



Audit



Disclosures



Climate change

CorpFin releases sample comments on climate change

October 18, 2021

This publication summarizes the SEC's Division of Corporate Finance comment letter disclosures required to some companies related to climate-related or the absence of such disclosures.



Johanna Pérez

Partner Head of Audit

T (t) 787 754 1915

E johanna.perez@pr.gt.com

The SEC's Division of Corporation Finance (CorpFin) released a sample letter illustrating comments that CorpFin staff might issue to companies related to climate-related disclosures or the absence of such disclosures. Drawing from the SEC's 2010 guidance, which explains how the impacts of climate change may require disclosures under the SEC's existing requirements, the sample comments illustrate how the staff may apply that guidance in the comment letter process.

In addition, CorpFin notes that according to Rule 408 under the Securities Act of 1933 and Rule 12b-20 under the Securities Exchange Act of 1934, companies must also disclose "such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading."

Sample comments

CorpFin released the sample letter to help companies comply with their disclosure obligations under federal securities laws. The non-exhaustive list of sample comments includes the following topics:

- disparity between robust disclosure in a company's corporate social responsibility report compared to its SEC filings.
- disclosure of material risks of transitioning to a low carbon economy as well as material litigation risks from climate change.
- discussion of significant developments in legislation, regulation, and international accords, as well as any material effect of these developments on the company
- disclosure of material past and/or future capital expenditures for climate-related projects.
- discussion of any material indirect consequences of climate-related regulation or business trends, such as a decrease in demand for a product that produces significant greenhouse gas emissions.
- discussion of any material physical effects of climate-related changes, such as the severity of weather events.

Visit our website to view additional articles

www.grantthornton.pr

- discussion of any material increased compliance costs related to climate change and, if material, purchases or sales of carbon credits.

Grant Thornton insights

For insights on how the SEC's 2010 guidance applies to disclosure areas, such as descriptions of business, legal proceedings, risk factors, and Management's Discussion and Analysis, see Grant Thornton's [Snapshot 2021-09](#), "SEC undertakes climate and ESG-related activity."

The SEC is expected to issue a proposed rule on climate change disclosures in late 2021. SEC Chairman Gary Gensler has indicated the proposed disclosures will include both quantitative and qualitative disclosures on climate change. Companies, particularly those with material risks and opportunities related to climate change, should monitor the SEC's activity and provide feedback on the proposed rule.

Download a reader-friendly version of Snapshot 2021-12 [here](#)

Source: *Grant Thornton Snapshot September 30, 2021*

We are committed to keeping you up to date of all developments that may affect the way you do business in Puerto Rico. Please contact us for further assistance in relation to this or any other matter.



grantthornton.pr

DISCLAIMER: This update and its content do not constitute advice. Clients should not act solely on the basis of the material contained in this publication. It is intended for information purposes only and should not be regarded as specific advice. In addition, advice from proper consultant should be obtained prior to taking action on any issue dealt with this update. Information provided in this publication may change in the future and such change may be applied retroactively. Kevane Grant Thornton LLP does not assume the responsibility to update this communication if the applicable laws change.

© 2021 Kevane Grant Thornton LLP All rights reserved. Kevane Grant Thornton LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. [Please visit www.grantthornton.pr](http://www.grantthornton.pr) for further details.