Consumers' Research
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August 3, 2026

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

RE: Consumers' Research Comment Supporting the Proposed Rescission of Climate-Related Disclosure Rules, Release Nos. 33-11421; 34-105572, File No. S7-2026-19

Dear Secretary Countryman,

Consumers' Research appreciates the opportunity to comment on the Securities and Exchange Commission's proposed withdrawal of the climate-related disclosure rules adopted in 2024 (the "Final Rules"). Consumers' Research strongly supports rescinding the Final Rules in their entirety. The Commission should not retain isolated portions of the Final Rules or replace them with another climate-specific disclosure mandate. The proposed rescission's focus on statutory limits, materiality, the reasonable investor, and the costs ultimately borne by investors is consistent with the concerns Consumers' Research raised in its June 16, 2022 comment opposing the original proposal.[1]

Consumers' Research also agrees with the Commission's conclusion that the Final Rules exceed the statutory limits on the agency's disclosure authority and stray beyond the policy concerns of the federal securities laws.

Retail-investor evidence supports full rescission.

The original proposal rested heavily on asserted "investor demand." To determine whether that assertion reflected the priorities of ordinary investors, Consumers' Research surveyed 2,000 retail investors across all U.S. states from April 8 through April 19, 2022. The results showed limited retail-investor demand for an expansive, mandatory climate-disclosure regime. Respondents primarily invested to maximize financial returns and to provide retirement and household financial security, not to use their savings to advance environmental or social policy.[2]

Highlights from the survey include:

- **ESG profile ranked last on average among the six investment factors presented,** behind growth potential, income or dividend profile, company finances, market conditions, and company profile.
- **Climate change ranked last on average among the six broad issues presented for investment decision-making,** behind the national economy, domestic politics, regulatory developments, public health, and foreign policy.
- **Fifty-seven percent identified saving for retirement or long-term financial security as the primary use of investment income, and another 19 percent identified supplementing income.** By contrast, 3 percent selected driving sustainability or environmental change and 2 percent selected driving social change.
- **More than half said they were not likely to pay additional fees for ESG-related products.**
- **Seventy-three percent were very or somewhat interested in having greater influence over how institutional investors vote on their behalf.**[3]

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[1] Proposed Rescission at 6-7, 45-66.
[2] 2022 Comment at 1-4.
[3] 2022 Comment, survey appendix at 16, 18-20.

These results do not mean that no retail investor ever considers climate-related information. They show that investors are not monolithic and that climate information is one potential input among many. For the ordinary retail investor, financial factors generally take priority. The proposed rescission correctly returns the Commission's disclosure framework to information that a reasonable investor would consider important in buying or selling securities, rather than information tailored to a particular investment strategy or sought by political interests to influence corporate behavior.[4]

The Commission should distinguish retail investors from institutional intermediaries.

In 2022, the Commission's asserted evidence of demand relied heavily on climate-focused coalitions and institutional investors, including Climate Action 100+, the Net Zero Asset Managers Initiative, the UN Principles for Responsible Investment, and the Glasgow Financial Alliance for Net Zero. As Consumers' Research explained, these organizations were created to advance climate-related disclosure or policy goals, and their institutional signatories substantially overlapped. Citing overlapping coalitions as separate evidence of demand created the appearance of broader support than actually existed. In the years since the original rule's proposal, these organizations have seen worldwide membership decline in light of questions as to their legality, highlighting the SEC's fallacy of tailoring rules to these so-called "climate-focused coalitions."

The same problem applied to support from public pension funds and large asset managers. Public pension funds are administered by stewards appointed by elected officials who may have political objectives. Asset managers are intermediaries, not the ultimate beneficiaries of the assets they steward, and their interests do not always align with the retail investors whose savings they manage. The Commission should not substitute the views of those intermediaries for the interests of individual investors.

Some asset managers also had a direct economic interest in the Final Rules.

