CLEAN AIR TASK FORCE

August 3, 2026

Submitted via Commission's internet comment form

Paul S. Atkins, Chair
c/o Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090

Re: "Rescission of Climate-Related Disclosure Rules," 91 Fed. Reg. 33296 (June 3, 2026) (File No. S7-2026-19)

Dear Chair Atkins:

Clean Air Task Force ("CATF") respectfully submits the following comments on the proposed rescission of the Climate-Related Disclosure Rules adopted by the U.S. Securities and Exchange Commission ("SEC" or "Commission") in 2024[1] via "Rescission of Climate-Related Disclosure Rules," 91 Fed. Reg. 33296 (June 3, 2026) (File No. S7-2026-19) (the "Proposal" or "Proposed Rescission").

CATF is a nonprofit organization working globally to safeguard against the worst impacts of climate change by catalyzing the rapid development and deployment of low-carbon energy and other climate-protecting technologies. With more than 30 years of internationally recognized expertise on climate policy and law and a commitment to exploring all potential solutions, CATF is a pragmatic, non-ideological advocacy group with the bold ideas needed to address climate change. CATF has U.S. offices in Boston, Washington, D.C., and internationally in Brussels, Belgium, with staff working remotely around the world.

At CATF, the Land Systems program is working to enhance ecosystem carbon sequestration and storage in ways that do not deter emissions reductions. CATF's Land Systems team has conducted extensive research on the rigor of carbon credit protocols for forest and biomass carbon removal offsets. The use and quality of offsets represent an important area of climate-related financial risk, including reputational and regulatory risks that are material to investors. CATF has long been engaged in the SEC's climate-related disclosure rulemaking, including filing comments on the rule in 2022.[2] A copy of those comments is attached.

The SEC should withdraw its Proposal to rescind the Climate-Related Disclosure Rules. Contrary to the Commission's new and unsupported reasoning, the Rules are clearly within the SEC's authority, they address material risks, and they are important for informed investment and voting decisions and are in the public interest. The purported statutory and policy reasons for the Proposed Rescission are, without merit, arbitrary and fail to meet the standards for an agency

[1] The Enhancement and Standardization of Climate-Related Disclosures for Investors, 89 Fed. Reg. 21668 (Mar. 28, 2024) ("Climate-Related Disclosure Rules" or the "Rules").
[2] CATF, Comments Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors, File No. S7-10-22 (June 17, 2022), https://www.sec.gov/comments/s7-10-22/s71022-20132250-302691.pdf (attached).

change in position. A return to voluntary and inconsistent reporting of climate-related disclosures would be counter to the SEC's statutory obligations and not the product of reasoned decision making.

In this comment, CATF explains how the Climate-Related Disclosure Rules ensure the availability of consistent, comparable, and transparent information on emissions, including disaggregating carbon offset use. This information is material to investors, and its disclosure allows an investor to (1) assess the ambition of a company's efforts to reduce its climate-related risks and track its annual progress toward any greenhouse gas emissions reduction targets and goals; and (2) determine the quality and credibility of any offsets used by a company to achieve its stated climate targets and goals.

CATF reiterates its support for requiring the disclosure of registrant emissions, including disclosing carbon offset use with project-level details in certain circumstances, based on the facts and analysis in our original comment on the proposed rule,[3] the SEC's original factual findings and conclusions that it is now departing from without explanation, and the information contained in this comment. CATF calls on the SEC to, instead of repeal, begin implementation of the Climate-Related Disclosure Rules so that investors and the public can benefit from the increased transparency, consistency, and comparability of material information that registrants will disclose under their important requirements.

I. The Climate-Related Disclosure Rules are well within the SEC's authority.

As explained more fully in a separate comment, which CATF joins in full and incorporates by reference here, the Climate-Related Disclosure Rules are clearly within the SEC's statutory authority, including conformance with materiality principles.[4] The SEC must seek to "ensure disclosure by corporate management in order to enable the shareholders to make an informed choice," *TSC Indus. v. Northway*, 426 U.S. 438, 448 (1976), and "materiality depends on the significance the reasonable investor would place on the withheld or misrepresented information," *Basic Inc. v. Levinson*, 485 U.S. 224, 240 (1988).

Both the Rules as a whole and the specific provisions related to emissions and carbon offset use disclosures are within the SEC's authority, and indeed, are the type of information that Congress directed the Commission to develop rules to require disclosure of because it is "necessary or appropriate in the public interest or for the protection of investors." 15 U.S.C. § 77g(a)(1).

By contrast, the Proposed Rescission presents a cramped view of the Commission's authority that is inconsistent with the statutory text, past SEC practice, and court precedent. It is therefore not the best interpretation of the statute and cannot form a valid basis for rescinding the Rules. The Proposal also fails to consider important aspects of the problem involving climate-related risks facing investors and the public, ignores the factual evidence and policy concerns that justified the original rule, and fails to provide a justification for the Commission's change in

[3] CATF Comments, *supra* note 2.
[4] *See* Environmental Defense Fund et al, Comments Re: "Rescission of Climate-Related Disclosure Rules," 91 Fed. Reg. 33296 (June 3, 2026) (File No. S7-2026-19).

position. Because the Proposed Rescission is arbitrary and capricious for these reasons as well, it must be withdrawn.

II. SEC should not rescind the Rules because they require disclosure in certain circumstances of registrant emissions, including carbon offset use, a material concern for investors.

Information on registrant emissions, including carbon offset use, is material to investors to assess how companies allocate capital and manage financial, reputational, and regulatory risks. Disclosure of carbon offset use is particularly relevant for companies with emissions commitments. The Climate-Related Disclosure Rules require the disclosure of companies' carbon offset use in certain circumstances, and this requirement is one reason why the SEC should retain the Rules.

Requiring disclosure of this material information to investors is clearly within the SEC's statutory authority and necessary to carry out congressional direction. The Commission does not display awareness of the carbon-offset related provisions it has proposed to rescind and is incorrect in its new and unsupported interpretation of its statutory authority related to these required disclosures. The Commission must also consider the facts around carbon offset use and disclosure, including both its prior factual findings along with recent developments and research related to carbon offsets. It has failed to do so. The rescission is therefore arbitrary and capricious, and the Commission should withdraw its Proposal.

