July 31, 2026

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

Re: ***Comments of the Center for Climate and Energy Solutions on the Proposed Rescission of Climate-Related Disclosure Rules (Release Nos. 33-11421; 34-105572; File No. S7-2026-19)***

Dear Ms. Countryman:

The Center for Climate and Energy Solutions (C2ES) submits the following comments in response to the Securities and Exchange Commission's ("Commission" or "SEC") proposed rescission of the climate-related disclosure rules adopted in March 2024 ("Final Rules"). C2ES is an independent, nonprofit, nonpartisan organization dedicated to advancing strong policy and action to reduce greenhouse gas emissions, promote clean energy, and strengthen resilience to climate impacts. We have extensive experience engaging stakeholders on climate-related financial disclosures, including through our June 2022 comments on the Commission's original proposing release and our January 2023 supplemental comments, developed with feedback from large, publicly traded companies, regarding an alternative approach to the proposed Regulation S-X financial statement metrics.

The views and recommendations expressed in this letter are those of C2ES and do not necessarily represent the views of any company consulted by C2ES.

As we stated in 2022, C2ES supports mandatory climate-related financial risk disclosure and believes that a properly calibrated rule can play a vital role in helping the broader investor community gain better insight into how publicly traded companies are managing their climate-related financial risks. Our comments below hew closely to the positions we took throughout the original rulemaking: support for the core disclosure framework adopted in 2024, together with the constructive, implementation-focused improvements we and consulted companies identified along the way. We respond to each of the Commission's questions in turn.

Question 1. *Should we rescind the Final Rules in their entirety as proposed? Why or why not?*

No. C2ES does not support wholesale rescission of the Final Rules. As we stated in our comments on the proposed rule in 2022, market participants must have access to consistent, comparable, and reliable information on climate-related risks to ensure that markets are fair, capital is efficiently allocated, and investors are protected. Existing reporting practices have not diminished; if anything, the volume of company-specific and portfolio-level climate risk that investors are asked to evaluate has only grown since 2022. Many investors seek this information, and many leading companies already provide at least some form of it through Commission filings, sustainability reports, or third-party platforms such as CDP. The resulting variation in location, content, methodology, and assurance underscores the value of a common disclosure baseline.

We disagree with the Commission's characterization of the Final Rules as a "dramatic overreach" unsupported by any legitimate investor need. The 2024 Adopting Release was the product of an extensive, multi-year notice-and-comment process, informed by thousands comment letters, in which the Commission made substantial, responsive changes precisely to address the burden, specificity, and liability concerns that registrants (including many of our consulted companies, most of them Fortune 500 companies across manufacturing, financial services, technology, utilities, and heavy industry) raised and other commenters. Traditional materiality qualifiers were added throughout; the proposed value-chain concept was narrowed; the Scope 3 mandate was dropped for most registrants; safe harbors were extended for certain forward-looking information concerning to transition plans, scenario analysis, targets and goals, and internal carbon pricing; and the financial statement disclosure requirements were substantially streamlined. Rescinding the Final Rules in their entirety would discard that record of iterative improvement rather than building on it.

To the extent the Commission believes discrete elements of the Final Rules remain too costly or insufficiently tailored to materiality, principally the Article 14 financial statement metrics discussed in our supplemental comments, C2ES's position is that those specific provisions should be revised rather than discard the entire disclosure framework. We address alternatives to rescission in our response to Question 3.

Question 2. ***Are there aspects of the Final Rules that remain within the Commission's statutory authority and should be retained? If so, how would these items of disclosure be able to operate sensibly without the rescinded portions of the Final Rules?***

Yes. In C2ES's view, the Final Rules are within the Commission's statutory authority. The governance, strategy, and risk management disclosure items (Items 1501–1503), the targets and goals disclosure (Item 1504), and the material GHG emissions disclosure (Item 1505, as scaled to LAFs and AFs and subject to materiality) all rest on the same footing as disclosure items the Commission has required for decades, including risk factors, MD&A, board risk oversight, and executive compensation. They elicit investor-relevant information about how a registrant identifies, oversees, and manages material risks that may affect its strategy, operations, and financial condition. The financial statement disclosures fall within the Commission's statutory authority to prescribe the detail and form of companies' financial statements. (15 U.S.C. § 77aa(25)-(26)). The Final Rules are already closely aligned with the TCFD recommendations, which are now fully incorporated into the ISSB's IFRS S1 and IFRS S2 standards and use the GHG Protocol for emissions measurement. Drawing on widely used frameworks can reduce burden for registrants already familiar with them and improve comparability for investors.

We do not agree with the Commission's assertion in the proposed rescission that these provisions "cannot operate sensibly" without the rest of the Final Rules. Disclosure of governance processes, risk management processes, and targets and goals is not functionally dependent on Article 14. Companies already report on governance, strategy, and targets, often in detail, through sustainability reports and TCFD-aligned voluntary reporting without an accompanying financial statement note. If the Commission is concerned about interconnection, the appropriate response is to clarify, through instruction or guidance, that each disclosure item stands on its own and can be provided independent of the others. It should not eliminate all of them because one provision requires further work.

