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U.S. Securities and Exchange Commission,
Division of Corporation Finance Dear Issuer
Letters, Sample Letter to Companies
Regarding Climate Change Disclosures
(Modified September 22, 2021)

Sample Letter to Companies Regarding Climate Change Disclosures[1]

The Commission has stated that a number of its disclosure rules may require disclosure related to climate change.

[2] For example and depending on the particular facts and circumstances, information related to climate change-related risks and opportunities may be required in disclosures related to a company's description of business, legal proceedings, risk factors, and management's discussion and analysis of financial condition and results of operations. Disclosure matters discussed in the 2010 Climate Change Guidance include the following:

- the impact of pending or existing climate-change related legislation, regulations, and international accords;
- the indirect consequences of regulation or business trends; and
- the physical impacts of climate change.

Companies also must disclose, in addition to the information expressly required by Commission regulation, "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."^[3]

The Division of Corporation Finance selectively reviews filings made under the Securities Act and the Exchange Act to monitor and enhance compliance with applicable disclosure requirements. The following illustrative letter contains sample comments that the Division may issue to companies regarding their climate-related disclosure or the absence of such disclosure. The sample comments do not constitute an exhaustive list of the issues that companies should consider. Any comments issued would be appropriately tailored to the specific company and industry, and would take into consideration the disclosure that a company has provided in Commission filings.

September 2021

Name

ABC Corporation

Address

Dear Issuer:

We have reviewed your filing and have the following comments regarding compliance with the topics addressed in the Commission's 2010 Guidance Regarding Disclosure Related to Climate Change, Release No. 33-9106 (Feb. 2, 2010). In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. Please respond to these comments by providing the requested information and/or revising or updating your disclosure as applicable. If you do not believe our comments apply to your facts and circumstances, please tell us why in your response.

General

1. We note that you provided more expansive disclosure in your corporate social responsibility report (CSR report) than you provided in your SEC filings. Please advise us what

consideration you gave to providing the same type of climate-related disclosure in your SEC filings as you provided in your CSR report.

Risk Factors

2. Disclose the material effects of transition risks related to climate change that may affect your business, financial condition, and results of operations, such as policy and regulatory changes that could impose operational and compliance burdens, market trends that may alter business opportunities, credit risks, or technological changes.
3. Disclose any material litigation risks related to climate change and explain the potential impact to the company.

Management's Discussion and Analysis of Financial Condition and Results of Operations

4. There have been significant developments in federal and state legislation and regulation and international accords regarding climate change that you have not discussed in your filing. Please revise your disclosure to identify material pending or existing climate change-related legislation, regulations, and international accords and describe any material effect on your business, financial condition, and results of operations.
5. Revise your disclosure to identify any material past and/or future capital expenditures for climate-related projects. If material, please quantify these expenditures.
6. To the extent material, discuss the indirect consequences of climate-related regulation or business trends, such as the following:
 - decreased demand for goods or services that produce significant greenhouse gas emissions or are related to carbon-based energy sources;
 - increased demand for goods that result in lower emissions than competing products;
 - increased competition to develop innovative new products that result in lower emissions;
 - increased demand for generation and transmission of energy from alternative energy sources; and
 - any anticipated reputational risks resulting from operations or products that produce material greenhouse gas emissions.
7. If material, discuss the physical effects of climate change on your operations and results. This disclosure may include the following:
 - severity of weather, such as floods, hurricanes, sea levels, arability of farmland, extreme fires, and water availability and quality;
 - quantification of material weather-related damages to your property or operations;
 - potential for indirect weather-related impacts that have affected or may affect your major customers or suppliers;
 - decreased agricultural production capacity in areas affected by drought or other weather-related changes; and
 - any weather-related impacts on the cost or availability of insurance.
8. Quantify any material increased compliance costs related to climate change.
9. If material, provide disclosure about your purchase or sale of carbon credits or offsets and any material effects on your business, financial condition, and results of operations.

We remind you that the company and its management are responsible for the accuracy and adequacy of their disclosures, notwithstanding any review, comments, action or absence of action by the staff.

Sincerely,
Division of Corporation Finance

[1] The statements in this guidance represent the views of the staff of the Division of Corporation Finance. This guidance is not a rule, regulation, or statement of the Securities and Exchange Commission (“Commission”). The Commission has neither approved nor disapproved its content. This guidance, like all staff guidance, has no legal force or effect: it does not alter or amend applicable law, and it creates no new or additional obligations for any person.

[2] Commission Guidance Regarding Disclosure Related to Climate Change, Release No. 33-9106 (Feb. 2, 2010) [75 FR 6290] (Feb. 8, 2010) (“2010 Climate Change Guidance”).

[3] Rule 408 under the Securities Act of 1933 (“Securities Act”) and Rule 12b-20 under the Securities Exchange Act of 1934 (“Exchange Act”).

Modified: Sept. 22, 2021

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