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To:	Paul S. Atkins, Chairman, U.S. Securities and Exchange Commission
	David Russo, Senior Council, SEC Office of the General Council
From:	Woodwell Climate Research Center
Date:	August 3, 2026
Re:	Rescission of Climate-Related Disclosure Rules
	Docket ID No. FR Doc. S7-2026-19

Woodwell Climate Research Center (Woodwell) appreciates the opportunity to comment on the Security and Exchange Commission's proposed rescission of climate-related disclosure rules. As a scientific research organization dedicated to conducting science for solutions at the nexus of climate, people, and nature, Woodwell consistently advocates for robust, science-informed, and publicly accessible data for long-lasting sustainability and the benefit of the people.

Introduction

The mission of the Securities and Exchange Commission (SEC) is "protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation."[1] The proposed rescission of the final climate-related disclosure rules stand in stark contrast to this mission. The proposed rescission argues that climate change is not a material risk to registrants or investors, but this is a false claim. Climate risk is business risk, and climate risk is financial risk.

Companies are already taking action to mitigate these financial risks, with over 80 percent of large, publicly registered companies disclosing their climate-related risks.[2] Their willingness to take on the extra cost to engage in these voluntary disclosures is evidence of the broad industry awareness that climate change poses a significant financial threat. Investors also show wide-reaching recognition of the importance of climate-related disclosures, with 97 percent of those who mentioned Scope 1-3 emissions in their public comments in response to the 2022 proposed climate-related disclosure rules expressing support for the inclusion of those disclosures in the Final Rules.[3] Investors and companies understand that, in order to adequately adapt to the threat of climate change, markets must know how industry is preparing for these challenges.

Under the current SEC disclosure rules, S&P 500 companies that volunteer to provide climate disclosures do so very briefly with little discussion of material issues or quantification of impacts or risks, while a

[1] *Mission*. U.S. Securities and Exchange Commission.
[2] Coates, J., Coffee, J., Cox, J., Fox, M., & Seligman, J. (2026). Shadow SEC Statement No. 10: The SEC's Proposed Climate "Do-Over" - Prejudged, Internally Inconsistent, and Partisan. *The CLS Blue Sky Blog.*
[3] Rothstein, S. (2022). Analysis shows that investors strongly support the SEC's proposed climate disclosure rule. *Ceres.*

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large portion of companies disclose nothing related to climate in their annual filings.[4] However, most S&P 500 companies that voluntarily disclose through the Carbon Disclosure Project provide a much more thorough analysis compared to the SEC process,[5] demonstrating that while companies do have access to this information, they do not have access to a standardized process by which to disclose this information.

The SEC is choosing to put the desires of the registrants over those of the investors, citing increased costs and unnecessary effort for repetitive information for companies while downplaying the increased costs of acting on incomplete and asymmetric data for investors. In fact, the SEC repeatedly suggests that the investors who seek these more detailed and required disclosures are not "reasonable" investors as this information does not materially impact registered companies. This is doubtful considering that more than 41 countries, accounting for about 60 percent of the world's GDP, have approved or proposed climate-related disclosure rules.[6] Moreover, if the majority of investors, who possess a majority of the stock in public corporations, have expressed their desire for these climate-related disclosures, the disclosures should be presumed to be material.[7] While 83 percent of comment letters received by the SEC supported the 2022 proposed climate-related disclosure rules,[8] *Feit v Leasco Data Processing Equipment Corp.* determined that just 10 percent of public support is sufficient to define materiality.[9]

The short-term political interests that color this proposed rescission do not usurp the decades of precedent inscribed in law or the interests of the American people. Woodwell urges the SEC to consider the scientific evidence and economic analysis that shows that climate change is a financial and material threat to industry, so that it may segment, critically examine, and revise individual provisions of the Final Rules. This process will better reflect an effort to protect investors and benefit the economy, as opposed to rescinding the Final Rules in their entirety.

<u>Scientific Objection to the Rescission of Climate-Related Disclosure Rules</u>

Woodwell's research demonstrates that climate change and warming temperatures drive environmental hazards that threaten the everyday lives of Americans, as well as industry and the economy. Winter storms, extreme precipitation, and summer heat waves are just some examples of these increasingly frequent and intense weather patterns.[10]

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[4] Coburn, J., & Cook, J. (2024). Cool Response: The SEC & Corporate Climate Change Reporting key findings. *Ceres.*
[5] Ibid.
[6] Lubber, M. (2026). The SEC Is Rolling Back Disclosure. Here's What Companies And Investors Need To Know. *Forbes.*
[7] Coffee, J. (2026). Unpacking the SEC's Climate-Related Disclosures: A Quick Tour of the Issues. *The CLS Blue Sky Blog.*
[8] Rothstein, S. (2022).
[9] *Feit v Leasco Data Processing Equipment Corp.,* 332 F. Supp. 554, 571 (E.D.N.Y. 1971).
[10] Francis, J. (2026). Yes, Climate Change Is Making Severe Weather Worse: recent disasters show how climate change is making winter storms, flooding rains and summer heat waves more extreme. *Scientific American.*

