Proposed vs. Final SEC Climate Disclosure Rule: Summary of Major Changes

This document summarizes many of the most significant changes between the U.S. Securities and Exchange Commission’s (SEC’s) March 2022 proposal and the final rule adopted March 6, 2024. It is not meant to be a comprehensive list of every provision that changed; rather, it gives context and analysis for the most significant modifications.

Although this document focuses on changes between the proposed and final rules, it is critical to note that the final rule will result in the most significant improvements to the climate-related disclosure landscape in U.S. history. Climate information will soon be included in SEC filings, which will require a level of scrutiny and diligence from companies that is lacking for voluntary sustainability reports. Public company CEOs and CFOs must sign off on SEC filings. Auditors must read the narrative portion of the filing and must issue an opinion on the financial statements, both of which will now include detailed disclosures on material climate risks, including material GHG emissions in Scopes 1 and 2. Lawyers review filings for accuracy. Companies’ liability risks are greater and the possibility of SEC enforcement actions is increased.

Most of the information being required of companies will be included in the narrative portion of the filing, called the Regulation S-K portion. But the rule will also require climate-related footnotes in financial statements, called the Regulation S-X portion of the filing, which is the first time that financial statements will include information specifically related to climate change. Footnotes to financial statements provide additional detail or clarification to the actual numbers in the financial statements; they are considered part of the financial statements and hence are subject to the required financial statement audit.

These are developments that will enormously enhance the usefulness of climate data for investors, and the uniform set of requirements that companies must now follow will lead to improved consistency and comparability.

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1. GHG emissions

What changed?

- The final rule does not require disclosure of Scope 3 emissions.
- The final rule still requires disclosure of Scopes 1 and 2, as well as a brief description of the methodology and assumptions used to calculate these emissions, although Scope 1 and/or 2 emissions must only be disclosed if a registrant determines that those emissions are likely to have a material impact from the perspective of a reasonable investor. The proposed rule would have required registrants to disclose Scopes 1 and 2 regardless of materiality.
- The final rule exempts smaller reporting companies (SRCs) and emerging growth companies (EGCs) from any requirement to disclose emissions.
  - The proposed rule would have exempted SRCs from the requirement to disclose Scope 3 emissions, although SRCs and EGCs would have been required to report Scopes 1 and 2 under the proposal.
  - The final rule only requires large accelerated filers (LAFs) and accelerated filers (AFs) to report Scope 1 and 2 emissions, and on a phased-in basis (AFs have two additional years to report emissions after LAFs begin reporting).

See the “Background” section below for an explanation of these filer statuses.

- Unlike the proposal, which would have required registrants to disclose GHG emissions disaggregated by each constituent gas, the final rule only requires emissions to be expressed in the aggregate in terms of carbon dioxide equivalent (CO2e).
- Unlike the proposal, which would have required a registrant to use the same scope of entities from its consolidated financial statements when determining the organizational boundaries for its GHG emissions calculation, the final rule provides that a registrant must disclose the method used to determine its organizational boundaries for emissions reporting.
- Because registrants would have difficulty measuring their emissions as of fiscal year-end in time to disclose emissions in their 10-K reports, the final rule gives registrants additional time to report emissions, allowing disclosure in the second-quarter 10-Q (or in an amended 10-K). This gives registrants several additional months to measure and disclose Scope 1 and 2 emissions after filing the rest of their climate-related disclosures in the 10-K.
- Although the proposal would have required a registrant to disclose its emissions in both absolute terms and in terms of intensity, under the final rule, registrants will only be required to disclose absolute emissions. The SEC reasons that investors should be able to calculate a registrant’s emissions per unit of total revenue by dividing gross emissions by total revenues. Scope 1 and 2 emissions must be disclosed in gross terms, excluding the impact of any purchased or generated offsets.
Background

As the SEC explained in its final rule release, investors use companies’ GHG emissions disclosures “as a central measure and indicator of the registrant’s exposure to transition risk as well as a useful tool for assessing its management of transition risk and understanding its progress towards...climate-related targets or goals.” The proposed rule would have mandated disclosure of:

- Scope 1 emissions—direct emissions from company operations (e.g., emissions from vehicle fleets and company facilities);
- Scope 2 emissions—indirect emissions from purchased power for company operations (e.g., purchased electricity, steam, heating, and cooling for the company’s own use);
- Scope 3 emissions—indirect emissions elsewhere in a company’s value chain, both upstream (e.g., transportation and distribution, goods and services purchased from suppliers) and downstream (processing and use of sold products, investments).
  - Scope 3 emissions would only have been disclosed if material, or if the issuer had set emissions reduction targets that included Scope 3.
- Accelerated filers have a public float between $75 million and $700 million and have been public for at least one year. A company’s float is its outstanding shares that are not restricted—essentially the publicly tradeable portion of a company’s market capitalization.
- Large accelerated filers are accelerated filers with a float of more than $700 million.
- A smaller reporting company has a float of less than $250 million, or: (a) less than $100 million in annual revenues, and (b) a public float of less than $700 million (or no float).
- An emerging growth company has less than $1.235 billion in annual revenues and has not sold common stock under a registration statement. A company continues to be an EGC for the first five fiscal years after it completes an initial public offering (IPO), unless one of the following occurs:
  - its total annual gross revenues are $1.235 billion or more;
  - it has issued more than $1 billion in non-convertible debt in the past three years; or
  - it becomes an LAF.

Rationale for changes

Scope 3

Disclosure of Scope 3 emissions was the most controversial provision in the proposed rule and the subject of many of the record-setting 24,000 comment letters the SEC received from stakeholders. The SEC explained in its final rule release:
“...a significant number of commenters raised serious concerns about requiring Scope 3 emissions disclosures. Some asserted that the Commission lacks the authority to require disclosures of information that may come largely from non-public companies in registrants’ value chain; others questioned the value of Scope 3 emissions disclosures for investors, citing their concerns about the reliability of the metric; others focused on their view of the costs and burdens of gathering, validating, and reporting the information.”

In particular, opponents of Scope 3 disclosure argued that in order to fulfil the requirement, SEC registrants would compel upstream suppliers—including small businesses like family farms—to calculate emissions in their own operations in order to inform the registrant’s Scope 3 calculations. As such, opponents argued that the requirement would impose undue burden on businesses that are not themselves public companies and are not otherwise responsible for providing information to the SEC.

