

Implications of the U.S. EPA Endangerment Finding Revocation



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In February 2026, President Trump formally revoked the U.S. Environmental Protection Agency's (EPA) 2009 Endangerment Finding, which has served as the legal foundation for regulating greenhouse gas (GHG) emissions under the Clean Air Act. While a setback for the fight against climate change, this is not fatal to emissions reductions in the U.S.

This FAQ outlines what the revocation changes are, what remains in place, and BSR's perspective on what it means for companies operating in or connected to the U.S. market. It does not include detailed legal guidance, which BSR does not provide.

What Is the EPA Endangerment Finding?

In 2009, the EPA determined that six greenhouse gases, including carbon dioxide and methane, endanger public health and welfare under the Clean Air Act.

Legally, the finding has functioned for more than 16 years as the foundation of federal GHG regulation. Once the EPA made this determination, the Clean Air Act required the agency to regulate emissions from relevant sources.

By rescinding the Endangerment Finding, the legal foundation for multiple downstream GHG rules is weakened and, depending on judicial interpretation, could be significantly curtailed or eliminated.

The finding underpinned regulations governing emissions, including those from:

- Coal- and gas-fired power plants ("stationary sources")
- Cars and trucks
- Methane from the oil and gas sector

The current U.S. administration announced its intent to repeal the finding in March 2025, issued a formal proposal in July 2025, and finalized the revocation in February 2026.

Why Is the Endangerment Finding Revocation Important?

The revocation of the Endangerment Finding has several implications:

- It removes an important bedrock for GHG-related regulations in the U.S., potentially opening the way to increased emissions in the U.S., which would contribute to increasing physical risks of climate change globally.
- The world's largest economy, and largest historical emitter, is taking a step back from addressing emissions and has inserted significant policy uncertainty for companies operating there.
- It rejects the long-standing scientific consensus on the impact of GHG emissions in warming Earth's surface.
- It risks amplifying well-documented adverse health impacts linked to GHG emissions.
- It interferes with the development of clean energy sources in the U.S. at a moment in which energy demand is growing fast.
- This decision runs counter not only to climate science, but also other well-established international norms, including the UN General Assembly's 2022 recognition of the human right to a clean, healthy, and sustainable environment.

What Are the Implications of the Endangerment Finding Revocation for the U.S.?

- Federal climate rulemaking becomes significantly more difficult without the scientific foundations of the Endangerment Finding and the Clean Air Act.
- Federal and state-level policies might diverge further, creating unhelpful uncertainty and inconsistencies. States retain authority to regulate emissions, but state-level measures may face intensified challenges in the absence of the Endangerment Finding.
- Legal challenges to the revocation, which were filed shortly after the administration's announcement, will add to the uncertainties surrounding this decision.
- Future administrations may well aim to reinstate the Endangerment Finding. This too will be challenged through litigation. It is highly likely that U.S. federal climate policy will be subject to fundamental change based on which party holds power, leading to a period of extended uncertainty.
- The revocation places the U.S. further out of alignment with international climate efforts and undermines American influence as an outlier in facing up to climate and its social and economic implications.
- The policy uncertainty and turn away from the evolving clean energy system makes it harder for U.S.-based companies to compete and innovate, hindering the development of energy sources that can meet rising demand, electrified mobility, and other forward-looking technologies.
- The revocation will damage public health by extending reliance on fossil energy.

What Does the Endangerment Finding Revocation Mean for Companies?

To state what is evident, the revocation of the Endangerment Finding adds significant uncertainty to the regulatory requirements in the U.S. In the short run, as companies assess the durability of the revocation and related litigation challenging the revocation, near-term impacts may be limited. The ultimate test of the impact of this step will be determined by the success of legal challenges and subsequent political developments. It is nonetheless clear that this step creates additional fragmentation in public policy, as the world's largest economy and market has now diverged from much of the rest of the world, and companies may now see a patchwork of regulatory frameworks due to action by states and cities.

It is also worth noting that impacts will likely vary substantially across different industry sectors. In some cases, the repeal will have immediate effects but limited longer-term implications; for example, GHG standards for motor vehicles will be eliminated immediately, meaning that carmakers' strategies may shift in the short term, but the automotive sector's long product development cycles mean that any industry impact would take time to materialize. In other sectors, the impacts will be less immediate and less material. For all companies, however, this move creates very substantial policy uncertainty and inconsistency.

For companies, this repeal will mean:

- Increased regulatory fragmentation across the U.S., as states and cities look to fill policy gaps.
- Widening gap between policies and regulations in the U.S. and other key geographies.
- Greater complexity in capital allocation and long-term investment planning
- Disincentives for investment in innovative technologies and business models that meet changing marketplace needs.

The policy divergence will be felt mostly between the U.S. and other major economies that continue to advance binding climate targets and transition-related regulation; e.g., with Europe, which sees clean energy as a cornerstone of competitiveness and security. For multinationals operating across jurisdictions, this may increase regulatory asymmetry, which may affect trade dynamics, capital allocation, and investment planning. Differing policy trajectories could influence where clean energy investment, industrial innovation, and supply-chain partnerships concentrate, adding complexity to strategic decision-making across global markets.

The revocation also may result in reduced value-chain decarbonization efforts. Abandoning such efforts because of this regulatory shift would hinder mitigation and resilience efforts, as for many companies, most climate-related risks and impacts sit within their value chains, and global investor and supply chain expectations remain strong.

What Can Companies Expect Next?



Litigation was filed the same week that this decision was announced. States, including California, are reportedly preparing legal action. It is anticipated that this matter will eventually be determined by the U.S. Supreme Court. In the meantime, regulatory uncertainty will remain significant.

