FRIENDS OF SCIENCE
Providing Insight into Climate Science

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International Sustainability Standards Board (ISSB)
Columbus Building
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Canary Wharf
London, E14 4HD

commentletters@ifrs.org

RE: Comments on the [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information & [Draft] IFRS S2 Climate-related Disclosures

Dear ISSB and Mr. Faber,

Friends of Science Society is a group of scientists, Professional Geoscientists, Professional Engineers, and businesspeople that has been reviewing climate science and related energy policies since 2002 and issuing commentaries.

We are deeply concerned that the proposed reporting regulations:

1) Are not based on current understanding of climate science, that being, we are not in a 'climate emergency' as the formerly alleged 'business-as-usual' scenario "RCP 8.5" is no longer seen as 'humanity's likely future' by the IPCC in their Working Group I (Physical Sciences) report of August 2021; [1] [2]
2) Put far too much weight on Greenhouse Gas Pollution ***as a risk,*** rather than a benefit from CO2 (Carbon dioxide) fertilization,[3] which has enhanced crop growth and which appears to be, volumetrically, mostly driven by natural influences – meaning carbon dioxide concentration in the atmosphere is a *consequence* of climate change and only nominally a cause.
3) Present an onerous financial and labour force burden on small, medium, and large-sized domestic industries, particularly small farms, with no apparent real benefit to the world.

[1] https://rogerpielkejr.substack.com/p/how-to-understand-the-new-ipcc-report
[2] https://www.sciencedirect.com/science/article/abs/pii/S2214629620304655
[3] https://blog.friendsofscience.org/2021/05/28/social-cost-benefit-of-carbon-dioxide-from-fund-with-corrected-temperatures-energy-and-co2-fertilization/?highlight=ken%20gregory%20co2%20fertilization

4) Fails to respect regional and geographical differences of human needs; Canada is a vast, very cold country with small population density. It has been denounced as a large emitter based on the faulty 'emissions per capita' values when in fact Canada.
   a) Has huge natural carbon sinks in the massive boreal forest (which are not allowed to be counted vis a vis COP agreements) – yet the World Economic Forum's 1t.org (One Trillion Trees) is a carbon credit tree planting project that simply parallels the naturally occurring Canadian boreal forest!).
   b) Is a provider of natural resources, energy, and agricultural products to the world – where many of our emissions intensive activities serve humanity elsewhere. Thus, Canadian companies and farmers must not be burdened or restricted by 'climate risk' reporting when they are providing essential services and products to keep other people, in other countries alive.
   c) Likewise, Canadian firms cannot reasonably report on Scope3 emissions, whether domestically or internationally, as they cannot know the full extent of use or service of delivered products by other people in other countries far away, nor should they ever bear any legal liability for reporting on same, as **Scope 3 emissions are outside the control of any producer of any product anywhere.**
5) Climate risk reporting in corporations will be done by non-climate expert parties, reporting on something they know nothing about. We have addressed this in two reports rebutting the Kosky Minskie report of 2015 which advised pension fund trustees that "Climate change denial is not an option." We strongly dispute their findings.
6) These standards appear to have been developed to avoid having to report via conventionally accepted accounting standards, meaning that shareholders are being led astray and funds are being improperly managed under the guise of 'saving the planet.' We address this in two reports:
   a) Undue Influence - Markets Skewed https://blog.friendsofscience.org/wp-content/uploads/2016/04/undue-influence-markets-skewed-april-5-2016-final-ic-bl.pdf
   b) A Confluence of Carbonbaggers https://friendsofscience.org/assets/documents/Carbonbaggers_Report.pdf

7) The entire notion that carbon dioxide as the main driver of climate change is not founded on scientific evidence, and the industry of carbon markets that has grown up around it is based on '*the lack of delivery of an invisible substance to no one'* (Mark Schapiro, Harpers, Feb. 2010). In any other industry, this would be called fraud.
8) CLINTEL – the climate intelligence network of over 1,100 scientists and scholars, based in The Netherlands, explains that there is no climate emergency, we do have time, and natural influences are more powerful than human emissions.
9) We believe the reporting standards must be revised accordingly.

Note that we are in inflationary times; the **world faces famine** in many regions due to the conflict in Ukraine/Russia and due to climate policies. These reporting requirements will make things worse.

As outlined by Steve Soukup, author of "The Dictatorship of Woke Capital" and investment market commentator who recently authored an article regarding similar SEC disclosure rules: (bold added)

Last week, our friend Richard Morrison, a senior fellow at the Competitive Enterprise Institute, penned *a long, detailed, and formidable report on the problems with the Securities and Exchange Commission's (SEC) mandatory environmental disclosure proposal*. Among other problems with the proposal, Morrison details the costs:

The SEC admits that the costs associated with complying with the proposed rule would be "significant," but tries to downplay the burden by pointing to the large volume of information that some companies already voluntarily disclose. That may count in the agency's favor in terms of relative costs incurred, but it also cuts against the agency's claims of benefits generated….

The legal and reputational threat of being officially found non-compliant dramatically increases the amount of time, money, and professional expertise required, compared to voluntary disclosures. Even when it comes to specific quantitative requirements like measuring greenhouse gas emissions, the agency's proposal states, "we are unable to fully and accurately quantify these costs."[xviii] The fact that the SEC staff is forced to admit this after more than a year working on this proposal signals that they are not taking the rule's cost-benefit analysis seriously….