**Scopes 1 and 2**

The SEC says that its revised approach to Scope 1-2 disclosure “will provide investors with information they need to make informed investment and voting decisions while addressing concerns regarding the disclosure of GHG emissions data that may be immaterial,” limiting compliance costs and rooting this requirement in traditional notions of financial materiality. Using a materiality filter will require companies not only to consider the amount of emissions, but also to assess whether a reasonable investor would find the information important—a concept the SEC argues is “fundamental to U.S. securities laws and the Commission’s securities regulation...[and] more appropriate than a requirement that relies on GHG emissions disclosure laws or regulations required by other Federal agencies and foreign or state jurisdictions...”

**Analysis**

**Scope 3**

Ceres **strongly supported** the inclusion of Scope 3 emissions in the SEC’s rule. There was considerable flexibility in the proposed rule for registrants to disclose these emissions without unduly burdening their suppliers with data requests. The proposed rule made clear that large companies required to report Scope 3 could rely on estimates and industry averages to estimate those emissions. Burdensome requests of small businesses would therefore be unnecessary and **could be avoided**.

Disclosure of Scope 1 and 2 emissions alone conveys a very incomplete picture of the climate-related risks to which companies are exposed. On average, Scope 3 emissions account for **80% of corporate carbon footprints**, and in many of the most economically significant and transition risk-exposed industry sectors, such as energy and financial services, Scope 3 emissions comprise the overwhelming majority of companies’ overall emissions. Requiring only Scopes 1 and 2 disclosure can also incentivize polluting companies to outsource their emissions to counterparties in their supply chains, reshuffling their emissions and associated transition risk without actually addressing them.
The SEC’s exclusion of Scope 3 is also at odds with other disclosure regimes globally. For example, the EU has enacted its Corporate Sustainability Reporting Directive (CSRD), and many SEC registrants with business in Europe will have to calculate their Scope 3 emissions to comply with the EU directive. California has also enacted SB 253, a law that requires both public and private companies with revenues of more than $1 billion to disclose their Scope 1-3 emissions. The SEC estimates that nearly 2,000 of its registrants meet the $1 billion revenue threshold for SB 253, and an independent analysis found that the California law covers 75% of public companies in the Fortune 1000. Finally, the International Sustainability Standards Board (ISSB) climate reporting standard (IFRS S2) is a global benchmark that has been endorsed by the International Organization of Securities Commissions, signaling that many international jurisdictions will adopt ISSB-aligned climate disclosure rules in coming years. Already, 15 countries have publicly expressed their intention to align with ISSB standards, and Canada and the UK are currently considering it. The ISSB standards require firms to disclose material Scope 3 emissions.

Scopes 1 and 2
Ceres did not support the addition of a materiality qualifier for Scopes 1 and 2. The proposal’s requirement for disclosure of Scope 1 and 2 emissions by all registrants was appropriate and not unduly burdensome. These emissions are within a registrant’s control; reporting them does not pose any burden on small businesses in a registrant’s value chain, and a September 2023 S&P Global analysis found that most companies already disclose these emissions. Furthermore, now that SRCs and EGCs are exempted from all emissions reporting, the only companies being asked to disclose these emissions are relatively large and well-resourced firms. Subjecting Scope 1 and 2 disclosures to a materiality determination permits companies discretion to withhold information from investors based on arguably improper materiality assessments. This threatens to reduce the consistency and comparability of these disclosures across companies.

With that said, it is inaccurate to characterize these disclosures as “voluntary” or “optional.” Under the final rule, disclosure is mandatory in all cases where the emissions information is material. Companies that fail to disclose material items risk SEC enforcement actions and, in some cases, private lawsuits based on the securities laws’ antifraud provisions. The SEC routinely brings non-disclosure cases against companies, resulting in penalties, disgorgement of ill-gotten gains, officer and director bars; in extreme cases, criminal prosecutions are also possible. Although this provision in the final rule gives companies more leeway than is necessary, not many public companies (at least not many large or sophisticated companies) are likely to withhold their emissions data where a reasonable investor would arguably find the information material. Additionally, in making materiality determinations, companies rely on the assistance of so-called “gatekeepers,” namely lawyers and accountants, who also want to avoid being involved in efforts to misapply a materiality requirement.

Probably the biggest uncertainty under the rule is how companies will make materiality determinations. It remains to be seen how many companies will treat their Scope 1-2 emissions as immaterial, but SEC enforcement of this provision will be crucial. The process of determining materiality of emissions will need to be ironed out by lawyers and accountants as they advise their clients in coming months, and addi-
tional guidance from the SEC or Commission staff is possible. Ceres supports investors in their continued demands for disclosure of this information. We also intend to participate in dialogue among lawyers, accountants, and others about the analyses companies should use in making their materiality assessments.
2. Financial statement footnote disclosure

What changed?

- Registrants will not be required to disclose expenditures related to transition activities in footnotes to their financial statements as proposed. Instead, the final rule requires registrants to disclose material transition-related expenditures outside of the financial statements, in a narrative format, as part of the amendments to Regulation S-K. The final rule’s provisions relating to the financial statements themselves focus on expenditures incurred due to severe weather events and other natural conditions, and these will be measured against the balance sheet and income statement rather than against individual line-item disclosures.
  
  - The only other financial statement item is expenditures related to carbon offsets and renewable energy credits (RECs). These must still be disclosed in the financial statement footnotes if the registrant has used the offsets or RECs as material components of a plan to achieve any disclosed targets or goals.

- The SEC removed the proposed requirement that registrants disclose Financial Impact Metrics. This provision would have required disclosure of the impacts of severe weather events and other natural conditions, as well as any efforts to reduce GHG emissions or otherwise mitigate transition risk, on the individual line items in a registrant’s financial statements.

- Expenditure Metrics must be expressed on a gross basis, rather than net of recoveries—i.e., registrants must also disclose whether they have recognized any recoveries, such as insurance proceeds, as a result of the severe weather events for which they disclosed expenditures.
  
  - The SEC explained in the final release: “we are persuaded that permitting a registrant to use a net amount...would be inconsistent with the intent of the rules because the net amount could obscure the magnitude of the financial effects of severe weather events and other natural conditions experienced by the registrant.”
  
  - The SEC also stated: “The existence of recoveries, such as insurance proceeds, is important information for investors because without it, investors could be under the misperception that severe weather events and other natural conditions have a greater effect on a registrant’s operations than is the case.”

