NATIONAL ASSOCIATION OF Manufacturers

August 5, 2026

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

Re: Rescission of Climate-Related Disclosure Rules (File No. S7-2026-19)

Dear Ms. Countryman:

On behalf of the 13 million people who make things in America, the National Association of Manufacturers ("NAM") is writing to express support for rescinding the 2024 climate disclosure rule (the "2024 Rule").[1] This rule is not necessary, as manufacturers already are providing material climate-related information to their shareholders, and the costs of complying with the rule's prescriptive requirements would far exceed any informational benefits for a limited number of investors.

As the largest manufacturing association in the United States, the NAM's membership includes businesses of all sizes, across all industrial sectors, and in all 50 states. Manufacturers collectively contribute $2.94 trillion to the U.S. economy—and commonsense corporate disclosure rules are critical to sustaining the manufacturing strength that underpins our nation's prosperity.

Climate change is a significant global challenge, and manufacturers in the U.S. remain committed to leading the way to ensure that investors have access to reliable disclosures about companies' efforts to respond to any material risks it poses. After all, it is manufacturers that will make the products and technologies needed to face this challenge—clean energy, carbon capture, batteries, microgrids, advanced vehicles, and more.

As required by federal securities laws, manufacturers provide material disclosures about their efforts to limit their impact on the environment and to ensure sustainable business operations. Despite these existing requirements—and the 2010 Commission guidance[2] for how companies can apply them to climate risks—the SEC in 2024 finalized an entirely separate and prescriptive disclosure regime for public companies' climate-related information.

Finally, the NAM agrees that the Commission lacks the statutory authority to adopt such a far-reaching regulation mandating climate disclosures. Given the 2024 Rule's prescribed granular

[1] Final Rule, The Enhancement and Standardization of Climate-Related Disclosures for Investors, 89 Fed. Reg. 21,668 (28 March 2024)("2024 Rule, Adopting Release").

[2] Commission Guidance Regarding Disclosure Related to Climate Change, 75 Fed. Reg. 6290 (8 February 2010). Release Nos. 33-9106, 34-61469 ("2010 Guidance").

disclosures on greenhouse gas emissions, the management of climate-related risks, and the financial impacts of severe weather events, it appears that the 885-page rulemaking was an attempt to make substantive climate policy—something the agency lacks the power to accomplish. Accordingly, NAM supports the Commission's proposed rulemaking to rescind the 2024 Rule.

I. The 2024 Climate Rule Is Not Necessary Given the Commission's 2010 Guidance and Current Corporate Disclosure Practices.

As the Commission recognized in its 2022 Proposing Release,[3] public companies have taken strides to enhance their climate-related disclosures in recent years. In many instances, companies report significantly more climate-related information than is required by the SEC's 2010 Guidance.[4] Many manufacturers publish voluntary sustainability reports detailing their diverse efforts to reduce emissions, enhance energy efficiency, and mitigate the impacts of climate change. Many others utilize aspects of third-party reporting frameworks like the recommendations published by the Task Force on Climate-related Financial Disclosures or the International Sustainability Standards Board. In the 2010 Guidance, the SEC acknowledged that these and other reporting mechanisms "can provide important information to investors outside of disclosure documents filed with the Commission."

The NAM does not believe that companies' current climate reporting practices—consisting of material disclosure in SEC filings supplemented by corporate sustainability reports and other reporting—are failing to keep shareholders appropriately informed. In the NAM's response to the Division of Corporation Finance's September 2021 "illustrative letter" on companies' existing climate disclosure practices, we encouraged the Division "to recognize the utility of corporate social responsibility reports, sustainability reports, third-party frameworks, and other climate reporting mechanisms that continue to serve businesses and their investors well."[5]

More recently, the Commission analyzed 10-K and 20-F filings and determined that 79% of the 2024 filings and 81% of the 2025 filings submitted by large accelerated filers included climate-related keywords, such as "climate change," "climate risk," "global warming," "greenhouse gas(es)" or "GHG emission(s).[6] The Commission also found that 65% of the 2024 and 2025 10-K/20-F filings by accelerated filers included those climate-related keywords.[7] Given that large

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[3] Proposing Release, The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21,334 (11 April 2022)("2022 Proposing Release").

[4] 2010 Guidance, *supra* note 2.

[5] NAM Comments on Division of Corporation Finance Sample Letter (8 November 2021), *available at* https://documents.nam.org/tax/nam_comments_corp_fin_sample_letter.pdf.