A. The rule requires disclosure of carbon offset use in certain circumstances.

When a company calculates its net carbon emissions to determine progress towards its public emissions commitment, it may counterbalance its direct emissions by purchasing offset credits for the removal or reduction of greenhouse gas emissions elsewhere. These removals or reductions used for counterbalancing, which the Climate-Related Disclosure Rules refer to as "carbon offsets," are typically based on carbon credits that may vary in quality.[5] The Climate-Related Disclosure Rules require companies to disclose carbon offset use in limited and defined circumstances.

In the Climate-Related Disclosure Rules, the SEC defined carbon offsets as "represent[ing] an emissions reduction, removal, or avoidance of greenhouse gases ('GHG') in a manner calculated and traced for the purpose of offsetting an entity's GHG emissions." 89 Fed. Reg. at 21914 (codified at 17 C.F.R. § 229.1500). When carbon offsets "have been used as a material component of a registrant's plan to achieve climate-related targets or goals," the Rules require disclosure of "the aggregate amount of carbon offsets … expensed, the aggregate amount of capitalized carbon offsets … recognized, and the aggregate amount of losses incurred on the capitalized carbon offsets … during the fiscal year," 89 Fed. Reg. at 21913 (codified at 17 C.F.R. § 210.14-02(e)(1)), as well as "the amount of carbon avoidance, reduction or removal represented by the offsets …, the nature and source of the offsets …, a description and location of the underlying projects, any registries or other authentication of the offsets …, and the cost of

[5] MSCI, *What defines a high-quality carbon credit?*, https://www.msci.com/data-and-analytics/carbon-markets/understanding-carbon-markets/what-defines-a-high-quality-carbon-credit (last accessed Aug. 3, 2026).

the offsets." *Id.* at 21916 (codified at 17 C.F.R. § 229.1504(d)). Additionally, the Rules require disaggregation of offsets in the disclosure of material Scope 1 and 2 emissions where required, such as for accelerated filers or accelerated large filers. *See id.* at 21916 (codified at 17 C.F.R. § 229.1505(a)(1-2)).

The required carbon offset disclosures are financial in nature. In the Climate-Related Disclosure Rules, the Commission even provided an illustration of how to present capitalized and expensed carbon offsets on an income statement or balance sheet. *See* 89 Fed. Reg. at 21802-03. In other words, the Rules require disclosure of information that is relevant to investors and the public regarding costs, expenses, and losses. Requirements about these financial data points are squarely within the SEC's expertise and authority.

B. Many corporations rely on carbon offsets to achieve emissions-related targets or goals.

Many companies have established greenhouse gas emissions-related targets or goals. A late 2025 analysis of companies in the S&P 500 showed that approximately 57 percent have pledged net-zero or carbon-neutrality goals. Of the world's largest publicly traded companies, 63 percent have adopted or proposed net zero targets.[6] Of those with net zero targets, over 40 percent rely on carbon offsets to meet those targets and only 10 percent explicitly rule them out. The remaining 50 percent do not specify at all whether offsets are included in their strategy, leaving an important knowledge gap for investors.

Carbon credits, which are tradable instruments that each represent a metric ton of carbon reduced or removed from the atmosphere, are the nearly exclusive source of carbon offsets to date.[7] There are two types of carbon credits—voluntary credits and compliance credits—and associated markets.

Compliance markets are established and regulated by governmental bodies and allow regulated entities subject to emissions caps to purchase qualifying carbon credits that represent removals or reductions by others. Examples of compliance credit markets include those for California's Compliance Offset Program and Washington's Compliance Offset Program. *See, e.g.*, Cal. Code tit. 17, § 95970 (general requirements for California offset credits); Wash. Admin. Code § 173-446-500 (general requirements for Washington offset credits). Due to the dedicated demands for compliance offset credits, these credits tend to be more expensive than those in voluntary markets; for example, the average credit in voluntary markets was traded at $6.34 in 2024[8] while the compliance carbon offset market in California saw average offset credit values of $20.41 in 2024 and $17.47 in 2025.[9]

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[6] Net Zero Tracker, *Net Zero Tracker* (2025), https://zerotracker.net/. Data includes the largest 2,000 publicly traded companies globally by revenue. Of United States companies in the dataset, 49% have net zero targets, with 42% of those explicitly relying on offsets while only 11% rule them out.
[7] World Bank, State and Trends of Carbon Pricing 2026, World Bank Group (2026), https://www.worldbank.org/en/publication/state-and-trends-of-carbon-pricing.
[8] Alex Procton, State of the Voluntary Carbon Market 2025 at 5, Table 1, Ecosystem Marketplace (2025). https://www.ecosystemmarketplace.com/publications/2025-state-of-the-voluntary-carbon-market-sovcm/.
[9] California Air Resources Board, Summary of Market Transfers Report: 2025 Annual Report (Feb. 2026), https://ww2.arb.ca.gov/sites/default/files/2026-02/nc-2025_transfersummaryfinal.xlsx.; California Air Resources

Voluntary carbon credit markets, in contrast, are not created, run, or regulated by governmental entities.[10] In these markets, independent carbon crediting programs issue credits using their own methodologies or protocols to quantify emissions reductions or removals.[11] These credits may then be used for multiple purposes, including as offsets or as investments. After a company has purchased a credit, it may redeem the credit through a process called "retirement" that removes the credit from circulation. Credit retirement is the point at which the claim of greenhouse gas emission reduction or removal may be made. Upon retirement, a carbon credit may be counted as a carbon offset toward the company's emissions accounting.[12]

The use of carbon offsets by corporations is significant and expected to grow. Although the voluntary carbon market contracted from its 2021 peak of $2 billion to a steady value of roughly $1.4 billion from 2022 to 2025, credit retirements for corporate claims have begun to rise and analyses project substantial growth in the coming decades.[13] MSCI Carbon Markets projects a global voluntary carbon market valued between $7 and $35 billion by 2030 and $45 to $250 billion by 2050,[14] while BloombergNEF's 2025 analysis projects that carbon credit supply could swell 20- to 35-fold by 2050, with scenarios in its prior outlook reaching a market of over $1 trillion.[15]

This growth is expected to be driven not only by increased demand and volume, but by rising per-credit costs. BloombergNEF projects credit costs rising to as much as $60 per ton in 2030 and $104 per ton in 2050 with a continued shift to higher quality standards,[16] a substantial increase over recent market averages and the $6.34 per credit value in 2024.[17] Moreover, a

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Board, Summary of Market Transfers Report: 2024 Annual Report (Feb. 2025), https://ww2.arb.ca.gov/sites/default/files/2025-02/nc-2024_transfersummaryfinal.xlsx .