- The SEC originally proposed a 1% line-item threshold for these financial statement disclosures—i.e., if any financial statement line item moved 1% in either direction because of a climate effect, the registrant would disclose it. This provision prompted many adverse comments, and the SEC accordingly retained a 1% “bright line” threshold while modifying the denominator significantly. The final rule instead requires the application of the 1% disclosure threshold to only two categories:
  
  - (1) For the income statement, the aggregate amount of expenditures expensed and losses incurred as a result of severe weather events and other natural conditions, if they exceed 1% of income before tax; and
For the balance sheet, the aggregate amount of capitalized costs and charges recognized as a result of severe weather events and other natural conditions, if they exceed 1% of stockholders’ equity.

- Under the final rule, the new 1% threshold for Expenditure Metrics is also subject to de minimis thresholds exempting disclosure of amounts that aggregate to less than $100,000 in the income statement or less than $500,000 in the balance sheet.
  - The SEC recognized that the 1% threshold “could be disproportionately burdensome for smaller companies or companies in the early stages of developing a product or business line for which one percent...could be a very small amount.” The de minimis threshold also benefits companies that have income or loss near breakeven in a particular year, perhaps due to anomalous circumstances.\
  - The de minimis threshold is proportionately higher for the balance sheet because using the absolute value of stockholders’ equity will result in larger numbers than the disclosure threshold applicable to the income statement.

- The SEC finalized the Financial Estimates and Assumptions provision largely as proposed. The final rule requires registrants to disclose whether the estimates and assumptions used to prepare their consolidated financial statements were materially impacted by exposures to risks and uncertainties associated with—or known impacts from—severe weather events and other natural conditions, as well as any climate-related targets or transition plans disclosed by the registrant.
  - Consistent with the proposed rule, the final rule requires registrants to provide a qualitative description of how the development of such estimates and assumptions were impacted by the events, conditions, and disclosed targets or transition plans identified.
  - The final rule narrows the scope of transition-related estimates and assumptions to only cover disclosed transition plans and climate targets, rather than potential transition activities in general.

- The final rules do not require the disclosure of any impacts on the cash flow statement, which would have been required under the proposed rules.
- The final rule clarifies that a registrant is not required to determine that a severe weather event or natural condition was actually caused or exacerbated by climate change to trigger the disclosure (i.e., the registrant does not need to engage in climate attribution).

### Background

The proposed rules would have required disclosure under three categories:
- Financial Impact Metrics
- Expenditure Metrics
- Financial Estimates and Assumptions
Financial Impact Metrics, which were omitted from the final rule, would have required disclosures about how physical climate impacts changed individual line items, such as:

- Changes to revenues or costs from disruptions to business operations or supply chains
- Impairment charges and changes to the carrying amount of assets (e.g., inventory, intangibles, and property, plant, and equipment)
- Changes to loss contingencies or reserves (e.g., loan loss allowances)

Registrants would also have been required to quantify impacts due to transition activities, such as:

- Changes to revenue or cost due to regulations
- Changes to cash flows from changes in upstream costs
- Changes to the carrying amount of assets—e.g., a reduction of the asset’s useful life or a change in the asset’s salvage value

As proposed, Expenditure Metrics referred to the positive and negative impacts associated with the same sort of physical climate impacts and transition activities as the Financial Impact Metrics. However, Expenditure Metrics relate to capitalized costs and expenditures expensed, which are already captured in a registrant’s income statement or balance sheet and measured and reported in accordance with U.S. GAAP or IFRS. There is less speculation involved in the calculation of climate-related Expenditure Metrics than in the proposed Financial Impact Metrics. Examples of Expenditure Metrics in the final rule include the amount expensed or capitalized “to restore operations, retire affected assets, replace or repair affected assets, recognize an impairment charge for affected assets, or otherwise respond to the effect that severe weather events and other natural conditions had on business operations.”

Financial Estimates and Assumptions disclosure refers to whether the estimates and assumptions a registrant uses to produce its financial statements were impacted by exposures to physical and transition risks. Registrants must provide qualitative descriptions of how the development of such estimates and assumptions were impacted.

**Rationale for changes**

**Exclusion of most transition activities**

Many companies raised concerns about the difficulty of isolating activities that relate specifically to the climate transition. Some companies favored an approach that recognized “discrete” (i.e., driven primarily by climate-related conditions) and “separable” (i.e., not an integral component of an overall activity or asset, such as construction materials) expenses, although such an approach to transition activities could yield minimal disclosures, since very few expenditures are purely or primarily driven by climate concerns.

The SEC acknowledged this feedback in its final release: “With respect to transition activities, many commenters pointed out that registrants make business decisions, such as incurring an expenditure to pur-
chase a piece of machinery that is more energy efficient, for multiple reasons, and as a result, a registrant’s transition activities may be inextricably intertwined with its ordinary business activities. Consequently, commenters raised concerns about registrants’ abilities to identify, attribute, and quantify the impact of transition activities on the financial statements.”

Omission of Financial Impact Metrics
The SEC cited numerous comment letters stating that it would be “very difficult or impossible to accurately estimate the potential future or unrealized impacts of severe weather events and transition activities by financial statement line item.” The Commission concluded: “...we were persuaded by those commenters that stated the proposed Financial Impact Metrics would be burdensome and costly for registrants because of the updates that would be necessary to internal systems and processes...These concerns led us to adopt a significantly narrower set of requirements that are focused on requiring the disclosure of a discrete set of actual expenses that registrants incur and can attribute to severe weather events and other natural conditions.”

Furthermore, the overlapping nature of the proposed Financial Impact Metrics and Expenditure Metrics helps mitigate the impact of the former’s exclusion from the final rule. The SEC explains: “...given the overlapping nature of some of the disclosures that would have been required by the proposed Financial Impact Metrics and the capitalized costs, expenditures expensed, charges, and losses that are required to be disclosed under the final rules, the requirements we are adopting will provide many of the same benefits of transparency and insights that the proposed Financial Impact Metrics would have provided, albeit without as much detail, which should reduce the burden on registrants.”

One-percent disclosure threshold
Many companies commented that the proposed 1% line-item threshold was arbitrary, and that the resulting disclosures would not be decision-useful for investors and would be burdensome for issuers to create. While some companies supported the proposal to include climate-related disclosures in the notes to the financial statements, the overwhelming majority of companies expressed a preference for replacing the 1% line-item threshold. Many commenters observed that the proposed threshold “would not result in consistent and comparable disclosure because the reported line items in the financial statements can vary significantly across registrant,” while others noted that the 1% line-item threshold “was significantly below the five percent ‘rule of thumb’ for materiality used by many registrants and auditors, and that, in their view, a one percent disclosure threshold is not consistent with existing guidance from the Commission staff.” Furthermore, auditors argued that they would have difficulty auditing the disclosures triggered by the 1% threshold, or that the threshold could increase inefficiencies and costs associated with the audit.

