The Honourable Paul Atkins, Chairman
Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

31 July 2026

Dear Chairman Atkins and Secretary Countryman,

Subject: Rescission of Climate-Related Disclosure Rules, S7-2026-19

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Commission's proposal to rescind the Climate-Related Disclosure Final Rules.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

ICGN strongly opposes the SEC's proposal to rescind the 2024 Climate-Related Disclosure Rules and urges the SEC to retain or update them rather than eliminate them.

1. **The SEC should not roll back a rule that has already gone through a thorough due process review**

The Final Rules were the product of one of the most extensive consultation exercises in the SEC's history. More than 24,000 comment letters were considered over almost two years, and the Commission significantly revised the original proposal in response to stakeholder feedback, including removing mandatory Scope 3 emissions disclosures and narrowing several other disclosure requirements.

The Final Rules therefore represent a proportionate, carefully calibrated framework rather than the original proposal. They were specifically designed to address legal concerns while continuing to provide investors with decision-useful information. Rescinding the Final Rules entirely, rather than refining them further, if necessary, would disregard this extensive rulemaking process and create unnecessary regulatory uncertainty.

Rather than rescinding the Final Rules altogether, the Commission could address its concerns with the Final Rules by requesting public comments on a new proposal for targeted amendments. For example, the Commission could consider proposing amendments reflecting materiality-based risk, strategy and governance disclosures; scaled Scope 1 and

Scope 2 requirements for larger issuers; appropriate safe harbours and phase-in periods; Inline XBRL; and interoperability or substituted compliance for substantially equivalent reporting under ISSB or other recognized regimes.

2. Climate-related information is financially material to investors

The question is not whether every company faces identical climate risks. Rather, every company faces some degree of climate-related risk which investors must evaluate as part of normal capital allocation, security selection, and valuation decisions.

Institutional investors also use climate-related information in their stewardship activities and proxy voting. Investors use it to assess board oversight, risk management, the credibility of targets and management accountability. For index and other broadly diversified strategies, engagement and voting are particularly important because the mandate may limit an investor's ability to address issuer-specific risks through divestment. Voting and engagement are therefore exercises of ownership rights and part of the investment stewardship process.

Climate-related risks can affect companies through physical damage, business disruption, changing regulation, transition costs, energy prices, supply-chain exposure, insurance availability, financing costs, asset impairment and changing customer demand.

The scale and nature of those risks will differ between companies, industries and locations. That is why investors need company-specific disclosure based on materiality. The Final Rules do not require every company to report that climate risk affects it in the same way. They require companies to assess their own circumstances and disclose risks that are material to investors.

The SEC has long maintained that information is material where there is a substantial likelihood that a reasonable investor would consider it important in making investment decisions. Climate-related information clearly meets this threshold for many companies and industries. The Final Rules were explicitly built around this long-established materiality standard rather than imposing disclosure irrespective of relevance. The widespread provision of climate-related information by U.S. companies further demonstrates that companies and investors already consider these matters financially relevant.

The SEC's own economic analysis acknowledges that rescission could make it more difficult for investors to value securities and make informed investment decisions. It also recognizes that increased uncertainty and information asymmetry could cause investors to demand greater compensation, potentially increasing some issuers' cost of capital.

Rescinding the rule reduces the amount of financially material information available to investors. We therefore believe that retaining the rules is consistent with the SEC's stated commitment to following "materiality as the north star" of its current regulatory regime.[1]

3. Climate information should be integrated into audited financial reporting

ICGN supports the inclusion of material climate-related information within mainstream financial and corporate reporting rather than treating it as a separate exercise. Where climate-related factors materially affect asset values, useful lives, impairment assessments, provisions, expected credit losses, revenue assumptions or other accounting estimates, they should be reflected in the financial statements and the relevant notes. Material climate factors should also be considered in critical accounting assumptions and judgements.

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[1] Remarks by Chairman Paul Atkins, SEC.gov | Remarks at the Investor Advisory Committee Meeting, 12 March 2026.

Failure to do so creates a risk that financial statements will not faithfully represent the company's financial position or prospects.

The Final Rules included requirements under Regulation S-X and Regulation S-K addressing the relationship between material climate-related matters and audited financial statements. ICGN supported these provisions because they would help address potential misstatements, improve consistency and make disclosures more comparable.

Embedding these matters within audited financial statements helps ensure consistency between a company's narrative discussion of risk and the assumptions used in its accounts. It also provides investors with greater confidence that material risks have been considered through established accounting and audit processes. A failure to identify and reflect material physical and transition risks can contribute to the mispricing of assets and misallocation of capital.

4. Board governance disclosures remain important

ICGN supported the Final Rules' inclusion of governance-related disclosures for boards of directors.[2] As we state in the [ICGN Global Governance Principles (GGP)](), boards are ultimately responsible for overseeing the company's risk management, strategy and long-term interests. This includes material climate-related risks where they may affect the company's business model, assets, operations, financing or future performance.

