Business Roundtable

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August 3, 2026

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Rescission of Climate-Related Disclosure Rules; File Number S7-2026-19

Dear Ms. Countryman,

This letter is submitted on behalf of Business Roundtable, an association of more than 200 chief executive officers ("CEOs") of America's leading companies, representing every sector of the U.S. economy. Business Roundtable CEOs lead U.S.-based companies that support one in four American jobs and almost a quarter of U.S. GDP. Through CEO-led policy committees, Business Roundtable members develop and advocate directly for policies to promote a thriving U.S. economy and expanded opportunity for all Americans.

We appreciate the opportunity to respond to the May 29, 2026, proposed Rescission of Climate-Related Disclosure Rules (the "Proposal") by the U.S. Securities and Exchange Commission (the "Commission" or "SEC").

<u>Introduction</u>

Business Roundtable supports the Commission's proposal to rescind the Climate-Related Disclosure Rules (the "Rules").[1] The Proposal represents an important step toward restoring the traditional, principles-based disclosure framework under federal securities laws and reaffirms that disclosure obligations should be grounded in materiality and the Commission's statutory mission. Federal securities laws already require registrants to disclose material risks, which may include climate-related risks where applicable, through the existing disclosure framework without the need for a separate, prescriptive disclosure regime. The Proposal appropriately recognizes the limits of the Commission's rulemaking authority, reduces

[1] *See Rescission of Climate-Related Disclosure Rules*, Release Nos. 33-11421; 34-105572, File No. S7-2026-19 (May 29, 2026), available at https://www.sec.gov/files/rules/proposed/2026/33-11421.pdf; *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, Release Nos. 33-11275; 34-99678, File No. S7-10-22 (Mar. 6, 2024), 89 Fed. Reg. 21,668 (Mar. 28, 2024).

unnecessary compliance burdens and avoids disclosure mandates that are not tethered to traditional principles of materiality.[2]

<u>The Proposal Restores the SEC's Traditional Disclosure Framework</u>

Business Roundtable believes the Rules represented a significant departure from the Commission's longstanding disclosure framework. Rather than relying on company-specific determinations of materiality, the Rules established a prescriptive disclosure regime focused on a single policy issue and required extensive disclosures, in many cases regardless of whether the underlying information was material to investors. The Proposal appropriately reaffirms that disclosure requirements should be tethered to materiality rather than advance policy objectives unrelated to the Commission's mission.

Materiality Has Long Been the Foundation of SEC Disclosure Requirements

Business Roundtable agrees with the Commission that federal securities laws have long been grounded in the principle that disclosure requirements should focus on information that is material to a reasonable investor's investment and voting decisions.[3] The Commission's longstanding materiality framework is particularly well suited to addressing evolving risks because it allows disclosures to evolve as investor needs, market conditions, and business circumstances change, without requiring the adoption of topic-specific disclosure mandates. As a result, existing disclosure requirements already require registrants to disclose climate-related risks when those risks are material, including, where relevant, through risk factor disclosure, Management's Discussion and Analysis and other provisions of Regulation S-K. For example, in 2010, the Commission issued guidance explaining how existing disclosure requirements could apply to climate-related matters.[4]

The Rules departed from this established framework by imposing prescriptive disclosure requirements for certain categories of information without regard to whether that information was material to investors. Disclosure requirements should not turn solely on investor interest in a particular topic. Rather, consistent with longstanding Commission precedent, the appropriate inquiry is whether the information is material to a reasonable investor.

The Commission's disclosure framework has not traditionally required governance and management-process disclosures for particular categories of risk. Instead, companies disclose

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[2] The Commission stayed the Rules on April 4, 2024, pending the outcome of consolidated litigation in the U.S. Court of Appeals for the Eighth Circuit. On March 27, 2025, the Commission voted to cease defending the Rules. On September 12, 2025, the Eighth Circuit held the consolidated petitions in abeyance pending Commission reconsideration.
[3] *See, e.g., TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438 (1976); *Basic Inc. v. Levinson*, 485 U.S. 224 (1988).
[4] *See* Commission Guidance Regarding Disclosure Related to Climate Change, Release Nos. 33-9106; 34-61469, 75 Fed. Reg. 6,290 (Feb. 8, 2010).

risks based on their materiality to the business and investors. By contrast, the Rules created a separate disclosure regime for a single category of risk and required detailed disclosures regarding governance structures, management responsibilities and internal processes that are not required for other risks that may be equally or more significant to a particular company.

Accordingly, a principles-based disclosure framework is more consistent with the federal securities laws because it applies a consistent, materiality-based standard to all categories of risk. Whether a company is evaluating geopolitical developments, supply-chain disruptions, technological change, or climate-related matters, disclosure should be required only to the extent the information is material to a reasonable investor.

The Proposal Properly Reflects the Limits on the Commission's Authority

The Rules represented a significant expansion of the Commission's disclosure requirements into an area of substantial economic and political significance and raised serious questions regarding the Commission's statutory authority, as well as broader constitutional and separation-of-powers principles.[5] As the Commission has historically recognized, Congress, not the Commission, must authorize disclosure requirements that extend beyond the traditional materiality framework. By contrast, the Rules relied principally on the Commission's general investor-protection authority rather than on a clear congressional directive authorizing such an extensive climate-related disclosure regime.