Since the new disclosure thresholds in the final rule use denominators that are well known and represent aggregated financial activity, the SEC expects “at least some companies will have insight into the expected amount or magnitude of these denominators in advance of the end of the fiscal year, which could help facilitate the establishment of internal accounting controls related to the required disclosure and support... accurate and timely disclosure.” The Commission also points to the logic of using less arbitrary denominators—stockholders’ equity for the balance sheet and pretax income for the income statement—since those are measures of a company’s net worth to its shareholders and its profitability, respectively, and therefore help indicate how climate impacts are impacting shareholder value.
Ceres strongly supports climate-related disclosure in financial statements. Investors need to understand how climate risks flow through audited financials and impact the quality of earnings and the balance sheet. Financial statement disclosures subject climate metrics to the financial statement auditor’s objective check on management bias and allow for easier comparison between companies.

Because of companies’ concerns about the details of the proposed financial statement disclosures, Ceres and the Center for Audit Quality (CAQ) convened a roundtable in March 2023 to discuss the provisions with representatives from major issuers, accounting firms, and investment firms. The participants were uniformly committed to improving climate-related disclosure and agreed that financial statement disclosures would improve comparability and help investors understand how registrants’ financials are sensitive to climate risks. Still, the participants all agreed that the SEC should not adopt the financial statement provisions as proposed. The results of the roundtable were submitted in the SEC’s comment file, and many of the modifications the SEC made in the final rule mirrored suggestions these participants made at the roundtable.15

While the SEC scaled back these provisions more than Ceres would have liked—for instance, by omitting all transition expenditures from the financial statement footnotes other than those related to carbon offsets and RECs—the modifications in the final rule reflect responsiveness to commenters’ concerns. The original 1% line-item threshold for financial statement disclosure was uniformly viewed by companies, auditors, and other practitioners as unworkable. As we summarized to the Commission, “The Ceres/CAQ roundtable supported the view, widely expressed in comment letters, that the proposed S-X provisions would raise significant practical implementation challenges and may not fulfill the objective of providing comparable information to financial statement users...The disclosures should be anchored in information that is derived from the financial statements and based on existing materiality concepts as currently utilized by financial statement users and preparers.”16

Importantly, the SEC’s financial statement disclosure provisions are, we believe, the first requirements of their kind in the world. Even far-reaching regulations like the EU CSRD do not explicitly mandate the integration of climate metrics into audited financial statements. This is a major step towards subjecting climate-related disclosures to the same level of rigor and scrutiny that traditional financial information receives, and investors will greatly benefit.
3. Assurance

- The final rule requires LAFs and AFs to obtain an attestation report covering their Scope 1 and 2 emissions disclosures.

- Both LAFs and AFs must obtain limited assurance starting the third fiscal year after their compliance date for emissions disclosure, similar to what the SEC originally proposed. However, under the final rule, only LAFs are required to obtain reasonable assurance on their emissions data, beginning the seventh fiscal year after their emissions reporting compliance date (the proposed rule would have required reasonable assurance starting the fourth fiscal year after emissions disclosure begins).

- The final rule does not require AFs to obtain attestation reports at a reasonable assurance level. It also exempts SRCs and EGCs from assurance requirements, since those smaller companies will be exempt from disclosing emissions under the final rule.

- The final rule extends filing deadlines for GHG emissions data by several months, which also applies to the deadline for filing an attestation report. The report must accompany the relevant GHG emissions disclosure.

- For any registrants that are not required to obtain assurance on their GHG emissions pursuant to the final rule, those registrants must still disclose certain information about their assurance engagements if their emissions disclosures are voluntarily subject to assurance.

<table>
<thead>
<tr>
<th>Filler Type</th>
<th>Scopes 1 and 2 Emissions Disclosure Compliance Date</th>
<th>Limited Assurance Compliance Date</th>
<th>Reasonable Assurance Compliance Date</th>
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<tbody>
<tr>
<td>LAFs</td>
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<td>Fiscal Year 2029</td>
<td>Fiscal Year 2033</td>
</tr>
<tr>
<td>AFs (other than SRCs and EGCs)</td>
<td>Fiscal Year 2028</td>
<td>Fiscal Year 2031</td>
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</table>

Background

As the SEC explains, assurance over GHG emissions disclosure “provides investors with an additional degree of reliability regarding not only the figures that are disclosed, but also the key assumptions, methodologies, and data sources the registrant used to arrive at those figures.” Independent auditors play a critical role in contributing to the reliability of financial reporting, giving investors greater confidence in disclosed information and reducing the cost of capital for registrants that obtain high-quality audits.\(^{17}\) The SEC’s filing review process is focused on rule violations and material deficiencies, but is “not a guarantee that the disclosure is complete and accurate.” Third-party assurance, on the other hand, provides benefits such as lower cost of equity capital for companies and lower analyst forecast errors.\(^{18}\)
The SEC singles out emissions disclosures for assurance because many companies already voluntarily seek third-party assurance over this information, and investors have expressed a desire to improve upon voluntary assurance practices whose variance and fragmentation has diminished comparability. Voluntary assurance practices have varied significantly “with respect to the levels of assurance provided (e.g., limited vs. reasonable), the assurance standards used, the types of service providers, and the scope of disclosures covered by the assurance.” The final rule’s mandatory assurance requirements will improve the accuracy, comparability, and consistency of companies’ emissions disclosures.

The primary difference between limited and reasonable assurance relates to “the nature, timing, and extent of procedures required to obtain sufficient, appropriate evidence to support the limited assurance conclusion or reasonable assurance opinion.” Limited assurance engagements are generally limited to analytical procedures and inquiries, whereas reasonable assurance engagements require assurance providers to perform risk assessments and detail their testing procedures. Reasonable assurance provides a level of scrutiny generally equivalent to an audit opinion over financial information and results in “positive assurance” (the provider will form an opinion about whether the company’s disclosures are in accordance with rule’s requirements in all material respects). A limited assurance engagement yields only “negative assurance” (the provider will state that nothing came to its attention to indicate that the company’s assertions were materially misstated).

**Rationale for changes**

The SEC recognized commenters’ concerns “about the potential cost of obtaining assurance, the potential shortage in the current supply of assurance providers, and the continually evolving state of assurance standards and methodologies” in modifying these provisions.