The costs of complying with this rule—which will almost certainly run into billions of dollars per year—will be piled on top of the existing array of federal regulations with which firms must already comply. Managers of public companies already work under a staggering burden of federal and state requirements. That accumulated weight has significant economic effects on individual firms, particular industries, and the U.S. economy as a whole. Recent research by scholars affiliated with the Mercatus Center at George Mason University also suggests that regulatory growth within an industry disproportionately burdens small businesses relative to their larger competitors.[xx]
The Competitive Enterprise Institute's Wayne Crews estimates that the current total cost burden of U.S. federal regulation comes to nearly $2 trillion per year.*[xxi] That accumulated burden also harms innovation, kills jobs, and slows economic growth, resulting in a smaller economy and lower investment returns. [xxii] The SEC's own estimates suggest that the overall* ***cost of disclosure and compliance for public companies will rise from approximately $3.8 billion per year to over $10.2 billion—a more than 250 percent increase, based on this rule alone.***

Read that last bit again, if you have the stomach for it: in an inflationary environment, in which stagflation is a real risk, the SEC wishes to impose AT least a 250% increase in compliance costs on ALL publicly traded companies for disclosures that it doesn't even know will be beneficial   Talk about "broadening the drivers of inflation."

But that's just the beginning….

Note that above, El-Erian is concerned about the price of food and the possibility of "devastating famine." Well…you wanna know how to increase food prices drastically? Slap a Scope-3 emissions reporting requirement on publicly traded companies:

Specifically, the proposed rule requires a registrant to disclose information about its direct greenhouse gas emissions (Scope 1) and indirect emissions from purchased electricity or other forms of energy (Scope 2). In addition, a registrant would be required to disclose greenhouse gas emissions from upstream and downstream activities in its value chain (Scope 3) under many – if not most – circumstances….

There are an estimated 63,485 companies listed on the SEC website with some sort of registrant reporting requirements, with industries ranging from life sciences to energy and transportation, real estate and construction, manufacturing, technology, trade and services, finance, structured finance and international corporate finance.

Looking further into the companies that are registered with the SEC, each company is classified with a specific industry title and assigned a standard industrial classification (SIC) code that indicates the company's type of business. Notably, none of the registrants listed on the SEC's website has an SIC code corresponding to agricultural production. That is, for the SIC codes titled "Agricultural Production-Crops," "Agricultural Production-Livestock & Animal Specialties," "Agricultural Services," "Forestry," and "Fishing, Hunting and Trapping," there are no reporting companies that disclose to the SEC. However, all five of these industries produce most of the raw products used by publicly traded companies and is, therefore, part of the value chain of that publicly traded company (i.e., Scope 3). For agriculture, food, and forestry manufacturing alone, there are nearly 2,400 companies registered with the SEC that would be subject to reporting Scope 3 emissions from its farm suppliers.

For Scope 3 emissions disclosures, the proposed rule would require public companies to disclose the emissions for each significant category of their value chain, expressed in metric tons of carbon dioxide equivalent. The disclosures would further need to be disaggregated by each constituent greenhouse gas (carbon dioxide, methane, nitrous oxide, nitrogen trifluoride, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride).

For farmers to stay compliant with the companies that purchase their products downstream, this could mean producers will need to track and disclose on-farm data regarding individual operations and day-to-day activities. Unlike large corporations currently regulated by the SEC, farmers do not have teams of compliance officers or attorneys dedicated to handling SEC compliance issues. ***This could force farmers of all sizes, but particularly those with small and medium-sized operations, to report data they may be unable to provide, which would result in a costly additional expense or a loss of business to larger farms****.*

Add to this the fact that many farmers with methane-heavy operations (i.e. cattle farms) have already been warned that their "climate impact" will likely mean reduced opportunity for/likelihood of debt financing, and you have a recipe for massive food cost increases, production shortages, and Gaia knows what else.

Mohamed El-Erian can't talk about this, though, because that would be unseemly. You see, he, like everyone else who breathes the rarefied air at the intersection of Wall Street and the Ivory

Tower, is a climate-change guy. He believes companies should be "sustainable" and that Net-Zero is a good thing. Because of course he does.

We suspect that, in private, he knows better – which is precisely the reason that he doesn't give many details about the "broadening drivers of inflation." Why would he?

Clearly, implementing reporting rules that will end up destroying productive industries and small farms is contrary to the public interest.

We request that you review the updated scientific understanding of Greenhouse Gas Impacts, the fact that no evidence supports the claim that we are in a climate emergency (despite political declarations to the contrary), and the burden of costs/potential to destroy important food providers in a time of inflation and looming global famine.

Sincerely,

Ron Davison, P. Eng.
Friends of Science Society

About
Friends of Science Society is an independent group of earth, atmospheric and solar scientists, engineers, and citizens that is celebrating its 20th year of offering climate science insights. After a thorough review of a broad spectrum of literature on climate change, Friends of Science Society has concluded that the sun is the main driver of climate change, not carbon dioxide (CO2).
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