[10] U.S. Government Accountability Office, GAO-25-107128, Carbon Credits: Limited Federal Role in Voluntary Carbon Markets (2025). https://www.gao.gov/products/gao-25-107128.

[11] *See* Verra, *Verified Carbon Standard Program Guide, v5.0* (2025), https://verra.org/programs/verified-carbon-standard/verified-carbon-standard-version-5/; Gold Standard, *Principles & requirements* (Version 2.1) (2025), https://globalgoals.goldstandard.org/101-par-principles-requirements/; American Carbon Registry, *The ACR Standard* (Version 8.0) (July 2023), https://acrcarbon.org/wp-content/uploads/2023/10/ACR-Standard-v8.0.pdf ; Climate Action Reserve, *Reserve Offset Program Manual* (Version 9.2) (2024), https://climateactionreserve.org/wp-content/uploads/2024/04/Reserve-Program-Manual-v9.2.pdf.

[12] *See* Voluntary Carbon Markets Integrity Initiative, *Claims Code of Practice: Building integrity in voluntary carbon markets* (Version 3.1) (2025), https://vcmintegrity.org/wp-content/uploads/2025/08/VCMI-Claims-Code_2025_Update.pdf; World Resources Institute & World Business Council for Sustainable Development, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised edition*)* (2004), https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf; Science Based Targets initiative, Corporate net-zero standard: Version 2.0 (2026), https://standards.sciencebasedtargets.org/.

[13] MSCI, *Frozen Carbon Credit Market May Thaw as 2030 Gets Closer* (Jan. 2025), https://www.msci.com/research-and-insights/blog-post/frozen-carbon-credit-market-may-thaw-as-2030-gets-closer.

[14] Id.

[15] BloombergNEF, *Long-Term Carbon Credit Supply Outlook 2025* (Aug. 26, 2025), https://about.bnef.com/insights/commodities/long-term-carbon-credit-supply-outlook-2025/; BloombergNEF, *Carbon Credits Face Biggest Test Yet, Could Reach $238/Ton in 2050* (Feb. 6, 2024), https://about.bnef.com/insights/commodities/carbon-credits-face-biggest-test-yet-could-reach-238-ton-in-2050-according-to-bloombergnef-report/.

[16] Id.

[17] Ecosystem Marketplace, *State of the Voluntary Carbon Market 2025* at 5 (May 2025). https://www.ecosystemmarketplace.com/publications/2025-state-of-the-voluntary-carbon-market-sovcm/.

marked quality premium has emerged in carbon credit pricing. Credits independently rated as higher-quality traded at more than four times the price of lower-rated credits by the end of 2025, a premium that roughly doubled in a single year.[18]

Companies whose public climate commitments depend on the procurement of carbon credits have effectively assumed a long-term purchasing obligation in a market characterized by inconsistent credit quality, constrained supply of high-quality credits, and significant price volatility such that the future cost of fulfilling those obligations is difficult to predict.

C. The quality of carbon offsets varies.

Not all carbon offsets are created equal. *See* 89 Fed. Reg. at 21857. Several characteristics of carbon offsets determine how reliably they represent real removals or reductions and therefore reflect their true value—or risk—to a company and its investors.

Higher quality credits, and therefore higher quality offsets, provide greater assurances that they represent real emissions reductions or removals and as a result tend to be more expensive. The characteristics of carbon credits that determine their quality include, but are not limited to, principles of additionality, permanence and durability, and conservative baseline scenario mapping.[19] A credit is additional if the activity that generates the carbon benefit would not have occurred but for the incentives of the crediting mechanism and is not otherwise required by law.[20] Permanence and durability refer to the level of certainty that the carbon claimed to be removed or reduced by the crediting project will be kept out of the atmosphere for a specified duration.[21] For example, if a credit is generated by conserving a forest that would otherwise be logged, but that forest is likely to burn in a wildfire and no mitigation measures have been taken to account for the risk, that credit would have limited permanence or durability. Sufficient assessment of baseline scenarios involves determining what would have occurred, in terms of carbon emissions, in the absence of the project. This calculation is crucial to quantifying the benefits associated with a crediting project. Together, the presence or absence of these and other characteristics determines whether a credit can be relied upon to deliver real, meaningful emissions reductions or removals.

Offsetting emissions is typically executed through the purchase of carbon credits through the voluntary carbon markets, as described in the previous section. Markets for voluntary carbon credits lack consistency, regulation, or standardization, which results in varying credit quality that is difficult for investors to ascertain absent project-specific detail. Absent project-level detail, these inconsistencies may limit the reliability of companies' use of credits as offsets when calculating total emissions. Project-level details are also essential for potential investors to

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[18] Tristan Loffler & Anubhav Joshi, *2025 State of Integrity in the Global Carbon-Credit Market*, MSCI Carbon Markets at 4 (Sept. 2025), https://www.msci.com/research-and-insights/paper/state-of-integrity-in-the-global-carbon-credit-market.
[19] U.S. Government Accountability Office, GAO-25-107128, Carbon Credits: Limited Federal Role in Voluntary Carbon Markets at 4-7 (2025), https://www.gao.gov/products/gao-25-107128.
[20] *See*, *e.g.*, Cal. Code. Tit. 17 § 95802 (definition of "Additional").
[21] Intergovernmental Panel on Climate Change, *Climate change 2022: Mitigation of climate change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change* (P. R. Shukla et al., Eds.), Cambridge University Press at 820-821 (2022), https://doi.org/10.1017/9781009157926

evaluate how emissions reductions or removals are calculated for directly funded offset projects. Due to the lack of a consistent and credible protocol or methodology, the SEC previously concluded based on facts and evidence in the record, that it is essential for investors to have project-level transparency into carbon offsets to ensure that there are real emissions reductions or removals from the projects underlying any carbon credits used for that purpose. *See* 89 Fed. Reg. at 21722-23. The Proposed Rescission, in contrast, never engages with these factual findings that underlay the prior policy.

Clean Air Task Force has conducted detailed analyses to assess and improve carbon credit quality,[22] which is relevant to the materiality of this information to investors, because unreliable credit quality enhances regulatory, reputational, and financial risks. Forestry- and land use-based carbon credits provide a well-documented example of the problem of low-quality credits that often over-count emissions reductions or removals.