The SEC limited the assurance requirements in the final rule to a subset of larger companies that already commonly report and obtain assurance over their GHG emissions voluntarily. The SEC reasons that “larger issuers generally bear proportionately lower compliance costs than smaller issuers due to the fixed cost components of such compliance,” and the final rule’s scaled approach will avoid increasing compliance burdens for companies that may be smaller or less sophisticated issuers.

Although the SEC considered requiring LAFs to obtain reasonable assurance from the start, the SEC explained that most voluntary assurance engagements are only at the limited assurance level, and the final rule’s phase-in period for reasonable assurance is therefore appropriate to give registrants and attestation providers time to prepare for the higher level of assurance.

**Analysis**

Ceres strongly supported the SEC’s proposed attestation requirement over Scope 1 and 2 disclosures. Although we made clear that reasonable assurance is needed in this area, we did not object to the SEC’s scaled approach in the proposed rule, which would have given both issuers and their assurance providers...
ample time to prepare for the more comprehensive reasonable assurance process.26

Ceres does not support the final rule’s significantly delayed timeline for LAFs to transition to reasonable assurance, nor do we agree with the SEC’s decision to exempt APs from reasonable assurance requirements. However, we acknowledge the SEC’s efforts to reduce the compliance burdens associated with the assurance provisions, and we think investors will still be well served by the attestation standards in the final rule.
4. Timing of disclosures

What changed?

- Like the proposed rule, the final rule staggers compliance dates according to the filing status of the registrant. The final rule extends all compliance periods for each type of registrant and for certain types of disclosures.

- The final rule provides more time for registrants to disclose Scope 1 and 2 emissions (one additional year for LAFs; two additional years for AFs), whereas the proposed rule would have required registrants to provide those emissions disclosures by the same deadline as their other climate disclosures.

- The final rule will have an effective date in the first half of calendar year 2024, and LAFs will begin making most disclosures based on fiscal years beginning in 2025 (for reports filed in 2026). This gives LAFs at least half a year to get procedures and controls in place prior to the first compliance date. Similar to the proposal, AFs will have one additional year to comply, and SRCs and EGCs will have two.

  - The proposed rule assumed an effective date of December 2022 and would have required LAFs to begin disclosing based on fiscal-year 2023 data (filed in 2024). AFs would have had one additional year and SRCs would have had two.

- The final rule provides registrants with one additional year to provide the following disclosures regarding transition activity-related expenditures. Note that these were the quantitative and qualitative disclosures that the SEC moved out of Regulation S-X financial statement footnote provisions and into Regulation S-K narrative disclosures.

  - Item 1502(d)(2): quantitative and qualitative descriptions of material expenditures incurred (and material impacts on financial estimates and assumptions) related to registrants’ mitigation and adaptation activities;

  - Item 1502(e)(2): quantitative and qualitative descriptions of material expenditures incurred (and material impacts on financial estimates and assumptions) as a direct result of disclosed transition plans; and

  - Item 1504(c)(2): quantitative and qualitative descriptions of material expenditures incurred (and material impacts on financial estimates and assumptions) as a direct result of the registrant’s disclosed climate-related target or goal, or the actions taken to make progress toward meeting the target or goal.
### Compliance Dates under the Final Rules

<table>
<thead>
<tr>
<th>Registrant Type</th>
<th>Disclosure and Financial Statement Effects Audit</th>
<th>GHG Emissions/Assurance</th>
<th>Electronic Tagging</th>
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<td></td>
<td>All Reg. S-k and S-X disclosures, other than as noted in this table</td>
<td>Item 1502(d)(2), Item 1502 (e)(2), and Item 1504 (c)(2)</td>
<td>Item 1505 (Scopes 1 and 2 GHG emissions)</td>
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<td>LAFs</td>
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<tr>
<td>AFs (other than SRCs and EGCs)</td>
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<td>FYB 2028</td>
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<tr>
<td>SRCs, EGCs and NAFs</td>
<td>FYB 2027</td>
<td>FYB 2028</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1 As used in this chart, “FYB” refers to any fiscal year beginning in the calendar year listed
2 Financial statement disclosures under Article 14 will be required to be tagged in accordance with existing rules pertaining to the tagging of financial statements. See Rule 405(b)(l)(i) of Regulation S-T.

### Background

Under the Securities Exchange Act of 1934, the SEC classifies public companies by their filing status, which impacts the extent of the companies’ disclosure requirements and the due dates of their quarterly and annual filings. There is an explanation of filer statuses earlier in this document under 1. GHG emissions.

Both the proposed and final rules apply disclosure requirements to LAFs first. LAFs are better resourced and many are already voluntarily disclosing climate information, meaning they generally have some levels of controls and processes in place for those disclosures. In comparison, registrants that are not LAFs will often need more time to develop the systems, controls, and processes necessary for compliance, and may face proportionately higher costs to develop those capabilities.27

### Rationale for changes

The SEC notes that several commenters felt the proposed phase-in schedule would be challenging even for LAFs to meet, and that additional time would be needed for registrants to develop the reporting controls and procedures necessary to prepare disclosures that are high-quality and reliable for investors. Multiple companies and accounting firms asked the Commission to extend the proposed compliance dates by anywhere from one to five years, while others opposed the proposed compliance dates without specifying what dates would be appropriate.28

The further phased-in compliance dates for Scope 1-2 emissions reporting and quantitative and qualitative
disclosures on material expenditures are due to the anticipated need for companies to “enhance or implement new policies, processes, controls, and system solutions” in order to provide reliable disclosures on these topics.29

Analysis

Ceres recognizes the urgency of providing investors with transparency into climate risks. We also recognize the importance of registrants and auditors having the necessary capabilities to make reliable disclosures. As we noted in our initial June 2022 comment letter on the proposal, “As a general matter, we have no objection to such a phase-in approach, but we question whether companies might not be able to comply more quickly with some of the requirements.”30 Ceres supported moving up many of the reporting requirements in the proposed rule by one year, believing that issuers should be able to meet a more aggressive deadline.

Generally, the final provisions on timing of disclosures are not all that dissimilar to the proposed rule. Ceres continues to believe that many registrants can and should be prepared to make these disclosures before the final rule requires them to do so, continually improving upon the content and quality of disclosures. The timeline the SEC adopted is also generally aligned with many U.S. companies’ compliance dates for the EU CSRD and California SB 253 and 261, so a significant subset of registrants will be concurrently preparing to disclose in those jurisdictions and should have an easier time getting ready for SEC reporting.
5. Governance

What changed?

