US/SIF

September 22, 2025

The Honorable Lee Zeldin
Administrator
US Environmental Protection Agency
1200 Pennsylvania Ave NW
Washington, DC 20460

Re: Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards
(Docket: EPA-HQ-OAR-2025-0194)

Dear Administrator Zeldin:

On behalf of the US Sustainable Investment Forum (US SIF), I welcome the opportunity to provide comments in response to the Environmental Protection Agency's (EPA) proposed rule, "Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards " (**EPA-HQ-OAR-2025-0194**).

The Release seeks public input on the withdrawal of the Endangerment Finding and the EPA's subsequent regulation of greenhouse gas (GHGs) emission standards for new motor vehicles and engines. My comments focus on three important concerns: ignoring the material financial impact of climate risk, stifling innovation and business growth in emerging industries, and boosting regulatory uncertainty that will be created should the Endangerment finding be rescinded.

US SIF is a membership organization representing 180 investors and trillions of dollars of assets under management. Our members represent investors throughout the capital markets value chain - from asset managers, managing billions in retirement dollars for average Americans; to data providers; financial advisors; and community development financial institutions, supporting local economies.

Climate-Related Risk Is Financial Risk

It is essential that the EPA considers the corporate value at risk from the physical and transition impacts of climate change when reconsidering the Endangerment Finding rule.

Both investors and companies acknowledge that climate change has a material impact on business. The US SIF Sustainable Investing Trends 2024/2025 Report found that climate change is the most frequently considered environmental factor by investors (80%).[i] The report also found that companies reporting headline climate-related risk to the Securities and Exchange Commission (SEC) have grown threefold since 2018.

Investors have been calling for increased disclosure and regulation around climate-related risks for decades because they recognize the impact these factors have on their financial returns. A study from the University of Chicago and the University of Pennsylvania estimates the present value of social costs generated by US companies' future GHG emissions at $87 trillion.[ii] 77% of US companies' social cost of future GHG emissions—as defined by the EPA as the economic impact of an additional metric ton of CO2 emissions[iii]—will significantly surpass the company's market value.

Many US SIF members manage the retirement savings of average Americans across the country. When considering investment options, our members look to long-term time horizons, often extending decades into the future. When investors consider environmental risks, including those caused by increased GHG emissions, they see higher returns. A recent Morgan Stanley report found that sustainable funds outperformed traditional funds in the first half of 2025. In addition, assets under management in sustainable funds grew by 11% since December 2024.[iv]

The growing occurrence and cost of large climate-related disasters will put significant pressure on financial markets. Since 1980, there has been an upward trend of billion-dollar climate events. The annual average of these events from 1980 to 2024 is 9.0; however, this average grows to 23.0 when looking at the most recent 5 years (2020-2024).[v] In 2024, the National Centers for Environmental Information (NCEI) catalogued 27 individual climate and weather disasters costing over $1 billion each. The total cost of these 27 events is estimated to be $187.2 billion, making 2024 the fourth costliest year on record.[vi] Accounting for the LA wildfires, Bloomberg estimated, as of April 2025, US climate disaster costs hit a record $1 trillion over the past twelve months.[vii]

The increase in frequency of billion-dollar climate disasters places strain on investors' ability to reliably assess long-term investment risk. As stated in the most recent report from the National Academy of Sciences, continued changes in the climate and its impact on Earth systems are very difficult to predict. Nevertheless, the science is clear. The rise of GHGs in the Earth's atmosphere has contributed to the observed increase in frequency of climate disasters.[viii] Without clear regulations limiting levels of GHG emissions, the risk of climate-related damages will rise, alongside the risk of decreased financial returns. This will hurt American retirees who rely on the prosperity of financial markets to retire with dignity.

Overall, climate-related risks will have a seismic effect on economic growth and the future of retirement savings. These effects need to be taken seriously when calculating the economic effects of regulatory changes to the Endangerment Finding.

