CalPERS

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

July 28, 2026

Subject: Rescission of Climate-Related Disclosure Rules; File No. S7-2026-19

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), we appreciate the opportunity to provide comments on the U.S. Securities and Exchange Commission's (SEC or Commission) proposal to rescind in full the 2024 climate-related disclosure rules (2024 rules).

As the largest public defined benefit pension fund in the United States, CalPERS manages approximately $600 billion in global assets on behalf of nearly 2.4 million members. We seek long-term and sustainable returns through efficient capital allocation and stewardship in line with our fiduciary duty.

CalPERS respectfully opposes the proposed full rescission of the 2024 rules. We urge the Commission to preserve a federal baseline of standardized, mandatory climate disclosure rather than leaving each company to decide on its own what to disclose and how.

CalPERS believes climate-related risks are financially material risks, and information about how issuers identify, measure, and manage them is essential for reasonable investors to make informed capital allocation decisions. The 2024 rules set a common baseline that allows us to compare material risk exposures across companies and sectors on a consistent basis. While we appreciate that the Commission has raised concerns regarding compliance costs, a full rescission would not eliminate these costs; rather, it would fundamentally alter the cost-benefit equation by shifting the financial burden directly onto investors. Leaving each company to decide what risks and how to disclose them would produce uneven reporting, effectively forcing investors to gather comparable data through proprietary questionnaires and third-party estimates. These fragmented methods are less reliable and significantly more costly to the capital markets in the aggregate than standardized reporting. For an asset owner of our scale, this market inefficiency can weaken our ability to assess risk accurately, price it appropriately, and act as an informed steward consistent with our fiduciary duty.

Although the 2024 rules never took effect, many large companies already voluntarily report climate-related risk information for investor relations purposes and to meet requirements in other jurisdictions. This reporting is increasingly built around the International Sustainability Standards Board's (ISSB) climate standard, IFRS S2, which serves as a global baseline and is used or referenced by regulators in the United Kingdom, Canada, Australia, and elsewhere. Under California's own climate risk disclosure law, SB 261, covered companies can also report using IFRS S2.

Domestically, however, the absence of a unified federal standard leaves companies and investors to navigate an emerging patchwork of state-level disclosure requirements. Contrary to the Commission's intended goal, these fragmented state mandates shift the burden of compliance and multiple filing fees across different jurisdictions onto companies. A standardized federal baseline would alleviate this burden by providing a singular, harmonized framework that offers much-needed regulatory certainty to issuers and investors alike. For investors, a unified federal standard ensures we receive consistent, comparable data across our entire portfolio, rather than uneven reporting dictated by jurisdiction. Preserving a federal baseline, rather than rescinding the rules entirely, would better serve the efficiency of U.S. capital markets by reducing duplication and lowering aggregate compliance costs for companies and investors alike.

The issue at hand is not the availability of climate information, but rather its consistency. Without a common standard, reporting can vary in scope and quality from one company to the next, which would make it harder for investors to make comparisons and informed decisions. Preserving a standardized federal baseline aligned with these global standards would enable that comparability, reduce duplication for companies already reporting across several jurisdictions, and provide regulatory certainty, ultimately serving the efficiency and integrity of U.S. capital markets. In the absence of such a requirement, we strongly encourage voluntary adoption of ISSB standards by U.S. issuers.

Thank you for the opportunity to share our comments. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer