FARM GIRL CAPITAL

June 17, 2022

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

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

Ms. Countryman:

Farm Girl Capital LLC submits this comment in support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors (the "Proposed Rule"). We express deep gratitude for the Commission and SEC Staff's substantive work leading to this groundbreaking Proposed Rule that will drive standardized disclosures and provide investors with decision-useful climate-related financial information.

Farm Girl Capital LLC is a mother-owned Registered Investment Advisor in Albany, CA that serves families and small businesses to invest savings for long term wellness of clients and the communities in which they live. We are a member of the US Social Investment Forum and Financial Planning Association.

Farm Girl Capital LLC believes climate-related disclosures are critical for effective investment analysis and decision-making and we are therefore supportive of many components of the Proposed Rule's measures to establish a baseline of climate risk information accessible to investors of all sizes; however, we also offer recommendations for the Proposed Rule to be strengthened to improve the consistency and comprehensiveness of the disclosures that will result from the rule. We have outlined these perspectives in the letter below, but first seek to recognize the following essential elements of the Proposed Rule.

**The scope and materiality of the categories covered by the Proposed Rule, including the disclosures in financial statements, is a clear reflection of the Commission's recognition of the urgency of climate-related risks**.

- The Proposed Rule comes at a time when addressing material risks related to the climate crisis has never been more urgent: the latest IPCC report from April 2022 reaffirms the need for "immediate and deep emissions reductions across all sectors" to limit global warming to 1.5 degrees Celsius.[1]

[1] https://www.ipcc.ch/site/assets/uploads/2022/04/IPCC_AR6_WGIII_PressRelease_English.pdf

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- Many investors believe issuers must have clear decarbonization strategies and commitments backed up by credible science-based transition plans to mitigate climate-related risks. Decisions that companies and investors make today will have long-term impacts on emissions and climate-related matters; for example, long-lived assets that may lock in increasing emissions over the course of the asset's life.
- We believe that disclosure of material and systemic risks of climate change will help companies and investors to understand, price, and manage climate risks and opportunities. These activities are not only at the core of efficient securities markets, but are also essential to ensuring a just and thriving economy that works for all people and communities.
- 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.

**The Proposed Rule's mandatory disclosures will fill essential gaps for investors, and will do so in a cost-effective manner.**

- Voluntary disclosures have been insufficient to meet investors' needs for comparable, consistent, and reliable information from issuers. The lack of a regulatory mandate has led to inconsistent information across multiple reporting regimes, causing cherry-picking among companies regarding which metrics and information to disclose, as well as confusion among investors about which disclosures to trust and use.
- As an investment organization dedicated to the wellbeing of clients and communities in which they live and work, these provisions will help our organization provide a critical baseline on assessing climate risks, opportunities and impacts that will allow investors of all sizes to make smart and informed decisions about where to invest their money, and how to vote on board elections and shareholder proposals.
- Farm Girl Capital LLC supports transparency and accessibility of this data that will allow consistent and comparable data evaluation from mandatory disclosures supported by policy rather than relying on voluntary disclosures of companies whose interest may not extend to communities and shareholders in equal measure.
- While the shareholder engagement process has been important in developing models and best practices for climate disclosure, consistent and mandatory disclosure across the market that allows efficient and informed investor decision-making, necessitates the requested disclosures.

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**Farm Girl Capital LLC's comments of components of the Proposed Rule:**

*We support, and want to advocate that the SEC keep in the rule (positive reinforcement),*

- the provisions that support the requirements for disclosure of Scope 1 and Scope 2 green house gas emissions data (§ 229.1504 (Item 1504) GHG emissions metrics) to better assess the impact on communities as well as opportunities to strengthen the company through shareholder engagement and help transition toward a lower emission economy for the benefit of all stakeholders.