Stifle Innovation and Growth in Emerging Industries

Businesses are responding to investors' appetite for investing in climate solutions. A 2024 study by Harvard Business School found 45% of public companies in relevant industries are working on climate solutions, representing 20% of all US market capitalization.[ix] Federal regulation acts as a

signal to markets. Following the Inflation Reduction Act, 42% of companies increased their climate solution measures.[x] Both investors and businesses see investment and innovation in a low-carbon economy as an opportunity for growth.

Rescinding the Endangerment Finding may stifle this era of growth, pushing investment and business opportunities outside the United States. In the first half of 2025, US investment in renewable energy fell more than any other global region.[xi] With significant increases in investment across the EU, Bloomberg suggests companies may be "reallocating capital out of the US and into Europe" due to "large swings in policy" seen in the US.[xii] Further regulatory uncertainty and changes to GHG regulations may continue to push business and investment out of the US, foregoing a prime opportunity for economic growth.

The United States is already trailing behind competitors such as China when it comes to innovation. The Australian Strategic Policy Institute reports that while in the early 2000s the US led in 60 out of 64 technologies and China led in only 3, by 2019-2023, the US only led in seven and China led in 57.[xiii] China leads on all 7 critical technologies for energy and the environment, with 3 technologies facing a medium technology monopoly risk and 2 others facing a high monopoly risk.[xiv] In order to compete in emerging critical technologies, it is imperative for US policy to support the growth of clean energy industries, not hurt them.

Regulatory Risk from Patchwork Regulations

Businesses rely on, and even appreciate, clear, consistent regulations, as these rules create a stable environment to inform companies' long-term business decisions and investments across their value chain. Rescinding the Endangerment Finding, the backbone to national GHG emission standards, will disrupt the market by sowing uncertainty, negatively affecting economic growth, and ultimately, disrupting investors' returns.

Regulatory certainty will be weakened without a clear national GHG emissions standard as states will try to fill the regulatory gap. Although the EPA maintains federal jurisdiction over GHG regulation, states will likely challenge this authority and implement their own standards, resulting in a patchwork of regulations across the United States.[xv] These fragmented regulations will increase the complexity of compliance for businesses who operate in multiple jurisdictions.

As the rulemaking process and litigation unfolds, businesses will be left in murky waters trying to discern the future regulatory landscape. Ultimately, this will impede their ability to make sound long-term business decisions. For example, withdrawing the Endangerment Finding would allow California to return to its more rigorous GHG standard for motor vehicles, which the EPA has already rescinded. In this scenario CA, and any other state, could set their own standards without needing EPA approval. As a result, the automotive industry would face uncertainty about whether to plan for the federal or possibly several state standards.

Industry trade groups, like the Business Round Table and the National Association of Manufacturers (NAM), have highlighted the inefficiency of patchwork regulations for greenhouse gas emissions standards due to regulatory uncertainty harming the long-term investment strategies of US companies.[xvi] NAM Vice President of Domestic Policy recently stated, "Manufacturers need straightforward, standardized rules of the road that allow our industry to invest confidently, adopt new technologies swiftly and focus resources on productivity and jobs, ensuring America remains a leader in the global economy."[xvii] While the EPA claims cost cuts to businesses, the knock-on effects of rescinding the Endangerment Finding will stifle business growth and innovation.

In addition, the absence of a national standard increases litigation risk for companies, as lawsuits related to climate damage will be more easily directed to individual companies. Historically, companies, even in the oil, gas, and electric industry, have supported federal regulation of GHGs as legal cover.[xviii] These lawsuits could result in both reputational harm and procedural costs for companies, negatively impacting returns for investors.

Conclusion

The climate crisis is a defining issue of our time and requires coordinated action from the private sector and government. The effects of climate change already create mountains of uncertainty for businesses, from the effects' magnitude, timing, and form. Regulatory uncertainty will only add fuel to the fire.

Thank you for considering these comments.