These credits come primarily from projects where land that is supposedly at risk of imminent deforestation is instead protected. The amount of carbon preserved in the trees becomes the amount of carbon credits that can be sold as offsets. Other projects in this category derive from tree planting or changing timber management approaches to be more sustainable. To date, forestry and land use projects make up the largest share of carbon credits available in voluntary markets, accounting for 46 percent of all credits issued in the US and roughly one third of total credit issuances globally, representing over one billion credits.[23]

Despite this market prevalence, our research has found that the accounting rules for these credits are inconsistent and weak, and additional research into specific projects has demonstrated pervasive over-crediting of emissions reductions or removals—meaning that the credits issued do not represent their purported value. For example, a recent study found that even if projects that aim to prevent deforestation have an impact, the credits that are issued represent on average just 10 percent of the emissions reduction that can be claimed.[24]

The unreliability of some carbon credits is reflected in the price structure of the market, where forestry and land-use-based emissions avoidance credits are among the cheapest units available for trade. On the other hand, credits representing removal and durable storage of carbon dioxide from the atmosphere trade at a 381 percent premium above emissions avoidance credits.[25] For example, credits from biochar, a heat-stabilized form of plant material, average approximately $160-$177 per credit, bioenergy with carbon capture and storage average approximately $389 per credit, and direct air capture may trade in excess of $500 per credit.[26] A

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[22] R. Sanders-DeMott et al., *Ground truth: An Assessment of Forest Carbon Credit Protocols,* Clean Air Task Force (2026), https://www.forestcarbonprotocols.org/wp-content/uploads/2025/05/Forest-Carbon-Credit-Protocols-Assessment-Report.pdf; S. Herbstritt et al., *Strengthening Biomass Carbon Removal and Storage (BiCRS) Protocols,* Clean Air Task Force (Mar. 2026), https://www.catf.us/wp-content/uploads/2026/02/BiCRSProtocolReport.pdf.
[23] P. Quartson et al., *Voluntary Registry Offsets Database v2026-04,* Berkeley Carbon Trading Project, University of California, Berkeley (2026), https://gspp.berkeley.edu/berkeley-carbon-trading-project/offsets-database.
[24] T. Swinfield et al., *Learning lessons from over-crediting to ensure additionality in forest carbon credits,* Nat. Commun. (2026), https://www.nature.com/articles/s41467-026-71552-3.
[25] Sylvera, *Carbon offset pricing trends: What buyers should budget for in 2026* (2026), https://www.sylvera.com/blog/carbon-offset-price.
[26] *Id*.

company that has priced its climate obligation based on a portfolio of low-cost forestry and land-use-based credits faces the risk of needing to fulfill that commitment at a much higher cost than anticipated as stronger quality standards, which are already shifting into place, become the norm.

Therefore, not only should companies disclose the role that carbon offsets play in their overall strategies for public net zero commitments, but investors need much more detailed information to fully understand a company's associated financial risks. This includes whether those offsets represent avoidance, reduction, or removal of emissions; descriptions of underlying projects; carbon registries used; and costs. This level of disclosure for any carbon offset projects the company will rely on is necessary for investors to fully understand the company's climate-related financial risk.

D. Disclosure of registrant emissions and carbon offset use is material to investors.

Registrant emissions and the decision to use offsets rather than achieve climate commitments through direct emissions reductions introduce risks to the company that are material to investors. If companies elect to rely on offsets to meet a substantial amount of their emissions targets, they may face regulatory risks, reputational risk, and financial risks. For investors to understand the full extent of those risks, they must have sufficient access to data on companies' offset purchases and use. Indeed, the SEC's Investor Advisory Committee described carbon offset data as "critical" for investors "to fully analyze the risks they are taking."[27]

As the SEC previously concluded based on facts and evidence before it, carbon offset disclosures are needed now because many companies have already committed to emissions related goals or targets and are using offsets to achieve them. *See* 89 Fed. Reg. at 21722-23. That reliance has only increased since the Rules were finalized. *See supra* Section II.B. As the SEC previously concluded, the use of carbon offsets to meet emissions-related goals presents immediate risks to companies because the market for carbon offsets is uncertain and subject to volatility. *See* 89 Fed. Reg. at 21734. Furthermore, the cost of carbon credits—and the resulting financial cost to companies that rely on them—will only increase as crediting programs respond to pressure to develop higher-quality credits. *See supra* Section II.C. The total cost to companies to rely on carbon offsets could increase substantially, thereby further increasing risk to investors. Recognizing that risk and the need for improved disclosure, many major investors and notable public companies supported inclusion of carbon offset requirements in the Rules. *See* 89 Fed. Reg. at 21722 & n.830.

i. Financial Risk.

Companies face financial risk from expenditures on carbon offsets. The amount of that financial risk depends, at least in part, on the company's amount and type of greenhouse gas emissions that need to be offset. A full picture of the financial risk facing a public company based on its reliance on carbon offsets, therefore, depends on also having sufficient data on the

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[27] Investor Advisory Committee, *Comments re: Offset Disclosure Provisions under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors*, File No. S7-10-22 at 4 (Sep. 2022), https://www.sec.gov/spotlight/investor-advisory-committee-2012/20220921-climate-related-disclosure-recommendation.pdf.

company's emissions and distinguishing between emissions that a company reduces and emissions that a company offsets.

Companies that rely on carbon offsets will face larger financial risks if the price of carbon credits that can be used as offsets increases, which is projected to occur as credit quality increases. *See supra* Section II.B. Any increase in a per-credit cost will be multiplied across the number of offsets a company needs to meet its public commitments. For investors or the public to determine the scope of that financial risk facing a company, the company must disclose its emissions, the extent of its carbon offset use, and details about the offset projects that will allow evaluation of whether a company uses high quality or inferior offsets. That material information must be presented in a consistent, comparable, and reliable format. As offset purchases become a more costly way to reduce a company's net emissions, investors are entitled to know how companies are positioned to respond to increased expenses. The Rules would require disclosure of that material information in certain circumstances, but the Proposed Rescission would deprive investors and the public of it.

ii. Reputational Risk.

Public companies that rely heavily on carbon offsets also face reputational risks, especially because of the increasing public awareness of the current quality problems with many carbon credits. Without transparency on project-level details, few credits currently on the market can be assumed to be satisfactory in their ability to guarantee one ton of carbon reduced, removed, or avoided. *See supra* Section II.C. Companies that rely on low-quality carbon credits will therefore either risk public scrutiny—in the form of negative public statements, boycotting, or litigation—over purchasing inadequate offsets, or need to find new methods for reaching their emissions targets, likely at a greater cost that would magnify the financial risk facing companies.