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Extreme heat that exceeds the limits of what the human body can tolerate already occurs in the hottest parts of the world. Parts of every continent, except Antarctica, will see a rapid increase in these heat events under only moderate global warming scenarios,[11] threatening outdoor working conditions in industries like agriculture and manufacturing. Wildfires will increase in frequency and intensity under these heated conditions, contributing to life-threatening poor air quality[12] and further workplace disruptions, as well as the destruction of homes and buildings that require large insurance payouts. This warmer air holds more water vapor, which in turn condenses into clouds and drops flooding rains, similarly threatening physical infrastructure[13] to the financial detriment of the insurance industry. Increasing heat also thaws permafrost, which causes infrastructural damage estimated at $37 billion to $51 billion in the state of Alaska under intermediate and high emissions scenarios respectively.[14]

Increasingly unpredictable weather patterns are already having a detrimental impact across the economy. Almost all sectors, including agriculture, real estate, insurance, and energy are vulnerable to these climate risks. A hotel chain may have assets in areas that are vulnerable to coastal flooding, agriculture companies may see labor disruption due to extreme heat, and insurance companies may see rising property and casualty insurance payouts.[15] Without productive action, industries will continue to suffer the financial consequences, making their climate disclosures critical knowledge to the average investor.

The Critical Role of Climate Risk to Industry

The ever escalating and increasingly frequent number of climate-related disasters have cost the United States upwards of $1.5 trillion dollars within the last decade.[16] Recently, over 3,800 companies have reported a combined $2.9 billion in losses due to extreme weather, such as from heavy precipitation, operational shutdowns, and increased direct costs, in a single year.[17] In 2024, natural catastrophes in the United States caused an estimated $145 billion in economic losses, of which $80 billion was insured.[18] Further, insurers' costs were higher in areas at higher climate risk, with the highest risk ZIP codes having about a $24,000 average claim as compared to an average claim of about $19,000 in the lowest risk ZIP codes.[19] 83 percent of U.S. insurers recognize these dire circumstances and have widely adopted the Task

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[11] Powis, C., Byrne, D., Zobel, Z., Gasset, K., Lute, A.C., and Schwalm, C. (2023). Observational and model evidence together support wide-spread exposure to noncompensable heat under continued global warming. *Science Advances.* 9(36). DOI: 10.1126/sciadv.adg9297

[12] Law, B., Abatzoglou, J., Schwalm, C., Byrne, D., Fann, N., & Nassikas, N. (2025). Anthropogenic climate change contributes to wildfire particulate matter and related mortality in the United States. *Communications Earth & Environment.* 6 (336). DOI: 10.1038/s43247-025-02314-0

[13] Francis, J. (2021). Vapor Storms Are Threatening People and Property. *Scientific American.*

[14] Manos, E., Witharana, C., & Liljedahl, A. (2025). Permafrost thaw-related infrastructure damage costs in Alaska are projected to double under medium and high emission scenarios. Communications Earth & Environment. 6 (221). DOI: 10.1038/s43247-025-02191-7

[15] Chemnick, J. (2026). What the SEC Climate Repeal Means to Investors. *Politico Pro.*

[16] Smith, A. *U.S. Billion-Dollar Weather and Climate Disasters.* Climate Central.

[17] Altaf, F., Barilla, B., & Gill, M. (2026). Disconnected Defenses: Extreme Weather Risk Across Corporates, Cities and Financial Systems. *Carbon Disclosure Project.*

[18] Federal Insurance Office. (2025). Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors. *U.S. Department of the Treasury.*

[19] Ibid.

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Force on Climate-Related Financial Disclosure framework to provide disclosures across risk management, strategy, governance, and setting and tracking metrics and targets.[20]

The proposed rescission attempts to argue that climate-related disclosures do not represent material risk, which it defines as "a substantial likelihood that a reasonable investor would consider it important or significant in deciding whether to buy or sell a security." However, the flood of public support in response to the 2022 proposed climate-related disclosure rules stands in direct contradiction to that claim: 95 percent of the 320 institutional investors who issued a public comment supported its key provisions.[21] Blackrock, Vanguard, and Fidelity, and State Street, four of the world's largest institutional investors, as well as the SEC's own Investor Advisory Committee[22] supported the rulemaking while calling for some revisions, most of which were adopted in the Final Rule. One of the world's leading independent asset managers, Wellington Management, which oversees over $1 trillion in assets, stated that climate disclosures are "critical" to its "ability to make informed investment decisions on behalf of our clients." It also emphasized that its current evaluation of the financial impacts of climate change on issuers are limited by "inadequate information and the absence of a standardized framework for disclosure."[23] In total, at least 129 investors used their comment letters to describe the benefits of the rulemaking.[24]

Further, the Adopting Release outlines a plethora of specific evidence and examples of the material benefits provided by climate disclosures that the proposed rescission chooses to ignore, including improved investment firm revenues, better aligned capital structures, lower loan losses and higher profits for banks, improved asset pricing and allocation of capital, and reduced costs for investors and companies to analyze climate-related information to inform investment strategy.