Board oversight

- The final rule eliminates the proposed requirements to disclose:
  - The identity of specific board members responsible for climate-risk oversight (but this remains a requirement of management oversight disclosure, see below);
  - Whether any board member has expertise in climate-related risks and the nature of the expertise (but this remains a requirement of management oversight disclosure, see below);
  - How frequently the board is informed of such risks; and
  - Information regarding whether and how the board sets climate-related targets or goals, including interim targets or goals.

- The SEC did adopt the proposed requirement to identify any board committee or subcommittee responsible for the oversight of climate-related risks, as well as the requirement to describe whether and how the board oversees progress against disclosed climate-related targets, goals, or transition plans.

- The SEC adopted the proposed requirement to describe the processes by which the board is informed about climate-related risks, but eliminated the requirement to describe the frequency of these discussions.

Management oversight

- Like the proposed rule, the final rule requires registrants to describe management’s role in assessing and managing climate-related risks. However, the SEC limited this disclosure requirement to material climate-related risks, given the multitude of climate-related matters that may be overseen by management.

- The final rule also includes a non-exclusive list of items that a registrant should address when describing management’s role:
  - Whether and which management positions or committees are responsible for assessing and managing climate-related risks, and the relevant expertise of such position holders or committee members;
  - The processes by which such positions or committees assess and manage climate-related risks; and
  - Whether such positions or committees report information to the board of directors.
Background

The proposed governance provisions were not intended to shift governance behaviors such as board composition or board practices. Rather, consistent with the SEC’s statutory authority, these provisions focus on disclosure of registrants’ existing or developing climate risk governance practices. The SEC acknowledges in the final release that “registrants have varied reasons for pursuing different oversight arrangements, and some registrants may reasonably determine that climate-related risks are not among the most pressing issue facing the company. The final rules will provide investors with the information they need to understand and evaluate those oversight arrangements and make informed investment decisions in light of their overall investment objectives and risk tolerance.”

The SEC also clarified that these disclosure requirements apply only to registrants whose boards exercise oversight of climate risks; no disclosure is required for registrants that do not have relevant information to share about their governance of climate risks. Ceres believes that every board should actively build expertise in sustainability matters to be prepared for the array of challenges and opportunities they encounter.

Rationale for changes

The SEC revised its proposal because many commenters indicated that they are more interested in how conversant the board as a whole is with climate risks than whether any individual directors have climate risk expertise. The SEC also acknowledged “the concerns of some commenters who stated that these elements of the proposal could have unintended effects on the registrant’s governance structure and processes by focusing on one area of risk at the expense of others.”

Analysis

Ceres agrees with the SEC’s changes to board oversight disclosure requirements. As we stated in our June 2022 comment letter:

We...have reservations about some elements of the proposal. In particular, we have doubts about the proposed disclosure of whether boards have any directors with expertise in climate-related risks, including disclosure ‘in such detail as necessary to fully describe the nature of the expertise.’ Our view is that responsibility for, and expertise in, climate risk is something that should be borne by the board as a whole. In addition, the proposal that the company disclose how the board discusses and considers climate risk goes beyond what the SEC has traditionally required with respect to board activities, including imposition of significant new recordkeeping requirements. We suggest the SEC consider carefully the comments received on this proposal; we would not be opposed to having it modified in the final rule.”
6. Physical risks disclosure

What changed?

The final rule does not require registrants to provide the ZIP code or other subnational postal zone associated with their properties, processes, or operations subject to a physical risk.

Registrants will instead have flexibility to determine the granularity of any location disclosures based on their particular facts and circumstances, as long as they provide information necessary for investors to understand the extent of the company’s exposure to material physical risks.

The final rule is less prescriptive on the specific information registrants must provide about physical risks, such as disclosures relating to flooding and the location of assets in regions of high water stress.

The proposal would have required a registrant that faces a material physical risk due to flooding or water stress to disclose the percentage of buildings, plants, or properties that are located in flood hazard areas or the amount and percentage of assets located in water-stressed areas.

The final rule will instead permit the registrant to determine the particular metrics that it should disclose, if any, based on its particular facts and circumstances. These disclosures are subject to the general condition applicable to both physical and transition risk disclosure: a registrant must provide information necessary for an investor to understand the nature of the material risk and the extent of the registrant’s exposure to the risk.

Background

The proposed rule would have required a registrant to describe the location and nature of its properties, processes, or operations subject to a physical risk. The proposal defined “location” to mean a ZIP code or, in a jurisdiction that does not use ZIP codes, a similar subnational postal zone or geographic location.

The proposed rule also would have required more detailed disclosures from registrants that identified a physical risk related to flooding or high water stress. As proposed, if a risk concerned the flooding of buildings, plants, or properties located in flood hazard areas, the registrant would have disclosed the percentage of those assets that are located in flood hazard areas in addition to their location. If a risk concerned the location of assets in regions of high or extremely high water stress, the registrant would have disclosed the amount of assets (e.g., book value and as a percentage of total assets) located in those regions in addition to their location. The registrant would also have been required to disclose the percentage of its total water usage from water withdrawn in those regions.

Rationale for changes

In removing the requirement for ZIP code disclosure, the SEC cited commenters who felt the information would be burdensome to produce and would likely not provide useful information for many investors. In removing the more prescriptive disclosure requirements for water-related risks, the SEC similarly cited
commenters who felt the requirement could result in overly granular and immaterial disclosures. The less prescriptive approach of the final rule also addresses some commenters’ concern that the water-related disclosures could cause investor confusion by obscuring other disclosed risks that are presented in less detail: “the less prescriptive approach in the final rules eliminates any potential overemphasis on water-related physical risks and gives registrants flexibility to describe any physical risks they may be facing.”

**Analysis**

Ceres appreciates the SEC’s reasoning for removing the requirement for ZIP code disclosure. However, we disagree with the removal of specific requirements for water-related risk disclosure. In our comment letter, we supported the SEC’s inclusion of water risks as an area of mandatory disclosure, noting the extensive research that has examined water risks faced by issuers and how they are exacerbated by climate change. We highlighted that investors are expending resources on proxy voting and other activities to increase water risk disclosure, with more than 40 investment firms explicitly referencing water in their proxy voting guidelines, and noted that investors have also demonstrated their views of water risk as a material issue through water risk policies, statements, reports, and investment strategies. Based on investors’ interest in improved water risk disclosure, we do not agree with the SEC’s decision to scale back this requirement in the final rule.
7. Strategy, business model, and outlook

What changed?