The Rules also lacked a meaningful limiting principle, creating a dangerous precedent for regulatory bootstrapping. If the Commission may compel disclosure of immaterial climate-related information, it becomes difficult to articulate a principled basis for distinguishing future disclosure mandates addressing other public policy issues.

Rescission Preserves Disclosure of Material Climate Risks

Importantly, the Proposal does not eliminate the requirement under existing securities laws and regulations to disclose climate-related risks, trends, uncertainties and impacts when material. Accordingly, investors will continue to receive the material information necessary to make informed investment and voting decisions. At the same time, the Proposal preserves flexibility for companies to tailor disclosures to their particular facts and circumstances rather than requiring compliance with a prescriptive one-size-fits-all disclosure regime.

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[5] *See, e.g., West Virginia v. EPA*, 597 U.S. 697 (2022) (holding that clear congressional authorization is required for agency action involving questions of vast economic and political significance under the Major Questions Doctrine).

The Rules Would Have Imposed Significant Costs and Unintended Consequences

The Rules Would Have Undermined Effective Corporate Governance

The Rules required extensive disclosure regarding board oversight processes, committee responsibilities, management expertise, and internal governance structures. Although framed as disclosure requirements, these mandates effectively prescribed governance structures and oversight practices through an inappropriate “shame or comply” approach. Boards should retain the flexibility to oversee risks in a manner appropriate to each company’s particular circumstances rather than facing pressure to conform to rigid, one-size-fits-all disclosure expectations. There is no principled basis for departing from this flexible approach.

Moreover, one-size-fits-all governance disclosure mandates fail to account for the diversity of companies, industries, and risk profiles represented in the public markets and risk transforming disclosure requirements into mechanisms for influencing corporate behavior rather than providing material information to investors. They also contribute to the cumulative regulatory burdens associated with being a public company and may further disincentivize private companies from accessing the U.S. public markets.

The Rules Would Have Discouraged Proactive Management and Increased Litigation Exposure

The Rules also risked discouraging boards and management teams from undertaking proactive climate-risk analyses, scenario planning, or voluntary target setting. Companies that invested additional resources in climate-related initiatives could have faced expanded disclosure obligations and heightened litigation exposure as a result.

The Rules likewise would have increased litigation risk by requiring disclosures based on subjective judgments regarding scenario analysis, targets, goals, transition planning and other forward-looking assumptions. Because many required disclosures depended on predictive assessments and evolving circumstances, companies acting in good faith and based on information reasonably available at the time nevertheless could have faced increased hindsight-driven litigation.

The Rules Would Have Imposed Significant Costs and Diverted Resources from Strategic Priorities and Other Material Risks

Compliance with the Rules would have required substantial ongoing expenditures for data collection[6], governance, processes, disclosure controls, legal review and reporting systems. These compliance burdens would have been layered on top of an already complicated and increasingly fragmented landscape of state and international climate reporting requirements that companies already navigate, creating further complexity and duplicative reporting. The Commission also underestimated important categories of compliance costs, including the costs of developing new governance processes, establishing internal controls and documentation procedures, engaging outside advisors, and implementing the Rules' complex disclosure requirements.

In addition, the Rules required disclosure of sensitive strategic analyses, scenario-planning assumptions, transition plans, targets, goals, and related decision-making processes, raising concerns regarding the disclosure of competitively sensitive information. By elevating climate-related disclosures above other categories of risk, the Rules also risked diverting management and board attention from matters that may be more significant to a particular company, including increasing enterprise value, meeting strategic priorities, and stewarding material risks whether related to artificial intelligence, operations, geopolitics, cybersecurity, or other matters.

The Rules' Benefits Were Not Adequately Demonstrated

The Commission acknowledged significant challenges in quantifying the Rules' benefits but nevertheless failed to demonstrate that those benefits justified the substantial costs the Rules would impose. Nor did the Commission adequately evaluate the Rules' effects on efficiency, competition, and capital formation in light of the existing disclosure framework, as required under the federal securities laws.

Conclusion

Business Roundtable appreciates the Commission's efforts to restore materiality as the foundation of the SEC's disclosure regime and to ensure that disclosure requirements remain appropriately grounded in the Commission's statutory mission. The Proposal appropriately recognizes that climate-related risks should continue to be disclosed when material and that climate-related matters should not be subject to a separate, prescriptive disclosure regime that

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[6] In many cases, compliance also would have depended on obtaining information from third parties that may not be subject to the Rules or otherwise be contractually obligated to provide the requested information. Consequently, despite significant investments of time and resources, many registrants could have been unable to obtain the complete and reliable information necessary for compliance.

departs from the principles governing disclosure of other business risks.

By rescinding the Rules, the Commission would preserve meaningful disclosure of material climate-related information while restoring the longstanding disclosure framework that has successfully accommodated evolving business risks for decades, without imposing separate disclosure requirements for individual policy issues. Rescinding the Rules would also reduce unnecessary governmental intrusion into corporate governance, lessen compliance burdens, and reduce litigation risk. For these reasons, Business Roundtable urges the Commission to finalize the rescission of the Rules.

We would be pleased to discuss these comments or any other matters that may be helpful. Please contact Will Anderson, Vice President, Business Roundtable, at wanderson@brt.org or (202) 496-3257.