



United States Securities & Exchange Commission  
100 F St., NE  
Washington, DC 20549

Re: Enhancement & Standardization of Climate-Related Disclosures  
File Number: S7-10-22

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The Environmental Investigation Agency (EIA) appreciates the opportunity to submit comments on S7-10-22, Enhancement & Standardization of Climate-Related Disclosures, to the U.S. Securities and Exchange Commission. We support this proposed rule and outline our recommendations below on further strengthening it to enhance transparency on emissions disclosure.

EIA is an independent non-profit campaigning organization dedicated to identifying, investigating, and implementing solutions to protect endangered wildlife, forests, and the global climate. We have been closely involved in the international and domestic ozone and climate negotiations on fluorinated refrigerants for more than two decades.

Our work focuses on phasing out the use of hydrofluorocarbons (HFCs), extremely potent greenhouse gases used as refrigerants in cooling systems and appliances. HFCs have global warming potential (GWP) thousands of times higher than carbon dioxide (CO<sub>2</sub>), and they are the fastest growing greenhouse gas worldwide as demand for cooling surges. Eliminating HFCs can help avoid half a degree Celsius of warming by the end of the century, an essential part of limiting global warming to 1.5°C.<sup>1</sup> There are HFC-free refrigerants with ultra-low GWP that companies are increasingly adopting and regulations to phase down the production of these potent gases, but HFCs continue to dominate the market and their proliferation is accelerating climate change.

Emissions from HFCs occur from leaks in cooling equipment and improper disposal and venting at end-of-life disposal.

For sectors such as food retail, HFCs often comprise half or greater of companies' Scope 1 greenhouse gas emissions. Our organization has observed that company disclosures often provide information that's inconsistent in levels of detail and can follow irregular reporting timelines. While the SEC rules note that inconsistent disclosures make it difficult for investors to make decisions in line with their risk preferences, EIA would like to emphasize this negatively impacts the ability to track progress (or lack thereof) on sector climate impacts. This underscores the importance of the proposed rule to improve and streamline disclosures on greenhouse gas emissions.

On areas for improvement, our organization recommends that the SEC strengthen the Scope 3 aspects of the proposed rule. As the SEC has authority to require disclosure that is “necessary or appropriate in the public interest or for the protection of investors,” and it “determined disclosing climate-related risks and metrics to be within this goal,”<sup>2</sup> EIA finds Scope 3 emissions, including those related to the production and use of HFCs, to fall in this category as being critical in the public interest.

Scope 3 HFC emissions are essential to knowing the full impact a company’s operations have on the climate. Scope 3 emissions can sometimes comprise up to 90 percent of a company’s overall emissions, but most companies do not disclose or set climate goals for its Scope 3 impacts.<sup>3</sup>

Major producers of HFCs and manufacturers of refrigeration, air conditioning, and foams that use HFCs should disclose the Scope 3 greenhouse gas emissions of their products, as for many of these companies the majority of their GHG emissions (and thus opportunities for improvement) occur outside their own operations. HFCs contribute to climate change from their production to disposal, increasing the dangerous risks to the public that are inevitable as the planet warms. For example, HFC-23, a by-product in the production of a chemical (HCFC-22) primarily used in air conditioning and refrigeration, is 14,800 times more damaging to the climate than CO<sub>2</sub>.<sup>4</sup> In 2020, atmospheric data showed HFC-23 emissions higher than any point in history.<sup>5</sup> While HCFCs are being phased out for emissive uses, their use as a feedstock has grown significantly in recent years. These and other feedstock production-related emissions are disastrous for the climate and the public, and are material Scope 3 emissions directly related to the use of refrigerants.

The current draft of the proposed rule expects companies to determine if their Scope 3 emissions are material. While investors and the SEC would be able to challenge a company’s assessment of this, it would be more appropriate and streamlined to require Scope 3 disclosure, particularly in specific scenarios such as is the case with HFCs that a greenhouse gas is being produced or used, not leave this up to company discretion.

Scope 3 HFC emissions reporting should be mandatory for companies producing HFCs, and manufacturers of products containing HFCs, such as refrigeration and air conditioning systems. Since HFCs themselves are direct greenhouse gases with well defined global warming potentials (GWPs) and well-established leak and emission rates, their reporting is easily documented and standardized. Several companies have already proven that it is feasible to account for the Scope 3 HFC emissions of refrigeration and air conditioning products, including Trane and Daikin. Additionally, producers of HFCs should be accounting for by-product and feedstock emissions from their production of HFCs refrigerants, such as HFC-23.

Our organization appreciates this opportunity to share the above feedback and supports rule S7-10-22, Enhancement & Standardization of Climate-Related Disclosures. We strongly

encourage the SEC to consider the above recommendations to enhance the goals of transparency and consistency on climate-related disclosures across sectors.

Thank you,

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<sup>1</sup> <https://www.unep.org/news-and-stories/press-release/climate-friendly-cooling-could-cut-years-greenhouse-gas-emissions>

<sup>2</sup> <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>

<sup>3</sup> [https://www.climateadvisers.org/wp-content/uploads/2022/06/Climate-Advisers\\_Why-Supply-Chain-Emission-Disclosure-Is-Necessary-for-Investors-Brief.pdf?utm\\_source=Webpage&utm\\_medium=download&utm\\_campaign=SEC](https://www.climateadvisers.org/wp-content/uploads/2022/06/Climate-Advisers_Why-Supply-Chain-Emission-Disclosure-Is-Necessary-for-Investors-Brief.pdf?utm_source=Webpage&utm_medium=download&utm_campaign=SEC)

<sup>4</sup> [https://static.us.eia.org/pdfs/Two\\_Billion\\_Tonne\\_Climate\\_Bomb.pdf](https://static.us.eia.org/pdfs/Two_Billion_Tonne_Climate_Bomb.pdf)

<sup>5</sup> <https://www.nature.com/articles/s41467-019-13899-4>