- The proposed rule did not specifically include a materiality qualifier when requiring a registrant to describe the actual and potential impacts of any identified climate-related risks on the company’s strategy, business model, and outlook. The SEC believes this provision of the proposal would have yielded only material disclosures in practice, but nonetheless added an explicit qualifier to clarify that a registrant is only required to disclose material impacts of climate-related risks that it has identified.42

- The SEC added a non-exclusive list of material impacts of climate risks in the rule text but did not mandate that all (or only) these impacts be disclosed. The Commission expects this illustrative list will help elicit more meaningful and relevant disclosure without overburdening registrants or investors with the presentation of irrelevant information. The list includes material impacts on:
  
  o (1) Business operations, including the types and locations of its operations;
  o (2) Products or services;
  o (3) Suppliers, purchasers, or counterparties to material contracts, to the extent known or reasonably available;
  o (4) Activities to mitigate or adapt to climate-related risks, including adoption of new technologies or processes; and
  o (5) Expenditure for research and development.43

- As discussed above under “2. Financial statement footnote disclosure,” new Item 1502(d)(2) will require a registrant to describe quantitatively and qualitatively the material expenditures incurred (and material impacts on financial estimates and assumptions) that, in management’s assessment, directly result from activities to mitigate or adapt to disclosed climate risks. This was previously a component of the proposed Regulation S-X Expenditure Metrics disclosure, but the SEC moved these disclosures to the strategy, business model, and outlook portion of the final rule’s Regulation S-K provisions.
  
  o This disclosure requirement covers material expenditures for the mitigation or adaptation of both physical risks and transition risks. The final Regulation S-X provisions that the SEC adopted, on the other hand, do not cover financial impacts caused by transition risks.44

- The SEC “significantly streamlined the transition plan disclosure provision and revised the provision so that the description of a transition plan is only required if a registrant has adopted the plan to manage a material transition risk. Unlike the proposed rule, the final rule does not list the types of transition risks and factors related to those risks that must be disclosed, if applicable.”45

Like the proposed rule, the final rule does not mandate that registrants adopt a transition plan; if a regis-
The registrant does not have a plan—more specifically, one adopted to manage a material transition risk—then no disclosure is required.

- The proposed rule would have required the disclosure of any relevant metrics and targets a registrant uses to identify and manage transition risk under a transition plan. The final rule, on the other hand, will only require a registrant to include quantitative and qualitative disclosure of material expenditures incurred (and material impacts on financial estimates and assumptions) as a direct result of the disclosed actions taken under the plan.

- Like the modifications to transition plan disclosure requirements, the final rule includes explicit materiality qualifiers for registrants’ disclosure of scenario analysis and internal carbon pricing. In both cases, registrants will disclose this information if they use scenario analysis and/or internal carbon pricing to assess the material impact of climate risks on its business, results of operations, or financial condition. If these strategic tools are not used to evaluate or manage a material climate risk, they need not be disclosed.

**Background**

The SEC is agnostic about whether or how a registrant is managing its climate-related risks, and this rule is intended neither to incentivize nor disincentivize the use of a transition plan, scenario analysis, internal carbon pricing, or any other climate risk management tool. The intent is merely to provide investors insight into how a company uses these tools to manage a material risk, if it uses such tools. If a registrant is using these tools, it is appropriate for investors to receive ongoing disclosure so they can assess the strategy’s impact on the company’s business.

As the SEC explains: “Information about the actual and potential material impacts of climate-related risks on a registrant’s strategy, business model, and outlook is central to understanding the extent to which a registrant’s business strategy or business model has changed, is changing, or is expected to change to address those impacts. This information is also central to evaluating management’s response to the impacts and the resiliency of the registrant’s strategy to climate-related factors as it pertains to the registrant’s results of operations and financial condition. Numerous commenters on the proposal shared some or all of these views.”

**Rationale for changes**

The SEC explained that modifying these provisions to include a materiality qualifier would help clarify that the Commission “does not seek to prescribe any particular tools, strategies, or practices with respect to climate-related risks but rather, when material, to provide investors with the information they need to evaluate the climate-related risks faced by the registrant and their potential impacts on the registrant’s business, results of operations, or financial condition.” The SEC also believes that the modifications will help prevent the disclosure of confidential or proprietary information that could cause competitive harm to a registrant.
The movement away from disclosing any relevant metric or target under a transition plan, and towards quantitative and qualitative descriptions of expenditures, is “intended to capture material expenditures, both capitalized and expensed, made during the fiscal year under a transition plan, and to more closely align with how the registrant actually makes strategic decisions about taking actions under a transition plan.” More generally, the inclusion in this section of quantitative and qualitative disclosures related to mitigation and adaptation activities, transition plans, and targets and goals is intended to replace the proposed financial statement footnote disclosures related to transition activities.

**Analysis**

Ceres is disappointed that the final rule moves away from disclosure of all relevant metrics and targets and towards an approach that relates only to material expenditures. Many companies use emissions targets, including Scope 3 emissions targets, as a relevant metric for their strategic approach to climate risk management. In the absence of a Scope 3 disclosure requirement in the final rule, these proposed provisions would have been a natural place for companies with emissions reduction targets to disclose their progress towards those goals. An exclusive focus on material expenditures could obscure relevant metrics that investors urgently need to assess companies’ strategic planning.

Ceres encourages companies facing climate risks and opportunities to establish Climate Transition Action Plans (CTAPs) and encourages investors facing these issues to develop Investor Climate Action Plans (ICAPs).
8. Liability safe harbors

What changed?

- The proposed rule included a safe harbor for Scope 3 emissions, protecting registrants from liability if their emissions were estimated in good faith. Because the final rule does not require the disclosure of Scope 3 emissions from any registrant, the SEC did not adopt a safe harbor for such disclosures.

- Instead, the final rule includes a new provision affirming that disclosures provided pursuant to the following sections of the final rule constitute “forward-looking statements” for purposes of the Private Securities Litigation Reform Act (PSLRA) safe harbors:
  
  o Transition plans;
  o Scenario analysis;
  o Internal carbon pricing; and
  o Targets and goals.

