

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

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors  
Attention: 87 FR 21334; Docket ID: SEC-2022-06342; File No. S7-10-22

December 15, 2023

Dear Ms. Countryman:

Americans for Financial Reform Education Fund and National Farmers Union recommends changes to the Scope 3 emissions reporting standards in the Securities and Exchange Commission's (SEC's) proposed Enhancement and Standardization of Climate-Related Disclosures for Investors rule. The goal of the proposed Scope 3 emissions reporting requirements is to account for a registrant's material greenhouse gas (GHG) emissions throughout the value chain, from upstream suppliers to downstream distribution, sale, and use of products. We recommend changes to the Scope 3 provision in the rule to more clearly articulate what is required of registrants and to clarify that these reporting requirements do not extend to family farmers and ranchers.

Impreciseness in the proposed language around Scope 3 has led some food and agribusiness companies to suggest inaccurately that independent family farmers selling into a registrant's supply chain could be required to report their emissions to their buyers. The proposed emissions metrics for Scope 3 includes "emissions reported by parties in the registrant's value chain" (§229.1504(c)(2)(1)). Some food and agriculture companies have told farmers that these provisions would require farmers to collect and report on-farm emissions data, including through audits and third-party certifications, that would impose undue cost burdens on family farmers and prompt agribusinesses and food companies to exert additional power and control over the operational decisions of independent family farms.

That does not appear to be the intent of the proposed rule and Chair Gensler clarified this when he said that "it is not the Commission's intent to have farmers or ranchers ... report on goods they sell to publicly traded companies."<sup>1</sup>

The SEC should make clarifying additions to the proposed Scope 3 emissions reporting requirements stating that registrants can use volume-based cradle-to-gate emissions estimates of agricultural production raw material inputs (for example, emissions per ton of wheat or hundredweight of milk). Further, the SEC should clarify that the reporting of upstream Scope 3 emissions should be based on publicly available data or information voluntarily provided by non-registrant parties in the registrant's value chain. These clarifications are important additions that would strengthen the rule.

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<sup>1</sup> Gilliston, Douglas. "[US SEC chief: climate rule won't require private farmers' emissions data.](#)" *Reuters*. September 12, 2023.

Thank you for your consideration. Recommended regulatory language is included below with new language in italics.

Sincerely,

Americans for Financial Reform Education Fund

National Farmers Union

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§229.1500(e) emissions factor means a multiplication factor allowing actual GHG emissions to be calculated from available activity *or raw material* data or, if no activity *or raw material* data is available, economic data, to derive absolute GHG emissions. Examples of activity data include kilowatt-hours of electricity used, quantity of fuel used, output of a process, hours of operation of equipment, distance traveled, and floor area of a building. *Examples of raw material data include volume-based cradle-to-gate emissions of raw material inputs, including all direct GHG emissions from raw material extraction or agricultural production, precursor manufacturing, and transport, as well as indirect emissions from energy use.*

§229.1504(c)(2)(i) *Publicly available or voluntarily reported emissions data* by parties in the registrant's value chain, and whether such reports were verified by the registrant or a third party, or unverified;

§229.1504(c)(2)(ii) *Publicly available or voluntarily reported* data concerning specific activities, as reported by parties in the registrant's value chain; and

§229.1504(c)(2)(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, *emissions calculated or estimated from emissions factors based on volume of inputs of raw materials or agricultural products*, or economic data.

New §229.1504(e)(4)(iii): *When disclosing Scope 3 upstream emissions related to the production of raw materials or agricultural products, registrants may report emissions using a volume-based emissions factor.*