The governance disclosures in the Final Rules were therefore important to investors. They enabled investors to understand:

- how the board oversees material climate-related risks;
- whether and how those risks are incorporated into business strategy;
- how responsibilities are allocated between the board and management;
- whether the company has established material climate-related targets or goals; and
- how management is accountable for implementation.

These requirements were principally disclosure-based. They did not require every company to adopt the same board or executive structure. Companies retained flexibility to design governance arrangements appropriate to their size, business model and risk profile.

ICGN supports that flexibility. However, investors still need sufficient information to assess whether the chosen arrangements provide effective oversight and accountability. Removing these disclosures would reduce investors' ability to evaluate whether boards are appropriately overseeing risks that could materially affect long-term value.

5. Companies are already reporting climate information

In the absence of a settled U.S. federal framework, companies have continued to develop climate-related reporting practices through other channels. Many already report under non-U.S. frameworks or have developed internal procedures in response to investor engagement and global standard-setting. The result is a fragmented reporting landscape, for example:

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[2] International Corporate Governance Network, comment letter on the SEC's proposed climate-related disclosure rules, 14. ICGN SEC The Enhancement and Standardization of Climate June 2022.pdf, 13 June 2022.

- CDP reported that more than 22,100 companies, representing over half of global market capitalization, provided environmental data through its platform.

- More than 23,100 companies, cities, states, and regions disclosed environmental information through the Climate Disclosure Project (CDP) in 2025. Among these disclosers were over 22,100 companies, representing more than half of global market capitalization provided data through CDP.[3]

- The Center for Audit Quality's review of S&P 500 Form 10-K filings found that 494 companies included climate-related information in their most recent annual reports as of 30 June 2025.[4] Climate-related information appeared in:
    - risk-factor disclosures for 490 companies;
    - business disclosures for 376 companies;
    - management discussion and analysis for 192 companies; and
    - financial statement disclosures for 183 companies.

- The CAQ also found that climate-related references in financial statement disclosures increased by approximately 18% between fiscal years 2023 and 2024.[5]

- The Conference Board separately reported that 84% of S&P 500 companies identified climate change as a risk factor in 2024, while 93% disclosed Scope 1 emissions and 92% disclosed Scope 2 emissions.[6]

These figures demonstrate that climate-related reporting has become established market practice. Companies are reporting because the information matters to investors, business strategy, and risk management.

However, the existence of voluntary reporting is not an argument against the Final Rules. It is an argument for standardisation. Without a common framework, companies may use different definitions, methodologies, reporting locations and levels of assurance, making the information difficult to compare or verify.

6. Rescission creates uncertainty rather than reducing burden

Rescinding the Final Rules will not eliminate the demand for climate-related information. Investors will continue to request it, companies will continue to provide it, and U.S. issuers will continue to face state, international and market-led reporting expectations. The result would be a regulatory void rather than meaningful simplification.

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[3] CDP A List 2025: Global Momentum for Environmental Transparency Remains Strong as Markets Demand Actionable Data - CDP, 8 January 2026. CDP has helped more than 22,100 companies and over 1,000 cities, states and regions disclose their environmental impacts in 2025. Financial institutions with more than a quarter of the world's institutional assets use CDP data to help inform investment and lending decisions. It is aligned with the ISSB's climate standard, IFRS S2, as its foundational baseline.
[4] CAQ, Analysis of Climate-Related Information in S&P 500 Companies' 10-Ks (October 2025), Analysis of Climate-Related Information in S&P 500 Companies' 10-Ks | The CAQ
[5] Ibid.
[6] The Conference Board, Report: 84% of Big US Companies Have Climate Targets—But Most Aren't Cutting Emissions, 15 July 2026.

States have already acted to introduce climate-related disclosure legislation. California's legislation, including Senate Bill 261, is one prominent example.[7] Further requirements may emerge if the federal framework is removed.

Rescission may therefore increase complexity by leaving companies to reconcile multiple regimes without a federal baseline.

7. The costs to investors outweigh the costs to companies

The SEC's proposal focuses principally on the potential compliance savings for registrants. It gives insufficient consideration to the costs that rescission would impose on investors, who provide capital to those registrants. We are responding to the question whether there is "data available that could be used to quantify investors' costs of not having access to the standardized and centralized climate-related disclosures upon the rescission of Final Rules".[8]

Without standardised and centralised reporting, investors may need to:

- collect information from corporate websites, sustainability reports, regulatory filings and media releases;
- reconcile different reporting methodologies and definitions;
- estimate missing data;
- purchase additional third-party data;
- build or modify proprietary analytical systems;
- conduct additional bilateral engagement with companies; and
- accept a greater risk of incomplete or inconsistent information.

These costs are ultimately borne by pension savers and other beneficiaries.

