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Detroit, MI 48265-3000

June 17, 2022

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

Re: Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors; File No. S7-10-22

Dear Ms. Countryman:

General Motors Company ("GM," "our," or "we") appreciates the opportunity to provide comments to the U.S. Securities and Exchange Commission (the "SEC") in response to the proposed rule regarding the Enhancement and Standardization of Climate-Related Disclosures for Investors (the "Proposed Rule").

GM designs, builds, and sells trucks, crossovers, cars, and automobile parts and provides software-enabled services and subscriptions worldwide, is investing in and growing an autonomous vehicle business, and provides automotive financing services. GM, its subsidiaries, and its joint ventures sell vehicles under the Chevrolet, Buick, GMC, Cadillac, Baojun, and Wuling brands. GM is a global company focused on advancing an all-electric future that is inclusive and accessible to all. At the heart of this strategy is the Ultium battery platform, which will power everything from mass-market to high-performance electric vehicles ("EVs").

Summary

GM has a history of making robust, voluntary climate disclosures that are responsive to the input of our shareholders and other stakeholders—and we support the SEC's efforts to drive consistent, comparable, and decision-useful climate disclosures. While we believe that new rules from the SEC can lead to improved climate disclosures, any new rules must strike the appropriate balance between the benefits of additional climate disclosure and the impact on companies as they comply with the new rules. We have significant concerns with the Proposed Rule and believe certain aspects are unworkable as currently proposed. As a result, we would like to share our perspectives on key aspects of the Proposed Rule where we believe we can offer examples that illustrate opportunities for improvement, specifically with respect to: (i) the proposed timing of certain disclosures, especially emissions data, (ii) the challenges and usefulness of the proposed financial statement metric requirements, and (iii) the potential requirement to disclose competitively sensitive business information. Below, we discuss these issues in detail and offer recommendations for modifications of the Proposed Rule that we believe will make the rules less onerous for companies and result in more useful disclosure for investors.

Discussion

1. ***Timing*. The requirement to disclose emissions data in Form 10-K creates significant challenges due to the timing of availability of emissions data during the calendar year.**

Greenhouse gas ("GHG") emissions data is not typically prepared or available on a schedule that aligns with inclusion in most companies' Form 10-K. At GM, our Form 10-K is typically filed during the first week of February, while our Scope 1 and 2 emissions are not reported until April and our complete Scope 3 emissions data is not available until June. With respect to our Scope 3 emissions from use of sold products (primarily automobiles), we note that even in this well-developed area, federal and state agencies regulating vehicle emissions have long acknowledged that gathering vehicle emission data for a concluding model year is a complex task that requires a significant amount of time to conduct. Thus, those regulators generally require that manufacturers submit emissions reports 90–120 days following the close of a model year.

In addition, with respect to disclosing progress toward climate-related goals and targets, other non-emissions climate-related data for our reporting year also may not be available at the time of our Form 10-K filing. For example, at GM we do not have confirmed global energy and water data available until after our Form 10-K is filed. As a result, it will be difficult to report on our progress toward certain goals and targets with current reporting year data on the Form 10-K timeline.

We recognize that the SEC is attempting to address these concerns by permitting companies to use estimates for Q4 GHG emissions data. However, this accommodation is insufficient to address these timing concerns and is in direct conflict with the SEC's aim of providing reliable, accurate information to investors. For example, in many cases, Scope 3 emissions data that comes from a third-party tool or supplier is not reported on a quarterly basis, so in some instances we will have no more insight into Q2 Scope 3 data than we will into Q4 Scope 3 data at the time of our Form 10-K filing. Further, the use of Q4 estimates for Scope 1 and Scope 2 data requires an unnecessary true-up process for companies later in the year to determine if a recast is necessary. To the extent a recast is necessary, investors will have relied on estimated emissions data that was materially different from the actual figures.

These timing and reliability concerns can be significantly alleviated if the SEC changes the proposed reporting timeline to allow some or all of the new disclosures to be filed or furnished in a separate report, later in the year. Specifically, we urge an extended reporting timeline outside of Form 10-K with respect to (i) GHG emissions data and (ii) progress toward climate-related targets and goals. Additionally, we believe climate-related governance and risk oversight disclosures belong in the annual proxy statement rather than the Form 10-K because the proxy statement is the primary document that investors use to understand companies' corporate governance policies and practices.

2. ***Financial Statement Metrics*. The proposed financial statement requirements are exceedingly onerous, will be difficult and expensive to implement at any threshold, and do not provide investors with consistent, comparable, decision-useful information.**

The provision of the Proposed Rule requiring a line-by-line accounting of the impact of climate-related events and transition activities on a registrant's consolidated financial statements is unworkable as proposed, does not serve the goal of driving consistent, comparable, decision-useful disclosures across companies, and imposes an excessive and costly burden on companies. Additionally, the information provided would require such granular, immaterial detail that it could be of limited incremental benefit to investors. For these and the reasons described below, we strongly believe the proposed financial statement footnote requirement should not be included in a final rule in any form.

a. *Simply defining the required metrics will be difficult for many businesses and will require a substantial number of complex judgment calls to be made by management.*

This aspect of the Proposed Rule will require a substantial amount of complex judgment calls to both define what activities are included and to quantify those effects, which is directly contrary to the SEC's goal of driving consistent, comparable disclosures. In addition to the question of what specifically constitutes a "transition activity" under the Proposed Rule, other complex judgement calls will need to be made, such as what costs related to that activity would be included and whether a severe weather event is a result of climate change.