- Because these categories of disclosures “are likely to involve a complex mixture of estimates and assumptions, some of which may be based on a combination of facts and projections,” the final rule’s safe harbor provides that all disclosures required by these provisions are considered forward-looking statements for purposes of the statutory PSLRA safe harbors, except for straightforwardly historical facts.\(^{51}\)

- There are exceptions to the safe harbor:
  
  o Because registrants “should know with reasonable certainty information about a purchased carbon offset or REC, such as the amount of carbon avoidance, reduction, or removal represented by the offset or the amount of generated renewable energy represented by the REC, as well as the nature and source of the offset or REC,” these disclosures are not covered by the safe harbor.
  
  o Statements about material expenditures made pursuant to a registrant’s transition plan or targets and goals are not covered, since those expenditures were incurred and any statements about them constitute historical facts.
  
  o The safe harbor does not apply to forward-looking statements included in the consolidated financial statements prepared in accordance with GAAP.
  
  o The safe harbor does not cover Scope 1 and 2 emissions disclosures because the methodologies underlying the calculation of those scopes are well-established\(^{52}\)

- The PSLRA safe harbor is generally not available in an IPO, among various other transactions. Because the climate disclosure rule applies to some of these exempted transactions (e.g., disclosures are
required in companies’ registration statements), the final rule clarifies that the climate-specific safe harbor is eligible in connection with the following transactions:

- an IPO;
- an offering of securities by a blank check company;
- the business or operations of an issuer of penny stock;
- a rollup transaction; or
- an offering by, or relating to the operations of, a partnership, limited liability company, or a direct participation investment program.\(^{53}\)

**Background**

The SEC’s proposed rule included a safe harbor for Scope 3 emissions data because of “the unique challenges associated with this information.” The provision would have provided that Scope 3 disclosures “would be deemed not to be a fraudulent statement unless it is shown that such statement was made or reaffirmed without a reasonable basis or was disclosed other than in good faith.”\(^{54}\) As mentioned above, this proposed provision is no longer relevant because Scope 3 was omitted from the final rule.

The PSLRA provides a safe harbor for forward-looking statements to encourage companies to provide prospective information, as long as those statements are identified as forward-looking and accompanied by cautionary statements identifying important factors that could cause actual results to differ materially from those disclosed in the statement.\(^{55}\)

Although the PSLRA safe harbor would presumably apply to any forward-looking information reported pursuant to the final climate disclosure rule, the SEC expects that the above provisions specifically will require “a complex mixture of both forward-looking and factual information related to climate-related risks and assumptions concerning those risks.” The final rule therefore explicitly provides a safe harbor for these disclosures so registrants can “avoid having to disentangle the information to claim protection for forward-looking statements under the PSLRA safe harbors, which would increase the compliance burden under the final rules and potentially reduce the usefulness of those disclosures for investors.”\(^{56}\)

**Rationale for changes**

The SEC explains in the final release that “in addition to the forward-looking statement exemptions expressly provided under the PSLRA, the Commission has authority under the PSLRA to provide exemptions from liability for other statements based on projections or other forward-looking information if the Commission determines that such exemption is consistent with the public interest and the protection of investors. The Commission previously exercised this authority when it adopted a rule providing a forward-looking statement safe harbor for certain statements made concerning market risk.”\(^{57}\)

Although some commenters recommended that the SEC sunset any safe harbor, the Commission declined
to follow this recommendation. The SEC may determine at a future date, after assessing how disclosure practices have evolved, whether it makes sense to amend or remove the safe harbor.\textsuperscript{38}

**Analysis**

Ceres supported the SEC’s proposal for a Scope 3 safe harbor and recommended strengthening it, including a limit on liability under Section 11 of the Securities Act and Section 18 of the Exchange Act. Likewise, Ceres supports the safe harbor provision in the final rule.

Ceres believed that the proposed Scope 3 safe harbor should have been temporary, because we expect that Scope 3 information will become easier to obtain and more reliable over the next several years. This stance is less applicable to the safe harbor provision in the final rule.
9. Substituted compliance

What changed?

- Because the European Union and other jurisdictions have implemented their own mandatory climate disclosure requirements, in the proposed rule the SEC contemplated whether it should recognize such regulations as “substantially similar to the Commission’s rules for purposes of an alternative reporting provision.”

- The SEC chose not to adopt substituted compliance or “mutual recognition” in the final rule. In other words, even if a company is subject to international disclosure regimes like the EU’s Corporate Sustainability Reporting Directive, it will still be required to comply with the SEC’s rule.

Background

The EU’s CSRD is a substantially more far-reaching sustainability disclosure regime than the SEC’s final climate disclosure rule. Additionally, the CSRD and ISSB standards require firms to disclose material Scope 3 emissions. Because many SEC registrants will have to comply with the CSRD in particular, commenters suggested that the Commission consider allowing registrants to comply with the proposed rule by using disclosures provided in other jurisdictions. The SEC acknowledged that “a meaningful number of Commission registrants may be subject to the climate-related disclosure and reporting requirements of one or more additional jurisdictions,” and said that allowing substituted compliance would have the potential to reduce costs to the extent that there are overlapping disclosure requirements.

Rationale for changes

The SEC determined that, at this time, “it is premature to allow for substituted compliance with the final rules, given the current status of such requirements in other jurisdictions.” Although the CSRD is in effect, at the time of the SEC rule’s adoption, no companies have yet filed CSRD-compliant reports. Accordingly, the SEC “intends to observe how reporting under international climate-related reporting requirements and practices develop before making any determination whether such an approach would result in consistent, reliable, and comparable information for investors.” The Commission may consider making accommodations for registrants in the future “depending on developments in the international climate reporting practices” and the SEC’s experience with disclosures under its own final rule.

Analysis

Ceres agrees with the SEC’s approach but believes that substituted compliance is an important objective that the SEC should examine carefully. We look forward to seeing how the Commission addresses this question in the future once registrants begin submitting reports in other jurisdictions.
About Ceres and the Ceres Accelerator for Sustainable Capital Markets

Ceres is a nonprofit organization working with the most influential capital market leaders to solve the world’s greatest sustainability challenges. Through our powerful networks and global collaborations of investors, companies, and nonprofits, we drive action and inspire equitable market-based and policy solutions throughout the economy to build a just and sustainable future. For more information, visit ceres.org and follow @CeresNews.

Ceres is a nonprofit organization working with the most influential capital market leaders to solve the world’s greatest sustainability challenges. The Ceres Accelerator for Sustainable Capital Markets is a center of excellence within Ceres that aims to transform the practices and policies that govern capital markets to reduce the worst financial impacts of the climate crisis. It spurs action on climate change as a systemic financial risk—driving the large-scale behavior and systems change needed to achieve a net zero emissions economy through key financial actors including investors, banks, and insurers. The Ceres Accelerator also works with corporate boards of directors on improving governance of climate change and other sustainability issues. For more information, visit ceres.org and ceres.org/accelerator and follow @CeresNews.

For more information, visit ceres.org and ceres.org/sec and follow @CeresNews or contact Jake Rascoff (jrascoff@ceres.org), Director of Climate Financial Regulation, Ceres Accelerator for Sustainable Capital Markets.
Endnotes