The IFRS Foundation has found that fragmented sustainability reporting increases cost, complexity and risk for both companies and investors. It also makes it more difficult for investors to obtain decision-useful, reliable and comparable information.[9]

The Foundation's analysis of IFRS S1 and IFRS S2 identifies benefits from consistent reporting, including reduced manual data collection, management and analysis. Companies can often produce information more accurately and at lower aggregate cost than numerous investors independently attempting to estimate the same information.

Improved transparency can also reduce information asymmetry between corporate insiders and investors and between sophisticated and less well-resourced investors. This can reduce uncertainty and the risk premium demanded by providers of capital.[10]

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[7] California Senate Bill 261 and related California climate-related disclosure legislation, Bill Text: CA SB261 | 2023-2024 | Regular Session | Introduced | LegiScan, 7 October 2023.

[8] SEC.gov | Rescission of Climate-Related Disclosure Rules, p. 123.

[9] IFRS Foundation, June 2023, Effects Analysis IFRS® Sustainability Disclosure Standards, Executive Summary, effects-analysis.pdf.

[10] Ibid, p. 33. IOSCO documented that users purchase information from multiple ESG-data providers. Providers devote resources to locating, interpreting, quality-assuring and supplementing corporate information. IOSCO concluded that better corporate disclosure would improve the availability and consistency of the raw data on which these products rely and impact costs. FR09/2021 Environmental, Social and Governance (ESG) Ratings and Data Products Providers, July 2021.

In the absence of standardisation, climate-related information may be distributed across regulatory filings, annual reports, standalone sustainability reports, corporate websites and media releases. Investors must then locate, extract and reconcile that information, often without consistent definitions or reporting periods.

The Final Rules' requirement to tag climate-related information using Inline XBRL was particularly important. Structured data enables investors and market participants to search, extract, aggregate, filter and compare information at scale.

The SEC's own economic analysis[11] recognised that Inline XBRL would reduce search costs and improve the ability of investors to undertake automated and large-scale analysis. This is increasingly important for institutional investors managing diversified portfolios containing thousands of securities.

Common standards can also reduce aggregate costs. It is generally more efficient for a company to prepare reliable information once than for many investors to estimate the same information independently.

The SEC should therefore assess costs across the market as a whole. A reduction in direct issuer compliance costs is not a genuine saving if those costs are merely transferred to investors and multiplied across the market.

8. The U.S. risks falling behind global capital markets

The global direction of travel is towards more consistent reporting of financially material climate-related risks. Jurisdictions around the world are adopting or considering requirements informed by the International Sustainability Standards Board's standards, the Task Force on Climate-related Financial Disclosures and the Greenhouse Gas Protocol.[12]

The United States has not adopted IFRS S2, the international climate-related disclosure standard. In the absence of another federal framework, the SEC remains the appropriate authority to establish climate-related disclosure requirements for U.S. public markets.

Rescission would leave the United States as one of the few major capital markets without a coherent federal climate-related disclosure framework. This would place global investors in U.S. companies at a disadvantage relative to their investments in jurisdictions where more consistent information is available.

ICGN has consistently warned that fragmented disclosure requirements create costs and barriers for both companies and investors. A globally aligned baseline, adapted where necessary to U.S. market and legal circumstances, would improve comparability, reduce duplication and help U.S. public markets compete for international capital.

The Final Rules are based on a sound and proportionate principle: public companies should disclose financially material climate-related risks in a consistent form that investors can use.

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[11] SEC Final Rules, Final rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors, pp. 578-579.

[12] Task Force on Climate-related Financial Disclosures, *Recommendations of the Task Force on Climate-related Financial Disclosures*; Greenhouse Gas Protocol reporting standards; IFRS Foundation, IFRS S1 and IFRS S2, IFRS - ISSB and TCFD.

The Final Rules were adopted only after an extensive consultation process and were materially narrowed in response to concerns raised by stakeholders. They reflect reporting practices that have already become widespread in U.S. and global markets.

Rescinding them would not eliminate climate-related reporting or its associated costs. It would replace a common federal framework with a more fragmented system, transfer additional costs to investors, reduce comparability and leave the United States behind other major capital markets.

ICGN therefore urges the SEC to retain the Final Rules. Where the Commission believes changes are necessary, it should propose targeted amendments for public consultation, while preserving:

- a company-specific, materiality-based approach;
- integration with mainstream financial and corporate reporting;
- appropriate board governance disclosures;
- consistent and comparable reporting requirements; and
- machine-readable information that can be analysed efficiently by investors.

This approach would better support the SEC's objectives of protecting investors, maintaining fair, orderly and efficient markets, and facilitating capital formation. Thank you again for the opportunity to share our perspective on this proposal. If you would like to follow up with questions or comments, please contact me or our Senior Advisor- Americas, Carol Nolan Drake (carol.nolandrake@icgn.org).

Yours faithfully,

Jen Sisson

Jen Sisson

Chief Executive Officer, ICGN