Question 3. ***Are there alternatives to outright rescission that we should consider? For example, should we amend the Final Rules so that they apply to a smaller subset of registrants or in more limited circumstances? Alternatively, should we propose to replace the Final Rules with less prescriptive and less costly disclosures about climate-related matters? If so, how would such disclosures improve upon the information already elicited by existing disclosure obligations? What information about climate-related matters does a reasonable investor need to make informed investment decisions?***

Yes. C2ES has previously offered practical implementation-focused alternatives, informed by company experiences and feedback, to address the most burdensome elements of the Final Rules without abandoning the disclosure framework.

Most directly relevant here is the alternative we developed with a dozen large, publicly traded companies in early 2023 in response to the proposed Article 14 financial statement metrics. Rather than requiring registrants to disaggregate and attribute climate-related impacts on a line-by-line basis against a one percent threshold, which the great majority of companies that provided feedback to C2ES described as unworkable, we proposed a footnote table presenting discrete and separable climate-related expenditures across three categories: climate-related events, transition activities tied to publicly disclosed targets and goals, and other transition activities. This approach would provide investors with decision-useful, comparable information while avoiding the redundant and, in practice, unimplementable "financial impact metrics" requirement. C2ES recommends that the Commission adapt this kind of streamlined expenditure table rather than eliminate financial statement disclosure of climate-related matters altogether.

Beyond the financial statement metrics, C2ES recommends the following amendments as alternatives to rescission:

- **Materiality-consistent, narrative-level disclosure where appropriate.** As we said in 2022, disclosure of information should only be required if considered material, and the Commission should clarify that materiality for these rules is to be interpreted consistently with the existing securities-law standard. Where granular quantitative disclosure would expose competitively sensitive information, such as internal carbon prices or the financial details of scenario analysis, the Commission should permit appropriately narrative-level disclosure rather than require granular quantitative detail.
- **Expanded, durable safe harbors.** C2ES recommended in 2022 that safe harbors extend beyond Scope 3 emissions and forward-looking statements to cover governance information, risk management strategies, scenario analysis, transition plans, and targets and goals, and that those safe harbors protect registrants from both private litigation and Commission enforcement action. Much of the burden the Commission now cites as justification for rescission, the "difficult

choice" registrants face between under- and over-disclosure, is a liability-exposure problem that a properly scoped safe harbor addresses directly, without discarding the underlying disclosure requirement.

- **Retention of the scaled, phased-in approach already built into the Final Rules.** The 2024 rule exempts SRCs and EGCs from GHG emissions disclosure, phases in compliance by filer status, and requires Scope 1 and 2 disclosure only when material. This tailoring should be preserved or, if the Commission believes further scaling is warranted, extended, rather than jettisoned.
- **Commission guidance on outstanding definitional questions.** As we noted in our supplemental comments, terms such as "climate-related expenditure," "climate-related event," "transition activities," and "discrete and separable" require further definition, particularly for sectors where climate-related and ordinary-course capital expenditures overlap substantially. The Commission should engage FASB and PCAOB, as we recommended in 2022, to develop the accounting and auditing guidance needed to operationalize these terms, rather than treat the absence of that guidance as a reason to abandon financial statement disclosure altogether.

As to what a reasonable investor needs: consistent with our 2022 comments, we believe investors need standardized, comparable, and reliable information on (1) a registrant's governance and management of material climate-related risks; (2) how those risks affect the registrant's strategy, business model, and outlook; (3) material GHG emissions, reported using an established, widely used methodology; and (4) any climate-related targets or goals the registrant has adopted and its progress toward them. Existing, generic disclosure obligations, Items 101, 103, 105, and 303, do not reliably elicit this information in a form that is comparable across registrants; that is the problem the Final Rules were designed to solve, and it remains unsolved absent some version of this framework.

Question 4. *Does the proposed rescission negatively affect any reasonable reliance interests that market participants may have had in the operation of the Final Rules, notwithstanding that the rules were stayed prior to effectiveness? Have any costs been incurred in preparing to comply with the Final Rules, even though the Final Rules have been stayed? If so, please explain why and describe the type and magnitude of those costs.*

Yes. Potential reliance interests should not be discounted simply because the Final Rules were stayed before they became effective. Many consulted companies began building or expanding the systems needed to comply with the Final Rules before the April 2024 stay and during the extended 2022–2024 rulemaking process itself. The majority of large, publicly traded companies in our network of consulted companies have, for years, developed GHG emissions inventories aligned with the GHG Protocol, obtained third-party assurance over Scope 1 and Scope 2 emissions, and produced TCFD-aligned governance, strategy, and risk management disclosures.