For example, we believe the Proposed Rule may require us to quantify and disclose things like our development costs incurred to meet emissions standards (e.g., start / stop technology, vehicle aerodynamics, light-weighting of materials, etc.), costs incurred to engineer and develop EVs, and costs incurred at manufacturing facilities to retrofit the facility to manufacture EVs. Not only does the Proposed Rule present tremendous technical challenges, but sharing details at this level of granularity runs the risk of disclosure of competitively sensitive business information, a concern that we discuss further below.

We believe that we would need to conduct a lengthy analysis involving a series of complex judgment calls simply to determine whether specific items should be included or excluded. At GM, we integrate sustainability considerations into our capital investment and purchase decisions. A binary categorization of these decisions as either a transition activity or not for reporting purposes would be difficult and time-consuming—and contrary to how we run our business. For example, if a machine is due for replacement and we purchase a new machine that results in power savings, would this constitute a transition activity?

Further, after we determine whether particular items would be subject to reporting under the Proposed Rule, additional complex judgment calls would need to be made about how to quantify those items. For example, as we repurpose existing facilities for the manufacture of EVs, we would need to determine what portion of those costs would be included and what should be excluded. We would need to determine whether repainting the walls, updating employee break facilities, and repaving the parking lot should be included. Would replacement of a machine that we could use for both internal combustion engine vehicles and EVs be included or excluded?

Ensuring activities are captured and accounted for consistently across a global company will be a significant compliance effort. Further, ensuring activities are captured and accounted for consistently across all reporting companies—in order to generate consistent, comparable information for investors—is impossible under the Proposed Rule. In addition, companies wishing to take a conservative approach to the Proposed Rule will not have an obvious path forward given the vague nature of the Proposed Rule. As an example, a company runs the risk of failing to be compliant if its complex judgment results in inadvertently under-disclosing a specific impact and, conversely, it risks allegations of "greenwashing" if its complex judgment results in inadvertently overstating investments that may reduce emissions.

b. Implementation and compliance costs will be multiple times higher than SEC estimates.

We believe the enormous costs of implementation and ongoing compliance with this aspect of the Proposed Rule would far outweigh the incremental benefit to investors at any line-item percentage threshold—exceedingly so at the proposed 1% threshold.

Even state-of-the art financial reporting systems like ours do not currently define, track, audit, or report information at the granular level of detail required by the Proposed Rule. They also do not currently capture many of the specific climate-related activities or events that are required to be disclosed. Overhauling systems to comply with the Proposed Rule would be extremely costly and take years to implement, involving significant investments in people, processes, and technology. Additionally, we believe ongoing compliance costs will be multiple times higher than SEC estimates, particularly in light of the high amount of management judgment involved in defining and quantifying metrics.

Considering the significant costs to companies and the likelihood that an overwhelming amount of the information generated will be immaterial, non-comparable, and confusing for investors, this part of the Proposed Rule should be eliminated altogether. Financial climate-related disclosures, if material to a particular company as a whole (not on a line-by-line basis), should be included in Management's Discussion and Analysis of Financial Condition and Results of Operations, as already required by Regulation S-K.

3. ***Transition Activities and Scenario Analysis*. The Proposed Rule may result in the disclosure of confidential business information.**

We believe certain disclosures required by the rule, from disclosures related to transition activities to a company's scenario analysis, would require the disclosure of competitively sensitive business information, regardless of its materiality to investors. At GM, a substantial portion of our business strategy could be considered a "transition activity," so the list of items swept into the required disclosure could be extensive, including anything from the amount and timing of capital expenditures on vehicle programs to proprietary developments in batteries and other technologies (e.g., start / stop, light-weighting, etc.). In addition, location-specific information required by the rule could be layered onto our manufacturing footprint and reveal detailed information about our operations that would not be material to investors, but could be leveraged by our competitors and other market participants to gain competitive insights.

Further, the requirement to disclose parameters, assumptions, analytical choices, and the projected principal financial impacts on the registrant's business strategy under a scenario analysis could require the disclosure of competitively sensitive business information. For example, assumptions relating to rollout and market adoption of new technologies and product lines included in a scenario analysis would most likely reflect competitively sensitive business information, but could be required to be disclosed under the Proposed Rule. Additionally, the proprietary nature of modeling and analysis itself could be considered competitively sensitive. As such, companies faced with the disclosure of competitively sensitive business information may be deterred from performing certain types of scenario analyses, causing the Proposed Rule to have an unintended chilling effect on the adoption of an emerging best practice. An exemption protecting companies from having to disclose competitively sensitive information in complying with the Proposed Rule would address these concerns.

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We thank the SEC for its careful attention to these important issues and for providing us this opportunity to comment on the Proposed Rule.

Sincerely,

Christopher T. Hatto
Vice President, Global Business Solutions and
Chief Accounting Officer

John S. Kim
Assistant Corporate Secretary and Lead Counsel –
Corporate Governance, Finance, and Securities