<u>Rescission Impacts on Investor Protections, Financial Risk, and Climate Resilience</u>
This proposed rescission provides no basis to contradict the evidence presented in the March 2024 release that demonstrates how the vast majority of investors would benefit from a set of standardized climate-related disclosures. The *FCC v. Fox Television Stations, Inc.* ruling determined that any federal agency policy that aims to replace a previous policy by claiming it is based on incorrect factual findings must provide a detailed justification. This ruling was cited in the case *National Association of Manufacturers and Natural Gas Services Group v. SEC*, in which, in a very similar fashion to this proposed rescission of climate-related disclosure rules, the SEC rescinded a rule before it took effect. The judge in this case determined that without adequate evidence or explanation of the disregard of the factual findings of the previous policy, the rescission was "arbitrary and capricious."[25] Similarly, this proposed rescission of the climate-related disclosures rules does not detail why the factual determination of the

[20] Lubber, M. (2026).
[21] Rothstein, S. (2022).
[22] SEC Investor Advisory Committee. (2022). *Recommendation of the SEC Investor Advisory Committee Related to Climate-Related Disclosure Rule Proposals.*
[23] Wellington Management Company, LLP. (2022). Letter to the SEC Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors File No. S7-10-22.
[24] Rothstein, S. (2022).
[25] *FCC v. Fox Television Stations, Inc.,* 556 U. S. 502 (2009).

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Final Rules, which saw that the 2010 voluntary disclosures regarding climate risk were inadequate, is incorrect.

Under the 2010 rules, the quality and format of voluntary disclosures vary widely, with many companies presenting their climate plans and challenges through curated reports that more so reflect marketing strategies rather than a financial risk disclosure submission to the SEC.[26] The Adopting Release is intended to provide a standardized framework and metrics to make these disclosures clear and comparable. While a line of argument in the proposed rescission claims that comparability is not an adequate reason to require these disclosures, former SEC Chair Jay Clayton has previously stated: "Disclosure and the concepts of materiality, *comparability*, flexibility, efficiency and responsibility have been, and continue to be, the bedrock principles that make our public capital markets the most fair and efficient markets in the world."[27] By rescinding the Final Rules, the SEC makes it more difficult for investors to compare across companies and make informed investment decisions.

One argument presented by the SEC in this proposed rescission is that the disclosure rules are far too granular, which they claim will overwhelm investors with unnecessary information. On the contrary, current business disclosures are often not detailed enough to present a useful method by which investors can adequately assess a company. Enhanced standards with specific details regarding market risk disclosures, quantitative analysis, and other granular statistics will root these disclosures in materialities. In the modern era of artificial intelligence (AI), innovations such as digital tagging offer accessibility to less financially literate investors. All things considered, it is better to provide a plethora of information for the sake of transparency than none at all.

There is also a benefit in the ability to compare companies across countries, especially as the world experiences an increasingly global market. Although international standards have been scaled back in recent years, they are more robust than the voluntary 2010 climate disclosure rules in the United States.[28] The International Sustainability Standards Board (ISSB) is in the process of creating global standards for climate-related financial disclosures,[29] which would make the investing landscape much simpler for companies and investors alike. Mandating climate disclosures in a format consistent with the ISSB standards would provide an ease of comparability that would significantly lessen the burden on investors. Other governing bodies such as the European Union and the State of California have already implemented their own climate-related financial disclosure rules in attempts to align with the ISSB.[30] By not providing climate disclosures comparable to these international standards, US companies will be less attractive to the global investors who are concerned about climate financial risk, ultimately leading to a loss of benefits that outweigh the cost of disclosure.

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[26] Chemnick, J. (2026).
[27] Clayton, J. (2019). The SEC "Through the Eyes of Management"
[28] Coates, J. *et al.*, (2026).
[29] International Sustainability Standards Board. *IFRS.*
[30] Chemnick, J. (2026).