The likely procedural pathway includes:

- Legal challenges going to U.S. Court(s) of Appeal
- Motions to stay or block implementation pending judicial review
- Judicial review of whether the EPA acted consistently with statutory authority and administrative law requirements

What Steps Can Companies Take Following the Endangerment Finding Revocation?

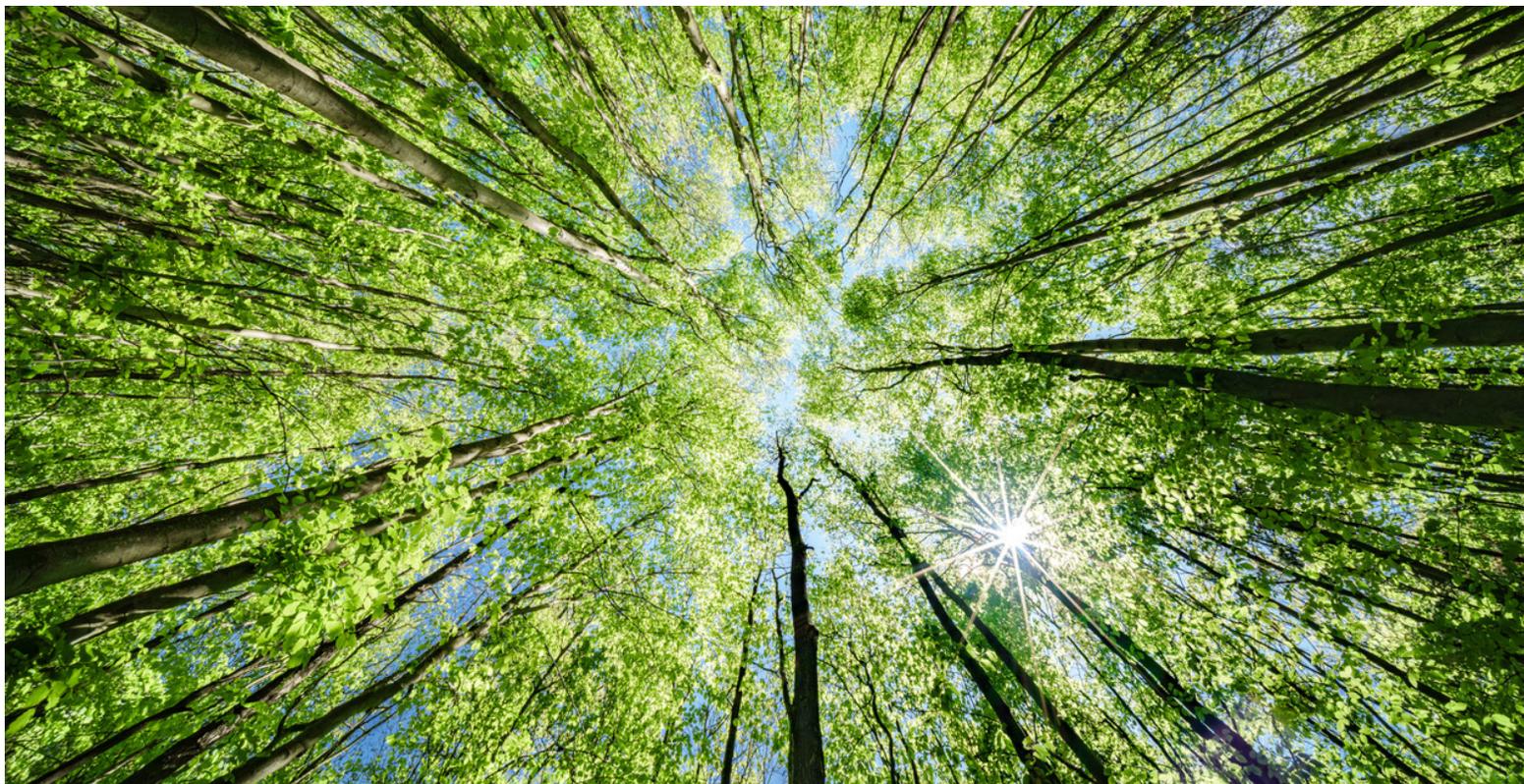


The revocation represents a highly significant U-turn on U.S. federal climate policy and regulation and introduces regulatory uncertainty. However, global decarbonization drivers remain intact, including: the importance of building resilient business strategies, innovation to meet changes driven by climate impacts, regulatory requirements in other important jurisdictions, the competitive cost of renewable energy, investor expectations, supply chain considerations, and physical climate risk. In addition, the withdrawal of the Endangerment Finding has already been challenged in U.S. courts, and the withdrawal itself could be reversed by future U.S. administrations. This means that the timing and lasting nature of this step is uncertain.

We recommend that companies:

- Maintain focus on mitigation and adaptation strategies aligned with long-term business resilience.
- Continue assessing climate-related risks and impacts across value chains.
- Prepare for and monitor regulatory divergence across jurisdictions.
- Consider outcomes-based approaches (e.g., renewable energy deployment, regenerative sourcing) that support durable business value even amid policy volatility.
- Strengthen internal narratives linking climate action to competitiveness, resilience, and public health.
- Consider engagement to sustain policy, in the U.S. and beyond, supporting climate action consistent with a competitive, innovative, climate-aware economy.

The long-term economic and physical realities of climate change must continue to shape a strategic, enterprise-wide approach that delivers long-term business value and resilience, regardless of short-term federal policy shifts in the U.S.



Disclaimer

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