



RUSSELL W. BOENING
President

PAT D. MCDOWELL
Vice President

PETE J. PAWELEK
Secretary-Treasurer

PAT D. MCDOWELL
Shamrock

J. WALT HAGOOD
Wolfforth

MARK DANIEL
Seymour

JOHN PAUL DINEEN, III
Waxahachie

KEVIN WILKERSON
Mabank

WARREN CUDE
Fort Stockton

SAM SNYDER
Moran

MICKEY EDWARDS
Lampasas

JOHN K. GRIFFITH
Alto

PETE J. PAWELEK
Poteet

ALLEN KAMINSKI
Sealy

BRIAN ADAMEK
Victoria

BRIAN JONES
Edcouch

June 17, 2022

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

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

Dear Mrs. Countryman,

I am writing on behalf of Texas Farm Bureau and its members to express concerns regarding the inclusion of Scope 3 emissions reporting in the proposed *Enhancement and Standardization of Climate-Related Disclosures for Investors* Rule [File S7-10-22].

TFB is a general farm organization representing more than 535,000 member families in Texas. Our organization's goal is to benefit all Texans through the promotion of a healthy and vibrant agricultural sector, capable of producing a safe and affordable supply of food, fuel, and fiber for consumers.

In the U.S. 98% of all farms remain independent, family operations. These independent family farms are the backbone of the country and produce food we eat and the raw materials that fuel our economy. The vast majority of agricultural products will be used or sold by a publicly traded company, either directly or indirectly. Thus, farmers and ranchers may be subject to Scope 3 reporting under the proposed Climate Disclosure Rule.

There is great concern that the specificity of the reporting requirements of the Climate Disclosure Rule may:

- Infringe on the privacy of individual farmers and ranchers revealing personal and proprietary information;
- Add to regulatory costs that provide little or no meaningful benefits;
- Create legal liabilities for reporting metrics that are extremely difficult to quantify and/or track; and
- Increase the cost of U.S. agricultural goods and products and weaken the ability of farmers and ranchers to compete in global agricultural markets.

As recently as May 11, 2022, President Biden reaffirmed his Administration's commitment to promoting independent, family-owned farms and ranches. The proposed Climate Disclosure Rule would likely compromise this commitment and necessitate a more integrated production model due to the specificity of reporting and the possible legal liabilities.

Key Concerns:

Statutory Authority - SEC Commissioner Hester M. Peirce offered the following critique of the proposal on March 21, 2022 in an article entitled, "*We are not the Securities and Environment Commission – At Least not yet*". In her statement she argued that the proposed rule lacked:

- *A credible rationale for such a prescriptive framework when our existing disclosure requirements already capture material risks relating to climate change;*
- *A materiality limitation;*
- *A compelling explanation of how the proposal will generate comparable, consistent, and reliable disclosures;*
- *An adequate statutory basis for the proposal;*
- *A reasonable estimate of costs to companies; and*
- *An honest reckoning with the consequences to investors, the economy, and this agency.*

TFB echoes the statutory concerns raised by Commissioner Peirce.

Reporting - The Climate Disclosure Rule references the use of the *Greenhouse Gas (GHG) Protocol* as the standard for reporting. The *GHG Protocol Agricultural Guidance* (<https://ghgprotocol.org/agriculture-guidance>) is more than a hundred pages long and would require farmers and ranchers to disclose intimate details of virtually every aspect of an agricultural operation [see page 48 of the *GHG Protocol Agricultural Guidance*, Table 7-1]. Including such detailed information in public disclosures could result in unwanted exposure and/or harassment.

Tracking – Scope 3 reporting as outlined in the proposed Climate Disclosure Rule also fails to properly consider the intricacies and variables associated with agricultural production and the complexities of the existing supply chain.

As an example, an average beef feeder calf may be sold and transported 2-3 times before finishing on grain at a feedyard. Grains are typically co-mingled at large storage facilities and marketed to maximize value – often as livestock feed. Hay is used both on-farm and off-farm. As per the rule, every input and GHG generated (and presumably stored) would need to be accounted for to fulfill the obligations of the proposed rule. This would not be an easy task.

Costs – Most farmers will not have the means to track all of the information necessary to comply with the proposed rules. As such, they will be forced to hire consultants. It is unlikely that these costs will be recoverable for farmers and ranchers. However, processors and manufacturers will have no problem passing down their costs of tracking and reporting to consumers. The result will be increased production costs for farmers without increased revenue.

Vertical Integration – Due to the complications in reporting and tracking GHG emissions, the proposed rule would likely incentivize vertical integration in agricultural production whereby a single entity owns the farm, the inputs, the processing, and the wholesale/retail market.

Due to the statutory and logistical concerns provided, Texas Farm Bureau urges the SEC Commissioners to oppose this rule. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Jay Bragg". The signature is written in a cursive style with a large, stylized "J" and "B".

Jay Bragg

Associate Director, Commodity and Regulatory Affairs