As the SEC previously concluded based on facts and evidence before it, one major reputational risk is accusations of "greenwashing," which is generally understood as falsely conveying the message that a company's products, including investment products, are aligned with environmental principles. *See* 89 Fed. Reg. 21678 n.104 (discussing meaning of "greenwashing"), 21723 (describing greenwashing risk from carbon offsets). To compound these reputational risks, companies that make public emissions commitments face pressure to keep those commitments.[28] Until carbon credit quality improves substantially, companies will be unable to avoid reputational risk by relying on credit-based offsets for emissions reduction strategies. Indeed, companies have already had to scramble, at considerable expense, to respond to backlash against carbon offset-based claims.[29]

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[28] *See* Barbara Grady, *Large corporations face increasing calls for follow-through on climate commitments*, Trellis (Apr. 1, 2024), https://trellis.net/article/largecorporations-face-increasing-calls-follow-through-climate-commitments/.

[29] *See, e.g.*, Kenza Bryan, *Apple's 'carbon neutral' claims come under scrutiny*, Financial Times (Oct. 23, 2023), https://www.ft.com/content/90392004-97e0-4444-a5cd-82220fe52510; Dieter Holger, *Vodafone and Nestlé Created Panels to Avoid 'Greenwashing' Allegations*, Wall Street J. (May 23, 2023), https://www.wsj.com/articles/vodafone-and-nestle-created-panels-to-avoidgreenwashing-allegations-63fff965. James Temple, *Google, Amazon, and the problem with Big Tech's climate claims*, MIT Technology Review (July

The reputational risk from accusations of "greenwashing" is not a passing phenomenon. For instance, in 2024 a federal district court in California ruled a plaintiff had sufficiently alleged standing in a claim challenging Delta's advertising of carbon offsets because of the plaintiff's inability to "rely on the validity of Delta's representations that it is a carbon-neutral airline" and the plaintiff would not have purchased Delta flights if she knew the carbon neutral representations were false. *Berrin v. Delta Air Lines*, Inc., No. 2:23-cv-04150, 2024 WL 5371340, at *3-4 (C.D. Cal. Dec. 11, 2024). That case, which remains pending as of the date of this comment, provides an example of how greenwashing litigation can affect companies. The risk of litigation goes beyond U.S.-based airlines. In 2024, KLM airlines lost a lawsuit in the District Court of Amsterdam because of misleading advertising over the impact of Sustainable Aviation Fuel (SAF) and the use of offsets.[30] In July 2026, KLM lost a similar lawsuit and was fined over 400,000 euros, this time in a Copenhagen court, for misleading climate claims related to SAF.[31]

There are a growing number of companies facing litigation involving carbon credits.[32] Last year in a federal district court in California, plaintiffs brought a class action lawsuit against Apple, claiming Apple's marketing that it has been carbon neutral for corporate emissions and that certain Apple Watches were carbon neutral was misleading because of insufficient carbon credits. *Dib v. Apple Inc.*, No. 25-cv-02043, 2026 WL 483057, at *1-3 (N.D. Cal. Feb. 20, 2026), *appeal docketed*, No. 26-1801 (9th Cir. Mar. 25, 2026). Also in 2025, plaintiffs sued a vape brand in federal district court in California, claiming carbon offsets purchased to market the company as carbon neutral were insufficient. *Bell v. R.J. Reynolds Vapor Co.*, No. 25-cv-04521, 2026 WL 915295, at *1-2 (N.D. Cal. Feb. 20, 2026), *appeal docketed*, No. 26-1806 (9th Cir. Mar. 25, 2026). Despite the courts in those cases eventually granting dismissal, the fact that these companies were forced to expend resources on litigation and press coverage represents a real reputational risk. And in 2024, plaintiffs brought a class action lawsuit in Oregon state circuit court, claiming Northwest Natural Gas Company's carbon offset program was misleading. Compl. 1-2, *Blumm v. Northwest Natural Gas Co.*, No. 24-cv-48490 (Or. Cir. Ct. Oct. 9, 2024). These cases all remain pending as of the date of this comment and demonstrate that the impact of greenwashing litigation is felt across a variety of industries.

Companies also face reputational risks when they rely on carbon offset projects with questioned validity.[33] Mastercard, BlackRock, and Philip Morris International all purchased carbon credits from one project in the Brazilian Amazon to offset company and client emissions.[34] When these companies retired their credits to make claims against their emissions,

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17, 2024), https://www.technologyreview.com/2024/07/17/1095019/google-amazon-and-theproblem-with-big-techs-climate-claims/ (describing Google's steps to take more defensible approaches to net-zero goals).

[30] *See* Sarah Jacob, *KLM Loses Dutch Greenwashing Case on Climate Advertising*, Bloomberg (Mar. 20, 2024), https://www.bloomberg.com/news/articles/2024-03-20/klm-loses-dutch-greenwashing-case-on-climate-advertising.

[31] *Danish court finds KLM guilty of greenwashing; Airline hit with €401,000 fine*, NL Times (July 10, 2026), https://nltimes.nl/2026/07/10/danish-court-finds-klm-guilty-greenwashing-airline-hit-eu401000-fine.

[32] Isabella Kaminski, *Rise in legal challenges over carbon credit schemes*, The Guardian (June 25, 2025), https://www.theguardian.com/environment/2025/jun/25/courts-corporate-carbon-offsetting-claims-lse-report.

[33] Yusuf Khan, *A Carbon Project in the Amazon Is Under Investigation. Some Companies Reaped the Benefits Anyway.*, The Wall St. J. (Mar. 6, 2026), https://www.wsj.com/articles/a-carbon-project-in-the-amazon-is-under-investigation-some-companies-reaped-the-benefits-anyway-3f97339a.

[34] *Id.*

the offset project had been suspended due to a dispute over its validity.[35] While the companies were not accused of breaking any rules, they faced scrutiny over their decisions to retire the credits and are being used as an example to underscore concerns with the carbon offset industry.[36]

The impact of risks from carbon offsets can also be seen on the basketball court and soccer field. In 2025, the SEC brought charges against Joseph Sanberg, the co-founder of Aspiration, for a fake revenue scheme involving environmental sustainability services. *SEC v. Joseph Neal Sanberg*, No. 8:25-cv-01848 (C.D. Cal. Aug. 21, 2025), Release No. 4575 (Aug. 21, 2025). Los Angeles Clippers owner Steve Ballmer lost the $60 million he invested over four years in Aspiration, and the Clippers lost a $300 million sponsorship deal with Aspiration, as well as $20 million paid for carbon credits.[37] The investment by Ballmer and the Clippers in Aspiration, first reported by a sports podcast,[38] sparked a National Basketball Association (NBA) investigation into potential salary cap circumvention.[39] It is not just U.S. sports teams facing risk: the Fédération Internationale de Football Association (FIFA) received a red card from Swiss regulators for claiming the 2022 Qatar World Cup was carbon neutral because of issues with the carbon offsets purchased.[40] The use of carbon offsets can expose anyone, from corporations offsetting company emissions to sports federations offsetting fan emissions, to real and current reputational, financial, and regulatory risks.

iii. Regulatory Risk.

