company has set an emissions target that includes Scope 3 emissions, it will be required to disclose the scope of the target, implementation plan, and progress against that target.

To ensure that the proposal is as robust as possible we suggest to remove the materiality test for Scope 3 reporting by the largest companies (large-accelerated and accelerated filers.) Relying on companies to make their own determinations of what is a material Scope 3 emission may lead to incomplete or inconsistent reporting. Moreover, we recommend that companies must report the methodologies used by third-party firms that provide their disclosure assurance.

The Coller FAIRR Protein Producer Index, which covers 60 of the largest global protein producer companies, including 5 companies headquartered in the United States, demonstrates that disclosure of climate related information for publicly traded companies remains relatively low despite the increased market pressure to publish climate related disclosures. FAIRR research finds that over two-thirds of companies (68%) are still categorised as 'High Risk', which indicates there continues to be a lack of target setting and disclosure of emissions performance in the most emission-intensive aspects. This is likely to have material implications.

In terms of the physical risks from climate change to the sector, the latest science from the IPCC shows that the livestock industry is at risk of losing between USD 9 billion to USD 31 billion per year due to climate-related risk alone, which is approximately 7% and 20% of the global value of production of these commodities in constant 2005 dollars.

There is a welcome proliferation of voluntary ESG disclosures and data but a lack of comprehensive and comparable disclosure across companies. Mandatory disclosures and standardisation will provide investors with material, decision-useful data for investments and voting. Regulators have a critical role to play to advance company disclosure and standardisation.

Please do not hesitate to contact us to discuss our submission. Due to time constraints we were unable to provide as much information as we would have liked before today's deadline, but we would be happy to respond to any follow up questions you may have. Please do not hesitate to get in touch.

Sincerely,

Maria Lettini

Maria Lettini

Executive Director, FAIRR

FAIRR
A COLLER INITIATIVE

<u>**Annex: Responses to Questions in the Consultation**</u>

2. If adopted, how will investors utilize the disclosures contemplated in this release to assess climate-related risks? How will investors use the information to assess the physical effects and related financial impacts from climate-related events? How will investors use the information to assess risks associated with a transition to a lower carbon economy?

FAIRR, as an investor network focused on the risks associated with ESG risks and opportunities in the global food system, uses disclosures such as the proposed SEC mandate to produce research that is used by our investors to evaluate multi-dimensional risk present in investments. Our investor members can use this information to better integrate climate-related transition and physical risks into their portfolios.

3. Should we model the Commission's climate-related disclosure framework in part on the framework recommended by the TCFD, as proposed? Would alignment with the TCFD help elicit climate-related disclosures that are consistent, comparable, and reliable for investors? Would alignment with the TCFD framework help mitigate the reporting burden for issuers and facilitate understanding of climate-related information by investors because the framework is widely used by companies in the United States and around the world? Are there aspects of the TCFD framework that we should not adopt? Should we instead adopt rules that are based on a 54 different third-party framework? If so, which framework? Should we base the rules on something other than an existing third-party framework?

Many companies already acknowledge and utilise the TCFD framework to facilitate climate related disclosures. As FAIRR we welcome the alignment of the SEC with the TCFD framework, as it encompasses the need for a robust, science-based data and disclosures. We also welcome alignment with other frameworks, such as SASB, ISSB, Science Based Targets Initiative, GRI, GHG protocol, among others.

104. Should we, as proposed, allow a registrant to provide their own categories of upstream or downstream activities? Are there additional categories, other than the examples we have identified, that may be significant to a registrant's Scope 3 emissions and that should be listed in the proposed rule? Are there any categories that we should preclude, e.g., because of lack of accepted methodologies or availability of data? Would it be useful to allow registrants to add categories that are particularly significant to them or their industry, such as Scope 3 emissions from land use change, which is not currently included in the Greenhouse Gas Protocol's Scope 3 categories? Should we specifically add an upstream emissions disclosure category for land use?

Yes, it would be useful to allow registrants to add categories that are particularly significant to them or their industry, such as Scope 3 emissions from land use change.