- The provisions that support Scope 3 green house gas emissions metrics: The SEC should create the conditions necessary for an orderly development of needed market information by creating a consistent Scope 3 requirement. The tools and methodologies needed to provide estimated scope three emissions are available now and will be refined over time. The proposed rule gives sufficient leeway to start with rough estimates and to refine Scope 3 calculations over time. The development of these upstream and downstream emissions that include supply chains and users is critical to accelerating the reduction of emissions. Though this requirement could be phased in and adjusted over time, it is a critical component of the total emission framework upon which to assess investment risk.

*Components of the rule that Farm Girl Capital LLC would revise or add (constructive recommendations)*

- A provision to require alignment of a company climate lobbying positions and their consistency with a company's net zero commitments. How a company assesses risk management, business strategy, climate transition plans and targets impact how investors feel about long-term well-being of the company and investment selection. The TRANSITION PLAN requirement should include disclosure of climate policy advocacy strategies consistent with the overall strategy.

- The rule proposal does surprisingly little to address the manner in which social impacts of the climate transition may pose material risks to a company and its ability to meet its climate goals. The proposal should be revised in numerous places to better reflect the potential social impacts of transition activities (including impacts on the workforce, Indigenous Peoples and local and fenceline communities), which may pose material risks to the company and the pace of the climate transition. Experience has shown that these material risks to issuers include loss of social license to operate, reputational risk, and sustaining relationships with employees, business partners, and local communities.

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- In addition, these transition risks relate to matters of fundamental fairness in our society, the unequal burdening of certain populations and communities with the accelerating and disruptive costs of accommodating climate change.

- Add provisions that support the changing needs and preferences of the identified constituencies such as the retention rather than displacement of workers, job quality in new energy economy. and impacts on and engagement with fenceline communities and Indigenous Peoples and local communities.

- Add provisions on the Impacts to the public and communities: At a minimum, disclosures related to the needs of and impacts to the public and communities should include how registrants are managing potential and actual reputational risks or negative attention from unfavorable impacts and disproportionate burdens of their climate risk mitigation efforts on these constituents.

- Transition plans should identify any guidelines and frameworks (e.g. Free, Prior, and Informed Consent (FPIC), the UN Guiding Principles, the International Labor Organization (ILO) guidance on just transitions, etc.)

- The proposed rule also does not currently address Indigenous People's rights as it relates to climate risk. We urge the SEC to include disclosures regarding Indigenous Peoples' rights and climate related risks where they are directly or indirectly impacted by listed companies' operations, business model, transition risk mitigation plans, and emissions. In addition to including Indigenous Peoples and local communities as members of the public in the above modified transition risk definitions, it is important for the SEC to:

    - Explicitly reference Indigenous Peoples and local communities; and to explicitly reference the UN Declaration on the Rights of Indigenous Peoples as has been done in the SASB and GRI reporting frameworks.
    - Reference the need to assess impacts to Indigenous Peoples and local communities within disclosures of sources of Scope 1, 2, and 3 emissions.
    - Require a registrant to disclose how it assesses Indigenous knowledge, cultures, and traditional practices when assessing the materiality and size and scope of an identified climate-related risk.

- Carbon Offsets: We support the requirements that greenhouse gas emissions disclosures should be reported without deducting any offsets. 229.1504(a)(2) and that the requirements for disclosure of elements of any offsets or Renewable Energy Credits (RECs) (locations, authentication, costs) used toward reaching targets or goals. 229.1506 (D)

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The climate crisis requires immediate action to mitigate the growing threats to financial markets and the economy, and, more importantly, to people. Therefore, we ask the SEC to strengthen the elements of the Proposed Rule to ensure investors and companies have uniform, comparable information to best manage such risks. We again applaud the Commission for its comprehensive efforts on the Proposed Rule, appreciate the opportunity to participate in this rulemaking, and thank you for your consideration of our comments. For further discussion or questions, please contact: Sarah Green, [redacted]

Sincerely,

Sarah Green, CFP®

Principal and Founder
Farm Girl Capital LLC

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