

MEMO# 33798

October 4, 2021

SEC's Division of Corporation Finance's Sample Comments Regarding Public Companies' Climate Change Disclosure

[33798]

October 4, 2021

TO: ICI Members
Chief Compliance Officer Committee
ESG Advisory Group
ESG Task Force
SEC Rules Committee SUBJECTS: Disclosure
ESG

Fund Accounting & Financial Reporting RE: SEC's Division of Corporation Finance's Sample
Comments Regarding Public Companies' Climate Change Disclosure

The Division of Corporation Finance published a Sample Letter to Companies Regarding Climate Change Disclosures ("Sample Letter").[\[1\]](#) The announcement noted that Corp Fin staff may issue these comments as well as others during the disclosure review process and that comments would be appropriately tailored to the specific company and industry. The disclosures that the Sample Letter references are very similar to the disclosures called for by the 2010 Commission Guidance Regarding Disclosure Related to Climate Change ("2010 Guidance").[\[2\]](#) We highlight aspects of the Sample Letter that differ from the 2010 Guidance below. The Sample Letter asks companies:

- to explain why more expansive disclosure was included in its corporate social responsibility report (CSR) than provided in SEC filings and what consideration the company gave to providing the same type of climate-related disclosure in its SEC filing as it provided in its CSR;
- to quantify any material increased compliance costs related to climate change;
- to disclose the material effects of transition risks related to climate change;[\[3\]](#) and
- to disclose the "potential for" indirect weather-related impacts that have affected or may affect your major customers or suppliers.[\[4\]](#)

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

endnotes

[1] The Sample Letter is available on the SEC's website at <https://www.sec.gov/corpfin/sample-letter-climate-change-disclosures>.

[2] The 2010 Guidance is available on the SEC's website at <https://www.sec.gov/rules/interp/2010/33-9106.pdf>.

[3] The 2010 Guidance does not specifically reference "transition risk" but does include statements that reflect certain aspects of transition risk. See 2010 Guidance at pages 22 and 26 (stating that "risk factor disclosure regarding existing or pending legislation or regulation that relates to climate change" and "the public's perception of any publicly available data relating to ... [a company's] greenhouse gas emissions could expose it to potential adverse consequences to its business operations or financial condition resulting from reputational damage.")

[4] The 2010 Guidance has similar, but not identical, language. See Commission Guidance at page 27 (requesting that companies disclose "indirect financial and operational impacts from disruptions to the operations of major customers or suppliers from severe weather.").