

May 31, 2022

Securities and Exchange Commission
Washington, D.C.

Ladies and Gentlemen

I urge you to modify the proposed rules on disclosure of risks related to climate change.

I. Introduction

I believe that the climate is indeed changing. I further believe that it is quite possible that these changes are due, at least in part, to activities of human beings, although I do not know that the extent of the connection has been proven beyond doubt. In any case, I think we have no choice but to reduce greenhouse gas emissions. Moreover, these emissions are produced largely by old technology, and it is time to move on. As noted below, I think research into and development of new technologies should be our paramount objective.

II. "Investor" or "Altruist"

As stated in the Securities Act of 1933 and the Securities Exchange Act of 1934, the primary purpose of these statutes is the protection of "investors". An "investor" is generally understood to mean a person who puts money into something in order to make a profit or otherwise earn a financial return. See the Cambridge English Dictionary, the Merriam-Webster Dictionary and most other dictionaries. Thus, an "investor" is not just someone who puts money into something. The motive of the person is relevant. The profit motive must be present in order for the person to be an investor. A person who puts money into something for other reasons, such as to effect or encourage change in behavior -- without a profit motive -- is not an "investor". For lack of a better term immediately being apparent, I will refer to this person as an "altruist". The altruist may buy stock in a corporation to influence management to make environmental or social changes. These changes may be good for society and the planet, and the motive therefor may be of the highest order of morality. But this does not make that person an "investor".

Of course, a person may have two or more reasons for buying stock in a company. Thus, there may be a profit motive and also an altruistic motive. To the extent that the person is motivated by profit, that person is an investor, but to that extent only. The information required by the federal securities laws should be limited to what would be important to the investment decision and exclude that which would be of interest only to the altruist.

III. Purpose of SEC Proposal

To the extent that the proposal is designed to elicit information that would be important to a person seeking profit, the proposal is well within the SEC's statutory authority. For example, physical and financial risks to a company, including costs of regulatory compliance and costs of transitioning to new energy sources, are clearly in the category of information that would be important to an investor. (Of course, disclosure of such risks and costs is already required, although the proposal gives the requirements more specificity.)

However, to the extent that the proposal is designed to elicit information that is important only to the altruist -- to which extent the proposal itself is indirectly designed to effect change in corporate behavior

-- the proposal goes beyond the SEC's statutory authority. For example, it is not at all clear that most of the Scope 3 information called for by the proposal would be important to investors. This information, none of which would relate to the reporting company, would be provided by third parties and its relationship to the reporting company would be speculative and tenuous at best. While this information may be of interest to the altruist, it would likely be of little interest to the investor. The reporting company can certainly identify the categories of businesses that are upstream or downstream in its supply chain, or even individual companies that are significant to the reporting company's business. But let these companies themselves provide information as to their emissions and other activities in their own reports.

Considered in this light, it would appear that much of the proposal, particularly but without limitation the requirement for Scope 3 information, is designed for purposes other than the protection of investors. Indeed, it appears that much of the proposal itself is designed to change corporate behavior. This is beyond the authority of the SEC. Let the federal and state agencies that have jurisdiction change corporate behavior. Let the federal and state environmental agencies regulate the emitters. Let Congress enact legislation.

Let the SEC remain within its statutory confines and protect investors.

IV. Costs and Benefits

The costs of compliance with the proposal, as written, would be prohibitive, especially with respect to Scope 3 information. It would seem that the costs would far outweigh the benefits -- to investors -- of this information.

It would be of far greater benefit to society and to the planet if the time, money and intellectual energy required for compliance with much of this proposal were, instead, devoted to research and development, particularly in the area of technology relating to energy and natural resources generally. Research projects might include

- increases in the efficiency of conversion of solar energy, in photovoltaic and concentrated solar facilities and other ways we have not yet dreamed of
- energy storage, alternatives to lithium
- production and direct and indirect uses of hydrogen
- nuclear -- small modular reactors, reprocessing, fusion, in addition to the decades-old failure of the federal government to fulfill its commitment for spent fuel storage
- hydroelectric resources -- further development, including ocean energy
- water -- stormwater collection, transportation, distribution and storage; desalination
- transportation -- mass transportation; electric vehicles, of course, but especially cleaning up emissions from trucks

One thing is eminently clear -- in 200 years, our successors will look back and note how primitive our technology was.

Accordingly, I urge substantial modification of this proposal. I whole-heartedly endorse the remarks of Commissioner Peirce in her statement of March 21, 2022.

Very truly yours,

Concerned Citizen