



Comments of the Regulatory Action Center

RE: [Request for Information on Climate Change Disclosure](#)

June 14, 2021

The Regulatory Action Center at FreedomWorks Foundation is dedicated to educating Americans about the impact of government regulations on economic prosperity and individual liberty. FreedomWorks Foundation is committed to lowering the barrier between millions of FreedomWorks citizen activists and the rulemaking process of government agencies to which they are entitled to contribute.

On behalf of the below signed individuals and our activists nationwide, FreedomWorks Foundation appreciates the opportunity to offer these comments regarding the Securities and Exchange Commission's (SEC) request for public input on requiring corporate disclosure of "risks, impacts, and opportunities" related to climate change.

In 2010, at the request of stakeholders, the SEC promulgated guidance to public companies regarding disclosure requirements related to climate change. This clarifying guidance found that some of the Commission's rules and regulations may require disclosure "regarding the impact of climate change."¹ Now, the Commission is seeking public input "about whether current disclosures adequately inform investors." Citing increased demand from investors, the SEC's request for information on this matter clearly indicates their intent to implement some form of mandatory disclosure requirement for "climate change-related risks and opportunities."

We write in firm opposition to the creation of new disclosure requirements related to climate change and urge the Commission to reconsider the necessity, efficacy, and compliance cost of such enhanced disclosures.

In short, federally mandated disclosure of information related to climate change is unnecessary given the strength of voluntary, non-governmental disclosures. As the Commission itself noted in its 2010 Guidance: "Although some information relating to greenhouse gas emissions and climate change is disclosed in SEC filings, much more information is publicly available outside of public company disclosure documents filed with the SEC as a result of voluntary disclosure initiatives."² Several non-profit, non-governmental organizations such as the Carbon Disclosure

¹ [Commission Guidance Regarding Disclosure Related to Climate Change](#), Release No. 33-9106 (Feb. 2, 2010) [75 FR 6290 (Feb 8, 2010)] (2010 Climate Change Guidance).

² *Ibid.*



Project and Global Reporting Initiative already work with companies and municipalities to disclose information about environmental impact.

In fact, as investors have pushed for increased transparency about climate change, private companies are already rapidly moving towards voluntary disclosure. One fantastic example of this shift came in 2017 when more than 230 companies representing a market capitalization of more than \$6.3 trillion voluntarily made commitments to implement the G20's Task Force on Climate-related Financial Disclosures (TCFD) disclosure recommendation. As one sustainability analyst put it, "if investors make the case that climate disclosure will be used to drive capital market decisions, companies will see that it's important."³

Clearly, the market is already moving to be more climate conscious, and that includes increased voluntary disclosure. Companies whose investors request greater transparency about emissions and other environmental issues have a plethora of voluntary options for disclosure. Creating a sweeping new federal mandate would merely impose costs on firms whose investors are less concerned about such information, particularly small businesses that are less well equipped to meet the increased regulatory burden.

In the request for information, the SEC asks: *What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them?* The answer to this question is apparent in the current voluntary disclosure system. Allowing investors and companies to mutually develop their own internal standards for disclosure is the best way to ensure that smaller firms aren't unduly burdened by unnecessary disclosures. The current system of voluntary disclosure adequately informs investors of climate change-related information, and should remain voluntary.

Respectfully submitted,

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³ Anya Khamayzer. "Why voluntary climate risk disclosure is going mainstream." *GreenBiz*. January 9, 2018. <https://www.greenbiz.com/article/why-voluntary-climate-risk-disclosure-going-mainstream#:~:text=The%20TCFD%2C%20establishe d%20in%20December.mandated%20by%20the%20U.S.%20Securities>



Joel A. - McKinney, TX
Ann B. - Rancho Mirage, CA
Twyla B. - Leon, KS
Benton B. - Frederick, SD
Sara B. - Des Moines, IA
Mark and Lisa B. - Germanton, NC
Vincent B. - Morriston, FL
Michael B. - Summerville, SC
Gail B. - Cleburne, TX
Jacqueline B. - Lewisville, TX
Nancy B. - Van Wyck, SC
Michelle B. - Paris, KY
Renata B. - Chandler, AZ
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Allan B. - Florissant, CO
Gerald and Doryne B. - Mimbres, NM
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Norman E. - Staunton, VA
Clint E. - Deltona, FL
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Charlie E. - Ann Arbor, MI
Phyllis E. - Allen, TX
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