Companies that continue to purchase low-quality credits for use as carbon offsets to satisfy emission commitments or otherwise reduce net emissions may also be setting themselves up for future enforcement action and regulatory risks. In a rapidly evolving landscape of policy related to climate change and greenhouse gas emissions regulation, companies may become legally responsible for emissions within their supply chains over the coming years—through state regulation, international trade requirements, or even potential future federal regulation. If offset credits that a company is using to meet emissions targets fail to represent real reductions, they may not be eligible for compliance with such potential domestic or international policies. This risk may be exacerbated even further for companies that rely heavily or solely on carbon offsets to reach their targets as opposed to incorporating additional direct emissions reductions strategies. As regulation mounts, demand will likely coalesce around high-quality credits,

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[35] *Id.*

[36] *See, e.g.*, Theodora Stankova, *WSJ Investigation Raises Fresh Doubts Over Brazil Carbon Offsets*, Carbon Herald (Mar. 30, 2026), https://carbonherald.com/wsj-probe-raises-fresh-doubts-over-brazil-carbon-offsets/; Chris Lang, *Verra suspended the Pacajai REDD project in September 2023. Companies have retired more than 2 million carbon credits from the project since then*, REDD-Monitor (Mar. 11, 2026), https://reddmonitor.substack.com/p/verra-suspended-the-pacajai-redd.

[37] Lily Wright, *Aspiration co-founder sentenced to 14 years for fraud*, L.A. Times (Jun. 2, 2026, at 2:55 PT), https://www.latimes.com/business/story/2026-06-02/aspiration-co-founder-sentenced-to-14-years-for-fraud.

[38] *The 2026 Pulitzer Prize Winner in Audio Reporting*, The Pulitzer Prizes (May 4, 2026), https://www.pulitzer.org/winners/staff-pablo-torre-finds-out.

[39] Joe Vardon, *Adam Silver on Clippers-Aspiration investigation: 'We need to wrap this up'*, N.Y. Times (Jun. 3, 2026), https://www.nytimes.com/athletic/7331715/2026/06/03/adam-silver-clippers-aspiration-investigation/.

[40] Jacob Whitehead and Ali Rampling, *FIFA ruled to have breached Swiss Federal Law over carbon-neutral Qatar World Cup claims*, Reuters (Jun. 7, 2023), https://www.nytimes.com/athletic/4588887/2023/06/07/fifa-qatar-world-cup-carbon-neutral/.

thereby driving up prices. Companies that are unprepared to cut emissions without reliance on offsets may fall behind and risk failing to meet both their own emissions targets and their compliance obligations.

These risks are becoming increasingly relevant as climate-related regulation moves beyond voluntary emissions reductions towards mandatory compliance obligations that impose higher scrutiny on carbon offsets. California's Cap-and-Invest Program permits regulated entities to satisfy only a limited portion of their compliance obligations through offset credits.[41] The guidelines for offset protocols and verification procedures are under legislatively mandated review and the regulator in California has been directed to be revise all offset protocols in accordance with best available science by 2029.[42] Likewise, Washington's Climate Commitment Act only allows limited use of offsets and provides detailed regulatory requirements governing the eligibility of offset projects.[43] Together, these state programs demonstrate an emerging consensus that offsets should serve as only a limited supplement to emissions reductions.

This trend is relevant beyond the United States, where U.S. companies engaged in international trade will be increasingly impacted by policies such as the European Union's Carbon Border Adjustment Mechanism, which similarly prioritizes direct emissions accounting and generally does not recognize carbon offsets for purposes of calculating liability.[44] As these regulatory regimes evolve, companies whose climate strategies rely heavily on low-quality offsets will face increasing risks that those credits will not meet future compliance requirements, will become substantially more expensive as quality standards increase and supply tightens, or be exposed to legal liability for overstating their progress towards climate goals.

iv. Information on these risks is material to investors.

For all these reasons, how companies allocate capital to manage the regulatory, reputational, and financial risks associated with carbon offset use is material to investors. Many companies and investors weighed in on the importance of the SEC requiring consistent and transparent disclosures around carbon offsets in the original rulemaking docket.[45] For instance,

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[41] California Health & Safety Code § 38562(c)(2)(E) (limiting offset usage to 4% of a covered entity's compliance obligation for 2021–2025 emissions and 6% for 2026–2030 emissions).
[42] S.B. 840, 2025–2026 Leg., Reg. Sess. (Cal. 2025) (requiring CARB to evaluate the Compliance Offsets Program by December 31, 2026, to update all existing compliance offset protocols to reflect the best available science by January 1, 2029).
[43] Washington Rev. Code § 70A.65.170 (limiting the use of offset credits to a declining percentage of a covered entity's compliance obligation and establishing eligibility criteria, including that offset projects provide direct environmental benefits to the state).
[44] Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 Establishing a Carbon Border Adjustment Mechanism, 2023 O.J. (L 130) 52 (basing CBAM liability on embedded emissions in imported goods and permitting deduction only of a carbon price effectively paid in the country of origin, without recognition of voluntary carbon credits).
[45] *See, e.g.*, AllianceBernstein L.P, *Comments re: Offset Disclosure Provisions under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors,* File No. S7-10-22 (June 17, 2022), https://www.sec.gov/comments/s7-10-22/s71022-20131813-302250.pdf; Constellation Energy Corporation, *Comments re: Offset Disclosure Provisions under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors,* File No. S7-10-22 (June 7, 2022), https://www.sec.gov/comments/s7-10-22/s71022-20130547-299405.pdf; Rockefeller Asset Management, *Comments re: Offset Disclosure Provisions*

Amazon explained it was "important to recognize that not all offsets on the market today instill the same degree of confidence that they represent the real, additional, permanent, properly quantified, and socially beneficial mitigation outcomes they claim to represent."[46] Amazon therefore supported the Commission's proposal to require details of carbon offsets be disclosed in certain circumstances. Similarly, Prudential Financial's investment management business asked the SEC to require disclosure of sufficient detail about offsets "for investors to gauge the cost and quality of those offsets" in order to "better understand the relevant risk exposures and impacts."[47] These comments illustrate a real demand from investors and companies for carbon offset data. The Proposed Rescission ignores demand and thereby fails to meet the SEC's statutory mission.