As our prior comment observed, ESG-related products may carry higher fees than non-ESG alternatives. A mandatory, standardized climate-data regime would also reduce the research costs of constructing and marketing ESG products by placing the desired information in centralized sections of Commission filings. That convenience to asset managers is not evidence of broad investor demand. It is particularly difficult to justify shifting the costs of producing those disclosures to all public companies and their shareholders when more than half of the surveyed retail investors were unwilling to pay additional fees for ESG products.

The costs of the Final Rules are not justified by benefits to a narrow subset of investors.

The proposed rescission appropriately asks whether the informational benefits of a disclosure mandate, viewed from the perspective of the reasonable investor, justify the costs of producing it. The Commission estimates that rescission could produce annualized savings of approximately $4.9 billion per year over the next ten years for affected registrants.[5]

Those costs do not disappear when imposed on public companies; they are ultimately borne by shareholders and may also be passed to consumers and workers. The burdens can deter companies from becoming or remaining public, reduce investment and innovation, and ultimately narrow the investment opportunities available to retail investors.

Consumers' Research's survey provides direct evidence relevant to that cost-benefit judgment. Retail investors ranked ESG and climate concerns below core financial considerations, and most were not willing to pay more for ESG products. Our 2022 comment also noted that claims of financial outperformance from ESG investing were deeply unproven. The Commission should not compel all investors to bear substantial costs to facilitate information that is used principally by investors with specialized strategies, non-financial goals, or commercial interests in ESG products.

[4] Proposed Rescission at 6, 52-59.

[5] Id. at 57-65.

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Existing, materiality-based disclosures and market forces can provide climate information when investors need it.

The proposed rescission correctly recognizes that existing disclosure obligations and anti-fraud provisions already require registrants to disclose the material effects of climate-related matters when those effects are relevant to a particular company. It also recognizes that the market-driven flow of information will continue: investors and analysts may request additional information, and registrants may voluntarily provide it based on their businesses and investor bases.[6]

The Consumers' Research survey reinforces that conclusion. When respondents were asked where they would turn to learn about a company's environmental and social profile, they identified multiple sources, including ESG reports, corporate social responsibility reports, webpages with rankings and metrics, internal company communications, and SEC filings. Rescission therefore does not prevent investors from seeking climate information, companies from providing it, or asset managers from offering ESG products. It simply prevents the Commission from forcing every public company and shareholder to subsidize a one-size-fits-all disclosure system designed around the preferences of a narrower group.

Full rescission is preferable to partial retention or replacement.

The defects in the Final Rules are structural. The rules single out one politically contested topic; depart from a registrant-specific, principles-based approach; impose costly and prescriptive requirements across the public markets; and privilege the informational demands of some investors over the financial priorities of the reasonable investor. Retaining selected portions or replacing the Final Rules with a narrower climate-specific regime would preserve those defects.

The Final Rules were stayed before becoming effective. The proposed rescission therefore does not upset a settled disclosure system on which retail investors reasonably relied. Consumers' Research urged the Commission to withdraw the proposal in 2022, before the Final Rules were adopted, because the evidence showed that the rule would facilitate the economic and political interests of a select group rather than the actual priorities of ordinary investors. The subsequent adoption of the Final Rules did not cure that flaw.[7]

For these reasons, Consumers' Research urges the Commission to finalize the proposed rescission and withdraw the Final Rules in their entirety. The Commission should rely on its existing, registrant-specific materiality framework to elicit climate-related information when it is financially material to a reasonable investor. This approach will better protect retail investors, reduce unnecessary costs, preserve investment choice, and keep the Commission focused on fair and efficient capital markets rather than using securities disclosure to advance contested social policy. The freedom of retail investors to choose the investments they believe are best for themselves and their families remains a bedrock of our capital markets.

Sincerely,

Will Hild

Will Hild
Executive Director

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[6] Id. at 46-53.
[7] Id. at 46, 65-66.