Because the Final Rules were designed around, and closely track, these same existing frameworks, companies that built data governance, internal control, and third-party assurance processes anticipating the Final Rules built infrastructure that is usable for SEC-filing-grade disclosure. Discontinuing investment in that infrastructure now, only to potentially need to rebuild it if a future rule or amended rule is adopted, itself imposes additional costs on companies and would be a poor use of the investments already made. We would encourage the Commission to solicit direct cost data from registrants on this point rather than assume that the stay eliminated all reliance costs.

Question 5. ***Do existing disclosure requirements serve to elicit adequate disclosure about climate-related matters, when material to a specific registrant? Why or why not? Should we revise the 2010 Guidance to provide updated guidance about how existing disclosure obligations may elicit information about climate-related matters?***

No. Existing disclosure requirements do not adequately elicit or require this information, and this was the central finding that led C2ES, and the Commission itself, to support enhanced climate disclosure requirements in the first place. As we stated in our 2022 comments, current disclosure practices, including those elicited by the 2010 Guidance, have resulted in disclosures that vary substantially in scope, location, detail, methodology, and timing and are difficult to compare. Much of the GHG emissions data, targets, and emissions reduction information that investors seek is currently disclosed, if at all, outside of Commission filings, in sustainability reports or on company websites, where it is not subject to the same disclosure controls and procedures, certification requirements, or liability provisions that apply to Commission filings, and is therefore less reliable. This lack of comparability led investors across retail and institutional classes to request more consistent, comparable disclosure in Commission filings during the 2022 comment process.

If the Commission declines to retain a dedicated climate disclosure framework, C2ES recommends, as an inferior fallback, that the Commission at minimum undertake a comprehensive revision of the 2010 Guidance to reflect the GHG Protocol; the TCFD and the ISSB standards; credible, long-standing, peer reviewed climate science such as the Assessment Reports from the Intergovernmental Panel on Climate Change; as well as emerging guidance and standards related to how companies can measure and assess physical risks from a changing climate, including extreme weather. Updated guidance, however, is not an adequate substitute for standardized disclosure requirements. Guidance does not carry the same disclosure controls, certification, or liability consequences as a Commission rule, and, based on the pre-2024 experience under the 2010 Guidance itself, is unlikely on its own to produce the standardized, comparable disclosure investors have said they need.

Question 6. ***Have recent developments in climate reporting practices affected the rationale for the Final Rules? If so, how?***

We do not agree that recent developments abroad undermine the rationale for the Final Rules; if anything, they reinforce the case for a tailored U.S. framework. The Commission cites the EU's narrowing of the CSRD and CSDDD and the ISSB's amendments to IFRS S2 as evidence that prescriptive climate disclosure regimes have proven “burdensome, overly complex, and/or duplicative.” C2ES raised similar implementation concerns, including excessive specificity, unworkable financial statement thresholds, and insufficient safe harbor protection, in 2022, and again in 2023 with a proposed alternative for the financial statement provisions. The lesson is that regulators should calibrate scope, thresholds, and specificity carefully and be willing to revise based on implementation experience, which is the process the Commission itself undertook between the 2022 proposal and the 2024 Final Rules, and the process the ISSB and EU are now undertaking with their own frameworks.

Question 7. ***If the Final Rules were to go into effect, to what extent would they impact firm decisions about whether to become or remain a public company?***

We do not believe the record supports the conclusion that the Final Rules would materially affect the decision to become or remain a public company, particularly as adopted in 2024 rather than as originally proposed in 2022. The Final Rules already include extensive scaling designed to mitigate this concern: SRCs and EGCs are exempt from mandatory Scope 1 and Scope 2 disclosure and the associated assurance requirements; compliance is phased in by filer status; Scope 1 and Scope 2 disclosure is required only when material; and Scope 3 disclosure was eliminated for virtually all registrants in the Final Rules. These accommodations respond to concerns raised regarding smaller and newer registrants.

Moreover, our experience with consulted companies, most of them Fortune 500 companies across manufacturing, financial services, technology, utilities, and heavy industry, indicates that large, publicly traded companies already provide most of this information voluntarily. Many companies have publicly stated climate goals, and a large majority already report Scope 1 and Scope 2 emissions using the GHG Protocol, several with third-party assurance already in place. For the registrants most likely to be affected by any incremental burden, smaller and newer public companies, the Final Rules' exemptions and phase-in periods were specifically designed to minimize that burden during the period when capital-formation concerns are most acute. To the extent the Commission remains concerned about the effect on smaller registrants specifically, the appropriate response is to preserve or expand those existing accommodations, not to rescind the disclosure framework for all registrants, including the large accelerated filers for which relevant reporting practices are more developed.

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C2ES appreciates the opportunity to comment on this proposal and would welcome the opportunity to discuss these comments further with the Commission and its staff.

Respectfully submitted,

Center for Climate and Energy Solutions (C2ES)