E. Existing disclosure regimes are insufficient, and it would be arbitrary and capricious to eliminate carbon offset-related disclosure requirements.

Contrary to the Proposal's suggestion, existing disclosure requirements and voluntary disclosures are insufficient to protect investors and the public interest. It would therefore be arbitrary and capricious to rescind these requirements. Furthermore, the SEC has not complied with the requirements for an agency change in position, including a failure to consider alternatives short of a full repeal.

The Climate-Related Disclosure Rules would ensure "consistency, comparability, and reliability of climate-related information for investors" and the public. 89 Fed. Reg. at 21669. Without the rule, emissions disclosures, including disaggregated information on carbon offset use, will not be available in ways that meet those goals. For instance, the 2010 "Commission Guidance Regarding Disclosure Related to Climate Change, Release No. 33-9106," 75 Fed. Reg. 6290 (Feb. 8, 2010), did not mandate information disclosure or provide a standardized framework for quantitative disclosure. Voluntary disclosures by companies also vary in their consistency, rigor, and usefulness.[48] There have long been calls to require disclosure of climate-related risks and also to require that the disclosure is standardized, comparable, and reliable.[49] The Climate-Related Disclosure Rules answered those calls.

Carbon offsets provide a particularly tangible example of the need for consistent, comparable, and reliable disclosures. Voluntary reports of offsetting activities are often inconsistent and hard to compare, an issue for investors that the SEC previously acknowledged

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under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors, File No. S7-10-22 (June 1, 2022), https://www.sec.gov/comments/s7-10-22/s71022-20130036-296571.pdf.

[46] Amazon, *Comments re: Offset Disclosure Provisions under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors*, File No. S7-10-22 at 6 (June 2022), https://www.sec.gov/comments/s7-10-22/s71022-20132266-302794.pdf.

[47] PGIM, *Comments re: Offset Disclosure Provisions under Proposed Rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors*, File No. S7-10-22 at 6 (June 2022), https://www.sec.gov/comments/s7-10-22/s71022-20132230-302751.pdf.

[48] Sustainability and Accounting Standards Board, Climate Risk Technical Bulletin at 19 (2021), https://www.sasb.org/wp-content/uploads/2021/05/Climate-Risk-Technical-Bulletin2021-042821.pdf (explaining that few current disclosures provide quantitative metrics beyond GHG emissions).

[49] *See* Virginia Harper Ho, *Modernizing ESG Disclosure*, 2022 Univ. Ill. L. Rev. 277, nn.73-76 (2022) (cataloguing various calls for consistent and compatible climate disclosure data).

and which it sought to remedy in the climate-disclosure rule.[50] As the SEC then concluded based on facts in the record and investor perspectives raised during the rulemaking, details on carbon offsets are necessary to require standardized disclosure of because not all offsets are equal, and project-specific information is therefore essential to assess companies' use of capital, the integrity of carbon offsets used, and policy or regulatory risks. *See id.* at 21857. Considering that well-documented need for information on the quality of carbon offsets, including issues with crediting programs and the need for project-level transparency, it would be arbitrary and capricious for the Commission to eliminate the requirements around carbon offset disclosure.

It is blackletter administrative law that an agency action is arbitrary and capricious if an agency "entirely failed to consider an important aspect of the problem [or] offered an explanation for its decision that runs counter to the evidence before the agency." *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). An agency also "cannot ignore evidence that undercuts its judgment," nor "minimize such evidence without adequate explanation." *Genuine Parts Co. v. EPA*, 890 F.3d 304, 312 (D.C. Cir. 2018). The Commission has done just that in the Proposal by ignoring the materiality of emission disclosures, including disaggregating carbon offset use; failing to consider the risks related to those disclosures and offset uses; ignoring record evidence on facts related to those risks; and attempting to minimize investor interest in consistent, comparable, and reliable disclosures related to them. The Proposal is therefore not the product of reasoned decision making, is arbitrary and capricious, and must be withdrawn.

Among its many failures, the Commission has failed to comply with the requirements for an agency change in position. When an agency changes its position, as it has here, it must (1) "display awareness that it is changing position," (2) "show that there are good reasons for the new policy," and, in some instances, (3) "provide a more detailed justification" where, as here, the "new policy rests upon factual findings that contradict those which underlay its prior policy" or there are "serious reliance interests that must be taken into account." *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009). The Commission has failed to do so here. In particular, it has failed to provide any justification—much less a more detailed one—to explain its new policy that conflicts with factual findings about risks related to and materiality of information regarding registrant emissions and carbon offset use. And because the Proposal does not even include a discussion of what carbon offsets are, financial information related to their use, or the materiality of those disclosures, the SEC has not even displayed an awareness of its change in position because it has not shown it even understands its own current policy.

The SEC has also failed to consider alternatives short of full repeal of the climate-related disclosure rule. The Commission has an that obligation when it "rescinds a prior policy its reasoned analysis must consider the 'alternative[s]' that are 'within the ambit of the existing [policy].'" *Dep't of Homeland Sec. v. Regents of the Univ. of Cal.*, 591 U.S. 1, 30 (2020) (quoting *State Farm*, 463 U.S. at 51). This requirement is a part of the bedrock administrative law principle that it is arbitrary and capricious to ignore an "important aspect of the problem." *See id.* (quoting *State Farm*, 463 U.S. at 51). Here, the SEC has failed to do so. The Proposal's

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[50] *See* Robert S. Kaplan et al., Accounting for Carbon Offsets, Harvard Business Review (Aug. 2023), https://hbr.org/2023/07/accounting-for-carbon-offsets; *see also* 89 Fed. Reg. at 21779.

cursory assertion that disclosure of carbon offset use would not be "sensible to investors in the absence of the other disclosures" is both specious and woefully short of what is legally required. *See* 91 Fed. Reg. at 33308.

