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June 17, 2022

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. S7-10-22 – The Enhancement and Standardization of Climate-Related Disclosures for Investors – RIN 3235-AM87

Dear Ms. Countryman:

I currently serve as president of Alta Max, a provider of services and products for the defense industries, and CEO of the Frontier Conference, an ecosystem of industrial innovation leaders focused on next-generation technologies. Additionally, I am chairman of the board of Sunamp, a leading thermal storage technology company, and a member of the SEC’s Small Business Capital Formation Advisory Committee.

As an executive, investor, and board member, I am dismayed by this Proposed Rule.¹ Regrettably, the climate disclosures required under these regulations will burden businesses of all sizes with new and unnecessary compliance costs. A recent brief from White & Case summarized well critics’ opposition to this rulemaking, saying it will be “costly, overly burdensome on company resources and overly prescriptive, as well as too divergent from the current, materiality-based disclosure regime.”² I agree with these critiques.

While these disclosures would be mandated for publicly traded companies, small- and medium-sized enterprises – as well as private companies – supplying materials or services to larger corporations will also be harmed. For example, small businesses will have to expend significant financial resources to collect and provide the information that their larger, public partners will require so that they can comply with this Proposed Rule’s disclosures. Worse, if smaller firms cannot adhere to or afford these new compliance investments, larger companies will choose other business partners that can. This will result in not only a loss of jobs and tax revenue for communities nationwide, but also a stifling of commercial activity and needed economic growth.

David Addington, general counsel of the National Federation of Independent Business, offered this insightful perspective. He stated, “Unlike larger businesses, small and independent businesses cannot afford the experts, accountants, and lawyers needed to comply with complex government reporting regimes; regulatory compliance often is a do-it-yourself project for an already overburdened small

¹ U.S. Securities and Exchange Commission, Proposed Rule, The Enhancement and Standardization of Climate-Related Disclosures for Investors, March 21, 2022, <https://www.federalregister.gov/documents/2022/04/11/2022-06342/the-enhancement-and-standardization-of-climate-related-disclosures-for-investors>.

² White & Case LLP, Alert, SEC Proposes Long-Awaited Climate Change Disclosure Rules, March 24, 2022, <https://www.whitecase.com/publications/alert/sec-proposes-long-awaited-climate-change-disclosure-rules>.

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business owner.”³ As such, requiring SEC-regulated businesses to obtain climate-related disclosures from non-SEC-regulated businesses is unfounded.

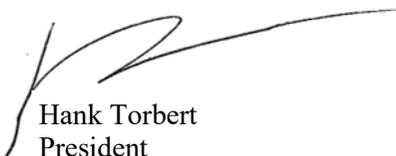
The bipartisan pushback against this Proposed Rule also underscores why I believe it should be rescinded. Sen. Joe Manchin wrote in a letter to Chairman Gary Gensler, “I am deeply concerned that the proposed rule has the potential to run counter to the SEC’s long-standing commitment to its mission by adding undue burdens on companies, while simultaneously sending a signal of opposition to the all-of-the-above energy policy that is critical to our country right now.”⁴ On the other side of the aisle, 16 Republican governors issued this warning. “The proposed rule will harm businesses and investors in our states by increasing compliance costs and by larding disclosure statements with uncertain and immaterial information that the federal government – let alone the SEC – is not equipped to judge.”⁵

Regarding the SEC’s requests for comment, I would like to address two specifically. Question 4 asks, “Do our current reporting requirements yield adequate and sufficient information regarding climate-related risks to allow investors to make informed decisions?”⁶ Yes, they do. In fact, footnote 804 in the Proposed Rule states, “Data from fund tracker Morningstar Inc. compiled by Goldman Sachs Group Inc. shows that, since the start of 2019, a net \$473 billion has flowed into stock mutual and exchange-traded funds with environmental goals as part of their mandates, compared to a net \$103 billion going into all other stock funds.” This is evidence that investors already have the information they need to allocate their capital to climate-focused companies.

Second, question 93 asks, “Would such disclosures enable investors to better assess physical risks associated with climate-related events, transition risks, or both types of risks?”⁷ These disclosures would ensure the opposite. Particularly, the Proposed Rule would make this assessment more difficult, as the disclosures would inundate investors with dozens of pages of data that is immaterial to most investment decisions. By forcing so much irrelevant information, especially the addition of Subpart 1500 of Regulation S-K, into SEC filings, information that is pertinent to investors’ decision-making will be muddied by this influx of new data.

Thank you for this opportunity to provide you my comments on this Proposed Rule. Given the current state of our domestic and international affairs, the federal government should be helping manufacturing, energy, and industrial companies foster innovation, rather than targeting them with onerous climate-related disclosures as the SEC has proposed.

Sincerely,



Hank Torbert
President
Alta Max, LLC

³ David Addington, Comment Letter, May 11, 2022, <https://www.sec.gov/comments/s7-10-22/s71022-20128567-292655.pdf>

⁴ Sen. Joe Manchin III, Comment Letter, April 4, 2022, <https://www.sec.gov/comments/s7-10-22/s71022-20131155-301360.pdf>.

⁵ Govs. Spencer Cox, Kay Ivey, Mike Dunleavy, Doug Ducey, Asa Hutchinson, Brad Little, Kim Reynolds, Tate Reeves, Mike Parson, Greg Gianforte, Pete Ricketts, Doug Burgum, Kevin Stitt, Kristi Noem, Greg Abbott, and Mark Gordon, Joint Governors’ Comment on SEC Release Nos. 33-11042 & 34-94478, The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21,334 (File No. S7-10-22), May 31, 2022, <https://www.sec.gov/comments/s7-10-22/s71022-20129962-296336.pdf>.

⁶ Proposed Rule, Pg. 54, <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>.

⁷ Ibid., Pgs. 174-175.