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The SEC argues that the costs of the implementation of these disclosures far outweigh the benefits, and in the process disregards all of the studies that the SEC previously identified to support the cost-benefit analysis of the Adopting Release. It is especially telling that the SEC highlights the increased costs on registrants as a result of the Final Rules while negating the increased costs on investors as a result of the rescission. Further, the proposed rescission focuses on increased costs of legal fees for registrants while failing to recognize that as other countries require disclosures, compliance with the rules will be less costly and less burdensome on the registrants. The proposed rescission does not contain a full and fair economic analysis of these disclosure requirements, despite the Adopting Release providing a detailed roadmap on how to reduce the burden and costs of this rule.

On the subject of policy, Section 7(a)(1) of the Securities Act of 1933 authorizes the SEC to require registration statements that contain any information it deems "necessary or appropriate in the public interest or for the protection of investors." The Securities Exchange Act of 1934 further specifies SEC authority as "disclosure, investor protection, and fair markets," which clearly extends beyond strictly financial disclosures. This contradicts the proposed rescission, which states: "disclosure mandates under the Federal securities laws had to relate to the financial condition of, and matters of economic significance to, the disclosing company." Even if the authority of the SEC was as narrow as the proposed rescission describes, this argument is still insufficient as the Final Rules do fall within the purview of financial reporting. In response to the proposed climate-disclosure rule in 2022, 15 former senior SEC officials, 17 senior scholars of corporate, securities, and administrative law, and several leading advisors for public companies submitted a comment letter that outlined their "unanimous view the SEC has clear statutory authority to mandate additional climate-related disclosures for publicly traded companies."[31]

Additionally, the proposed rescission claims that these climate disclosure requirements do not address investor protection, but rather surround the "divisive and unsettled political and social issue of climate regulation." However, the Final Rules do not dictate how companies respond to climate change, they simply call for climate-related disclosures. The rules only require disclosures regarding specific transition plans or goals if a company has previously created them, they do not dictate a requirement to create those plans. Following the proposed rescission's line of logic that these disclosure rules unjustly "regulate issuers' internal affairs" and thus must be rescinded, all corporate disclosure requirements would need to be rescinded. This is because any disclosure requirement may lead to a change in conduct: if a company reports disappointing earnings, it naturally follows that an investor may demand changes to its business strategy. However, this does not mean that the disclosure mandated changes to the operations of that company. This argument sets a dangerous legal precedent if the climate-disclosure rules are rescinded on these grounds, threatening the authority of the SEC to dictate any and all disclosures.

Finally, climate regulation is not simply a "divisive and unsettled political and social issue," as the proposed rescission claims. It is also a legitimate basis on which to analyze investment strategies. Not forgetting the robust scientific evidence presented earlier in this comment that outlines the material risk associated with climate change, "socially responsible investing" is a well established investment strategy

[31] Working Group on Securities Disclosure Authority. (2022). Letter to SEC Re: File No: S7-10-22.

that considers both financial and ethical goals. There is no reason that the information presented in these climate risk disclosures is not material simply because it also integrates social or environmental elements that many investors consider important to their investment portfolio. By acting ethically and responsibly in light of the increased transparency provided by these climate-related disclosures, companies can increase investment and investor return, as well as limit their contributions to the ever-worsening climate crisis that threatens their operations and financial prosperity.

Conclusion

The Securities and Exchange Commission's proposed rescission of climate-related disclosure rules contradicts the congressionally obligated responsibilities of the SEC by threatening investor protections. The overwhelming evidence demonstrates the benefit that these disclosures provide to both investors and registrants as climate risk increasingly threatens financial stability.

Woodwell urges the SEC to review the Final Rules on a provision by provision basis to address its specific concerns. Despite the proposed rescission's claims that "the individual items of disclosure in the Final Rules are pieces of a larger whole and cannot operate sensibly without the others," the Adopting Release specifically outlines how portions of the Final Rules can be severed and individually revised. This process could offer opportunities to clarify certain aspects of these rules, enhance flexibility, or provide companies with more time to prepare for these disclosures as a way to decrease burden. Woodwell suggests following this guide offered by the Adopting Release as the SEC moves forward in its revision of these climate-related disclosures, rather than rashly rescinding the rule in its entirety. It is imperative that these actions are in pursuit of the protection of investors and American financial markets, rather than political motivations.

About Woodwell Climate Research Center

Woodwell Climate Research Center (Woodwell) is a nonpartisan scientific research organization that works with a network of partners across 20 countries on six continents to understand the challenges and risks associated with climate change. Scientists from Woodwell collaborate with a wide range of partners, including national and local governments, nonprofit organizations, universities, and private sector companies. We bring together hands-on research experience and over 40 years of policy impact to find societal-scale solutions that can be put into immediate action by policymakers and decision makers.

Thank you for your consideration of these comments. Please contact Laura Uttley, Vice President of Policy and Government Relations, at luttley@woodwellclimate.org, if Woodwell can provide additional information or resources.