First, the SEC provides absolutely no support—nor could it—for why investors would be unable to understand material information contained in emission disclosures, including those with carbon offset use disaggregated, unless they also had information on other aspects of the rule. As the SEC previously recognized, requirements relating to emissions disclosures "serves distinct but related purposes" to other aspects of the Climate-Related Disclosure Rules "and is capable of operating independently." 89 Fed. Reg. at 21829. In other words, each requirement in the Climate-Related Disclosure Rules provides independently useful information, and while the totality of those disclosures is useful, so is each individual disclosure. The Commission has provided no reason why that is no longer true, and it has failed to consider alternatives that would retain emission and carbon offset use disclosure requirements even if it were to change other aspects the rule.

Second, the SEC did not consider other alternatives short of a full repeal, as it is required to. For instance, despite the fact the SEC previously considered the scope of coverage for emission disclosure requirements and decided in the final rule they would apply to certain accelerated filers and large accelerated filers, *see id.*, the Proposal nowhere evaluates this same variable. In other words, even if the Commission has concerns about the materiality of *some* emission and carbon offset use disclosure requirements (which would still be unfounded), it does not follow that *no* emission and carbon offset use disclosures are material. The SEC must consider whether required disclosure for a different subset of filers, a subset of types of offsets used that must be disclosed, different levels of details regarding offsets, thresholds for total offsets used or percentage of offsets used in emissions calculations, later effectiveness dates for disclosure requirements, or some other alternative would address the purported materiality concerns without fully repealing the rule. The Commission has not done so, but the law requires it.

Finalizing the proposed rescission would be arbitrary and capricious for, among other reasons, failing to consider important aspects of the problems related to SEC's statutory obligations, completely disregarding record evidence, and failing to comply with the standard for an agency to undo a previous regulation. The issues on rescinding requirements related to emission and carbon offset use disclosures provide a particular example of these failures, but they are not the only ones. The Proposal must be withdrawn.

III. Responses to specific questions in the Proposal.

In this section, CATF responds to the specific numbered questions in the Proposal. *See* 91 Fed. Reg. at 33314. These responses supplement and incorporate by reference the information included elsewhere in this comment and in the separate comment that CATF joins in full.[51]

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[51] *See* EDF Comments, *supra* note 4.

1. **Should we rescind the Final Rules in their entirety as proposed? Why or why not?**

No. For reasons discussed elsewhere, the Climate-Related Disclosure Rules are within the SEC's authority, provide material information to investors and the public, and are necessary to protect investors and the public interest. The Proposed Rescission is based on a cramped and unsupported interpretation of the SEC's statutory authority. The Proposal is also arbitrary and capricious for, among other reasons, failing to consider important aspects of the problem, being counter to evidence before the agency, and failing to satisfy the requirements of the agency change-in-position doctrine. The SEC should therefore not rescind the Climate-Related Disclosure Rules, either in their entirety or in part.

2. **Are there aspects of the Final Rules that remain within the Commission's statutory authority and should be retained? If so, how would these items of disclosure be able to operate sensibly without the rescinded portions of the Final Rules?**

Yes, although the Commission should retain the entire Climate-Related Disclosure Rules. As the SEC previously explained, aspects of the Climate-Related Disclosure Rules operate independently. *See* 89 Fed. Reg. at 21829. The Commission has not explained its departure from this conclusion, nor could it. *See supra* Section II.E. This comment provides an example of aspects of the rule that related to material financial information and are within the SEC's statutory authority—emissions disclosures including, in certain cases, carbon offset use—but there are other aspects as well. The SEC has failed to evaluate the independently operating aspects of the rule, and because the Commission has not done so, it must withdraw the Proposal.

3. **Are there alternatives to outright rescission that we should consider? For example, should we amend the Final Rules so that they apply to a smaller subset of registrants or in more limited circumstances? Alternatively, should we propose to replace the Final Rules with less prescriptive and less costly disclosures about climate-related matters? If so, how would such disclosures improve upon the information already elicited by existing disclosure obligations? What information about climate-related matters does a reasonable investor need to make informed investment decisions?**

Yes, and the Proposal is unlawful because the Commission has failed to comply with its obligation to consider alternatives that are within the ambit of the existing policy. *See Regents*, 591 U.S. at 30. Possible alternatives that would retain at least some disclosure requirements for material information regarding carbon offset use are described above. *See supra* Section II.E.

4. **Does the proposed rescission negatively affect any reasonable reliance interests that market participants may have had in the operation of the Final Rules, notwithstanding that the rules were stayed prior to effectiveness? Have any costs been incurred in preparing to comply with the Final Rules, even though the Final Rules have been stayed? If so, please explain why and describe the type and magnitude of those costs.**

In addition to consideration of reliance interests, the SEC must "provide a more detailed justification" where, as here, the "new policy rests upon factual findings that contradict those which underlay its prior policy." *Fox Television*, 556 U.S. at 515. It has not done so.

5. **Do existing disclosure requirements serve to elicit adequate disclosure about climate-related matters, when material to a specific registrant? Why or why not? Should we revise the 2010 Guidance to provide updated guidance about how existing disclosure obligations may elicit information about climate-related matters?**

No. Existing disclosure requirements do not provide consistent, comparable, and reliable information to investors and the public. *See supra* Section II.E. Carbon offset use provides a particularly salient example of why existing disclosures are insufficient. *See supra* Section II.B. The quality of carbon credits, which are the almost exclusive means by which companies use carbon offsets, varies and can introduce financial, reputational, and regulatory risks. *See supra* Sections II.C & D. Existing disclosure regimes are insufficient, and it is therefore essential that the Commission continue to require these disclosures. The same is true for other aspects of the climate-risk disclosure rule.

6. **Have recent developments in climate reporting practices affected the rationale for the Final Rules? If so, how?**

This question is addressed in a separate comment.

7. **If the Final Rules were to go into effect, to what extent would they impact firm decisions about whether to become or remain a public company?**

This question is addressed in a separate comment.

Conclusion

When the SEC adopted the Climate-Related Disclosure Rules in 2024, it was the culmination of a long, thoughtful, and deliberative process. Those rules met the moment by requiring consistent, comparable, and reliable disclosure of material financial investment to investors related to the physical and transition risks of climate change. Unfortunately, the proposed rescission exhibits none of those qualities. It would needlessly restrict investors and the public's access to information. The purported reasons given for the rescission include an unsupported, novel, and cramped interpretation of the Commission's authority and policy rationales that run counter to the evidence before the SEC, that fail to consider important aspects of the factual and legal issues addressed by the rules, and that do not come close to satisfying the Commission's obligations when changing position. CATF therefore asks the SEC to withdraw the proposed rule and instead carry out its statutory mission by actually implementing the Climate-Related Disclosure Rules.

Respectfully submitted,

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