Sincerely,

Bryan McGannon
Managing Director

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[i] US SIF Foundation, "Report on US Sustainable and Impact Investing Trends 2024-2025," https://www.ussif.org/research/trends-reports/us-sustainable-investing-trends-2024-2025-executive-summary

[ii] Lubos Pastor, Robert F Stambaugh, and Lucian A. Taylor. "Working Paper: Carbon Burden," University of Chicago Becker Friedman Institute for Economics, 2024, https://bfi.uchicago.edu/wp-content/uploads/2024/10/BFI_WP_2024-138.pdf.

[iii] In March 2025, the EPA announced its intent to "revisit" the social cost of carbon metric as called for by President Trump's Unleashing American Energy Executive Order, which claims the calculation is "marked by logical deficiencies, a poor basis in empirical science, politicization, and the absence of a foundation in

legislation." https://www.epa.gov/newsreleases/epa-announces-action-address-costly-obama-biden-climate-measurements-social-cost.

[iv] "Sustainable Funds Beat Traditional Funds in First Half of 2025," Morgan Stanley, September 8, 2025, https://www.morganstanley.com/insights/articles/sustainable-funds-outperform-traditional-first-half-2025.

[v] "Billion-Dollar Weather and Climate Disasters: United States Summary," NOAA National Centers for Environmental Information, 2025, https://www.ncei.noaa.gov/access/billions/state-summary/US.

[vi] "U.S. Billion-Dollar Weather and Climate Disasters," National Oceanic and Atmospheric Administration (NOAA) National Centers for Environmental Information, 2025, https://www.ncei.noaa.gov/access/billions/. *This product is no longer being updated for subsequent editions.

[vii] Andrew John Stevenson, "Disaster spending hits new highs," Bloomberg, May 9, 2025, https://www.bloomberg.com/professional/insights/sustainable-finance/disaster-spending-hits-new-highs/.

[viii] "Effects of Human-Caused Greenhouse Gas Emissions on U.S. Climate, Health, and Welfare (2025)," National Academies of Sciences, Engineering, and Medicine, 2025, https://nap.nationalacademies.org/catalog/29239/effects-of-human-caused-greenhouse-gas-emissions-on-us-climate-health-and-welfare.

[ix] "Harvard research: 45% of U.S. public companies in major industries are developing or selling climate solutions," Harvard Business School, November 18, 2024, https://www.hbs.edu/bigs/green-transition-widespread.

[x] Ibid.

[xi] Bloomberg NEF, "Global Renewable Energy Investment Still Reaches New Record as Investors Reassess Risks," August 26, 2025, https://about.bnef.com/insights/clean-energy/global-renewable-energy-investment-reaches-new-record-as-investors-reassess-risks/.

[xii] Ibid.

[xiii] "ASPI's two-decade Critical Technology Tracker: The Rewards of long-term research investment," Australian Strategic Policy Institute (ASPI), August 28, 2024, https://www.aspi.org.au/report/aspis-two-decade-critical-technology-tracker/.

[xiv] Ibid.

[xv] Erika Kranz, Carrie Jenks, and Sara Dewey, "EPA's Proposal to Eliminate the Endangerment Finding and Motor Vehicle Greenhouse Gas Regulations," Harvard Law School, August, 2025, https://eelp.law.harvard.edu/wp-content/uploads/2025/08/EPAs-Proposal-to-Eliminate-the-Endangerment-Finding-and-Motor-Vehicle-Greenhouse-Gas-Regulations.pdf.

[xvi] "The Business Roundtable shifts position on action to address climate change," Cooley PubCo, September 21, 2020, https://cooleypubco.com/2020/09/21/brt-climate-action/#:~:text=The%20first%20sentence%20in%20the,time%20for%20a%20new%20approach.%E2%80%9D.

[xvii] "NAM to DOJ: Conflicting State Regs Raise Costs," National Association of Manufacturers, September 16, 2025, https://nam.org/nam-to-doj-conflicting-state-regs-raise-costs-34741/?stream=series-input-stories.

[xviii] Ibid.