[6] *See* Rescission of Climate-Related Disclosure Rules, 91 Fed. Reg. 33,296, 33,317-20 and Table 2 ("Rescission Release").

[7] While the existence of keywords in filings may not indicate robust disclosure, the Commission staff already has the authority to flag misleading or incomplete climate disclosures during its regular disclosure review process. In addition, climate-focused shareholders often request additional disclosures in their ongoing engagement with companies.

accelerated filers and accelerated filers collectively account for more 95% of the public float in the U.S. stock market, this data confirms that through private ordering and engagement between investors and issuers, investors already are receiving climate-related information from the public companies that comprise the vast majority of their holdings.[8]

Accordingly, the NAM agrees that the 2024 Rule is not necessary to direct large- and mid-cap issuers to report material climate-related information, and we support the complete rescission of that rule.

II. The Significant Costs of the 2024 Rule Exceed the Potential Benefits for a Limited Group of Investors.

Manufacturers support the Commission's conclusion that the substantial costs of the 2024 Rule are not justified by the informational benefits that this rule may provide to some investors. The 2024 Rule includes highly prescriptive and granular requirements that would force companies to analyze the effects of climate-related matters may have little to no direct relevance to a company's particular circumstances. In addition, the 2024 Rule also requires large accelerated filers and accelerated filers to adopt controls and procedures to assess the materiality of their Scope 1 and 2 emissions and to determine whether they have to increase their current disclosures.

As the Commission notes in the Rescission Release, repealing the 2024 Rule would result in an annual savings of $4.9 billion across all public companies over the next 10 years. That estimate is based on inflation adjustments to the 2024 Adopting Release's estimates that each issuer would spend between $197,000 and $739,000 on annual compliance,[9] a range of estimates that most likely understate the actual costs for companies. Because the 2024 Rule requires issuers to measure their greenhouse gas emissions to determine if they are material and thereby require reporting, issuers would have to spend a significant amount of money just to ascertain if they are required to disclose their emissions.

Even assuming the accuracy of the 2024 Adopting Release's cost estimates and focusing on the low-end of the estimate range, imposing an additional $197,000 yearly expense on every company to mandate the disclosure of actions to mitigate a single type of risk that may or may not be material to the company would not be worth the limited benefit for a handful of shareholders who appear to be more focused on achieving climate policy changes than promoting long-term investment returns. While climate-related risks may be material for companies in certain manufacturing sectors, the Commission's 2024 Adopting Release does not

[8] Conversely, the Commission found that incidence of climate-related keywords was 25-26% in the 2024-25 annual filings by smaller reporting companies and emerging growth companies. Rescission Release, *supra* note 6, at 33,321 (Table 3). By definition, these companies have fewer compliance resources or are newly public, so it is not surprising that their climate disclosures would be less robust. As these companies grow and mature, it is likely that they would voluntarily increase their disclosures of material climate information to satisfy requests from investors, insurers, and other stakeholders.

[9] 2024 Rule, Adopting Release at 21,875.

make a compelling case that the benefits of mandating additional information beyond companies' voluntary disclosures would justify imposing a prescriptive climate disclosure rule on all manufacturers or other public companies.

Finally, manufacturers agree that the proposed rescission of the 2024 Rule and the Commission's return to the issuer-specific 2010 Guidance would broadly benefit market efficiency, competition, and capital formation. Maintaining the prescriptive requirements of the 2024 Rule would be inconsistent with the Commission's goals to reduce compliance burdens for existing issuers and incentivize more private companies to go public.

III. The 2024 Rule Exceeds the Commission's Authority and Should Be Rescinded.

The NAM supports the Commission's conclusion that the 2024 Rule exceeds the agency's statutory authority. While the 2024 Rule invokes the language of materiality—variations of the word "material" are used over a thousand times—the rule's breadth suggests a different purpose. As Commissioner Hester Peirce put it in her dissent, "the Commission has decorated the final rule with materiality ribbons" but "the rule embraces materiality in name only." [10]

The depth and breadth of the Commission's largely unnecessary dive into climate-related information about public companies suggests that the 2024 Rule's true purpose went beyond the provision of material disclosures for investors. Moreover, the final rule singled out one category of information about a company—its climate risks and impacts—for unique treatment, over and above any other type of information an investor may want to receive. As Commissioner Mark Uyeda explained in his dissent,[11] the 2024 Rule "elevates climate above nearly all other issues" facing public companies:

> *In no other context is a company required to provide an explanation of expenses that exceed one percent of income before taxes and analyze the significant contributing factor to the expense. For no other risk does the Commission require prescriptive, forward-looking disclosure of the risk's impacts on the company's strategy, business model, outlook, financial planning, and capital allocation. Today's rule also requires disclosure of climate-related targets and goals, even though the Commission has no similar requirements for a company's targets and goals related to other, more important matters affecting the company, such as financial performance, product development, customer acquisition, or market expansion.*

This unprecedented special treatment of climate-related issues, among all concerns faced by a public company, suggests that the 2024 Rule was fundamentally focused on enacting climate policy—and not on protecting investors. There was no indication, and the Commission provided

[10] Commissioner Hester M. Peirce, "Green Eggs and Spam: Statement on the Enhancement and Standardization of Climate-Related Disclosures for Investors" (6 March 2024) (Peirce Dissent).

[11] Commissioner Mark T. Uyeda, "A Climate Regulation under the Commission's Seal: Dissenting Statement on the Enhancement and Standardization of Climate-Related Disclosures for Investors" (6 March 2024) (Uyeda Dissent).

none in the rulemaking, that investor protection requires detailed, prescriptive disclosures about climate-related information when existing disclosure frameworks suffice for information much more central to the company's operations and prospects.

The 2024 Rule sought to replace the Commission's traditional principles-based regime, which conditions disclosure requirements on materiality rather than subject matter, "with dozens of pages of prescriptive climate-related regulations" that "mandate . . . specific granular disclosures."[12] Again, the highly specific nature of the 2024 Rule's required disclosures, once a risk or other piece of information is deemed material, indicates that the rulemaking was aimed at climate policymaking, rather than the protection of investors under the "inherently fact-specific" materiality standard.[13] As the Recission Release explains, "[r]equiring such granular disclosures about a single type of risk, trend or event is at odds with a disclosure system that is intended to elicit information about the most significant factors affecting a registrant's operations and financial condition."[14]

The 2024 Rule also represents a significant encroachment by the SEC into areas traditionally—and more appropriately—governed by Congress and the Environmental Protection Agency. As the Supreme Court has observed: "An agency … 'literally has no power to act'—including under its regulations—unless and until Congress authorizes it to do so by statute."[15] Given "the 'history and the breadth of the authority that [the agency] has asserted,' and the 'economic and political significance' of that assertion," the agency "must point to 'clear congressional authorization' for the power it claims," rather than "a merely plausible textual basis."[16] The role of public companies in responding to climate change is an issue of great "economic and political significance" and advancing climate policy through the back door of the securities laws would require "discover[ing] in a long-extant statute an unheralded power."[17]

The regulatory mismatch in this case is stark. The expansive scope of the 2024 Rule's requirements appear to be an attempt by the Commission to extend its regulatory reach beyond "investment decision-useful information that is necessary or appropriate to protect investors"

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[12] Peirce Dissent, *supra* note 10.

[13] *See* ***Basic Inc. v. Levinson***, 485 U.S. 224, 236 (1988) ("Any approach that designates a single fact or occurrence as always determinative of an inherently fact-specific finding such as materiality, must necessarily be overinclusive or underinclusive.").

[14] Rescission Release at 33,310.

[15] *FEC v. Ted Cruz for Senate*, 596 U.S. 289, 301 (2022).

[16] *West Virginia v. EPA*, 597 U.S. 697, 721, 723 (2022) (first quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 159 (2000), then quoting *Utility Air Regulatory Group v. EPA*, 573 U.S. 302, 324 (2014)).

[17] *West Virginia v. EPA*, 597 U.S. at 721. *See also* Uyeda Dissent, *supra* note 11 ("Today's rulemaking is an extraordinary exercise of regulatory authority by the Commission that involves an economically and politically significant policy decision.")

and into substantive climate policy.[18] Such a diversion exceeds the agency's lawful power—which of course is bounded by Congress's express grant of regulatory authority.[19] Accordingly, the NAM agrees with the Commission's conclusion that it lacked the statutory authority to adopt the 2024 Rule.

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The NAM appreciates the Commission's efforts to scale back disclosure burdens for public companies and to encourage private firms to go public. Manufacturers are committed to working with the agency to provide decision-useful information to investors on material risks while not overburdening companies with excessive disclosure obligations.

Sincerely,

C. Edward Allen
Senior Director, Corporate Finance Policy

Jake Kuhns
Vice President, Domestic Policy

CC: Chairman Atkins
Commissioner Peirce
Commissioner Uyeda

[18] *See* 2022 Proposing Release, *supra* note 3, at 21,340.

[19] *See, e.g., Ted Cruz for Senate*, 596 U.S. at 301.