



Owner-Operator Independent Drivers Association

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June 16, 2022

RE: File Number S7-10-22, The Enhancement and Standardization of Climate-Related Disclosures for Investors

Submitted via E-mail

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Secretary Countryman,

The Owner-Operator Independent Drivers Association (OOIDA) is the largest trade association representing the views of small-business truckers and professional truck drivers. OOIDA has more than 150,000 members located in all fifty states that collectively own and operate more than 240,000 individual heavy-duty trucks. OOIDA's mission is to promote and protect the interests of its members on any issues that might impact their economic well-being, working conditions, and the safe operation of commercial motor vehicles (CMVs) on our nation's highways.

The trucking industry provides an essential service for our nation's economy, and small-business truckers are a critical component of the industry. Small carriers make up the overwhelming majority of trucking businesses: over 90% of carriers operate 10 trucks or fewer and nearly 50% of businesses are single-truck carriers. Although our members are not registrants that would be subject to the direct reporting requirements in the proposed rule, we are concerned that the rule could indirectly place an undue reporting burden on small businesses.

As part of the transportation services performed with or for other businesses, our members generate greenhouse gas (GHG) emissions that would need to be included in numerous registrants' reporting. As a result, registrants would likely seek to collect information from our members in order to meet their reporting obligations. We believe that the rule should clearly provide flexibility to small businesses that may have difficulty collecting or determining certain information that registrants request of them.

It is challenging to determine exactly how the proposed rule would impact our members in part because the trucking industry is extremely diverse and operates under various working arrangements. A large majority of our members are owner-operators that can be classified in two categories: those that have their own authority from the U.S. Department of Transportation and operate as a small motor carrier, and those that lease on to a carrier and essentially work with that carrier as an independent contractor. Owner-operators that work according to a lease with a carrier may be part of a carrier's Scope 1 or Scope 3 reporting, but this determination will depend on how the registrant sets their organizational and operational boundaries. Both types of owner-operators would be part of Scope 3 calculations. So while the exact effects may be unknown, at a minimum, this rule has the potential to impose significant indirect reporting requirements on small-business truckers.

In one example, the rule suggests that a registrant who owns a fleet of trucks could collect data on the total amount of diesel fuel and refrigerant used in their operations to calculate GHG emissions.¹ While this may be feasible for a carrier that directly owns and operates their entire fleet of trucks, collecting this information would not be as simple for carriers that utilize leased-on owner-operators.

The proposed rule appears to provide a range of options for registrants to comply with its emission disclosure requirements. For example, the rule states that a registrant “may use reasonable estimates when disclosing its GHG emissions as long as it also describes the assumptions underlying, and its reasons for using, the estimates.”² At the same time, the proposal suggests that specific data would be more beneficial for investors analyzing information. The rule singles out transportation services by saying “an investor might find data...more reliable if based on specific distances traveled by the registrant's transportation and distribution partners and company-specific emissions factors rather than estimates of distances traveled on industry-average data and using national average emission factors.”³

Even though the rule allows for certain estimates or general information to be used for Scope 3 emissions calculations, there is the distinct possibility that investors and other stakeholders will pressure registrants to collect as granular information as possible. Furthermore, by requiring registrants to report on any gaps in their data collection, the rule seems to incentivize registrants to report as specific information as possible, since any gaps or discrepancies require an additional explanation.

Small-business truckers work directly and indirectly with a large number of businesses, including other motor carriers, third-party logistics companies, manufacturers, businesses shipping goods, and in the case of drivers that are leasing or financing their equipment, possibly financial businesses. Consequently, all registrants in these business categories would likely want to obtain information about the emissions resulting from the services our members provide.

¹ Securities and Exchange Commission; The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21,386 (April 11, 2022).

² *Ibid.*, 21,469

³ *Ibid.*, 21,380

Complicating matters, many owner-operators perform services for multiple businesses that could fall under different registrants' reporting requirements. This may put truckers in the position of tracking down information on fuel and mileage for specific trips or runs, depending on the type of information that a registrant would like to report. Small-trucking businesses already lack the back office resources that would facilitate collecting and calculating this data, especially when compared with publically traded carriers that employ dedicated administrative departments. Far too often, small carriers are victims of regulations promoted by these large fleets as a method of squeezing competitors out of the industry by increasing their operating costs. While large carriers and other publically traded companies may say they already report this type of data, or have the ability to do so, small carriers or single-truck owner-operators would incur significant costs and responsibilities that may fall on a single person.

Therefore, we are concerned that this rule could generate significant reporting requirements for our members. While the rule provides flexibility for registrants subject to SEC reporting requirements, it should clarify that small-business entities receiving requests from publically traded companies for information to comply with this regulation should have flexibility as well.

Thank you,

A handwritten signature in black ink, appearing to read "Todd Spencer". The signature is written in a cursive, flowing style.

Todd Spencer
President & CEO
Owner-Operator Independent Drivers Association, Inc.