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Climate Change

SEC Policing of Climate Disclosure May Pick Back Up

The former chair of the Securities and Exchange Commission is holding out hope for more aggressive policing of corporate reporting on climate change.

Mary Schapiro, who led the SEC when it issued climate guidance in 2010, said "we actually pretty actively policed the quality of disclosure under that guidance." After she left, there was less interest in the "highly politicized" issue.

"I sense today a strong interest in this issue again at the SEC," Schapiro said at the second-annual Sustainable Business Summit held by Bloomberg and Bloomberg BNA.

The commission recently asked for feedback on corporate reporting on climate change and other sustainability issues as part of a broad disclosure effectiveness review. A number of investors wrote in asking for better information.

Voluntary Efforts in Development

"Investors want the information," Schapiro said. So do regulators, who need it to understand "if risks are building in the financial system," she added.

But even though companies already have a legal obligation to disclose material risks, trends and uncertainties, they lack a cohesive framework for making those kinds of disclosures on climate change, she said. So they tend to use boilerplate language or none at all.

Schapiro is helping come up with recommendations for improving climate-related financial disclosures on a voluntary basis as part of a global task force set up by the Financial Stability Board.

By Andrea Vittorio

To contact the reporter on this story: Andrea Vittorio in Washington at avittorio@bna.com

To contact the editor responsible for this story: Larry Pearl at lpearl@bna.com