106. Should we require a registrant that is required to disclose its Scope 3 emissions to describe the data sources used to calculate the Scope 3 emissions, as proposed? Should we require the proposed description to include the use of: (i) emissions reported by parties in the registrant's value chain, and whether such reports were verified or unverified; (ii) data concerning specific activities, as reported by parties in the registrant's value chain; and (iii) data derived from

economic studies, published databases, government statistics, industry associations, or other third-party sources outside of a registrant's value chain, including industry averages of emissions, activities, or economic data, as proposed? Are there other sources of data for Scope 3 emissions the use of which we should specifically require to be disclosed? For purposes of our disclosure requirement, should we exclude or prohibit the use of any of the proposed specified data sources when calculating Scope 3 emissions and, if so, which ones?

Yes, SEC should require a registrant that is required to disclose its Scope 3 emissions to describe the data sources used to calculate the Scope 3 emissions.

115. Should we require a registrant to disclose the methodology, significant inputs, and significant assumptions used to calculate its GHG emissions metrics, as proposed? Should we require a registrant to use a particular methodology for determining its GHG emission metrics? If so, should the required methodology be pursuant to the GHG Protocol's Corporate Accounting and Reporting Standard and related standards and guidance? Is there another methodology that we should require a registrant to follow when determining its GHG emissions? Should we base our climate disclosure rules on certain concepts developed by the GHG Protocol without requiring a registrant to follow the GHG Protocol in all respects, as proposed? Would this provide flexibility for registrants to choose certain methods and approaches in connection with GHG emissions determination that meet the particular circumstances of their industry or business or that emerge along with developments in GHG emissions methodology as long as they are transparent about the methods and underlying assumptions used? Are there adjustments that should be made to the proposed methodology disclosure requirements that would provide flexibility for registrants while providing sufficient comparability for investors?

Yes, SEC should require registrants to disclose the methodology, significant inputs, and significant assumptions used to calculate its GHG emissions as investors will be unable to accurately compare registrants' GHG emissions performance and factor this into their investment decisions without a common methodology.

116. Should we require a registrant to disclose the organizational boundaries used to calculate its GHG emissions, as proposed? Should we require a registrant to determine its organizational boundaries using the same scope of entities, operations, assets, and other holdings within its business organization as that used in its consolidated financial statements, as proposed? Would prescribing this method of determining organizational boundaries avoid potential investor confusion about the reporting scope used in determining a registrant's GHG emissions and the reporting scope used for the financial statement metrics, which are included in the financial statements? Would prescribing this method of determining organizational boundaries result in more robust guidance for registrants and enhanced comparability for investors? If, as proposed, the organizational boundaries must be consistent with the scope of the registrant's consolidated financial statements, would requiring separate disclosure of the organizational boundaries be redundant or otherwise unnecessary?

Yes, registrants should be required to disclose the organizational boundaries used to calculate its GHG emissions, as proposed.

128. Should we require a registrant to disclose, to the extent material, any gaps in the data required to calculate its GHG emissions, as proposed? Should we require the disclosure of data gaps only for certain GHG emissions, such as Scope 3 emissions? If a registrant discloses any data gaps encountered when calculating its Scope 3 emissions or other type of GHG emissions, should it be required to discuss whether it used proxy data or another method to address such gaps, and how its management of any data gaps has affected the accuracy or completeness of its GHG emissions disclosure, as proposed? Are there other disclosure requirements or conditions we should adopt to help investors obtain a reasonably complete understanding of a registrant's exposure to the GHG emissions sourced by each scope of emissions?

Yes, registrants should be required to disclose, to the extent material, any gaps in the data required to calculate its GHG emissions.

168. Should we require a registrant to disclose whether it has set any targets related to the reduction of GHG emissions, as proposed? Should we also require a registrant to disclose whether it has set any other climate-related target or goal, e.g., regarding energy usage, water usage, conservation or ecosystem restoration, or revenues from low-carbon products, in line with anticipated regulatory requirements, market constraints, or other goals, as proposed? Are there any other climate-related targets or goals that we should specify and, if so, which targets or goals? Is it clear when disclosure under this proposed item would be triggered, or do we need to provide additional guidance? Would our proposal discourage registrants from setting such targets or goals?

Yes, SEC should require a registrant to disclose whether it has set any targets related to the reduction of GHG emissions, as proposed.