

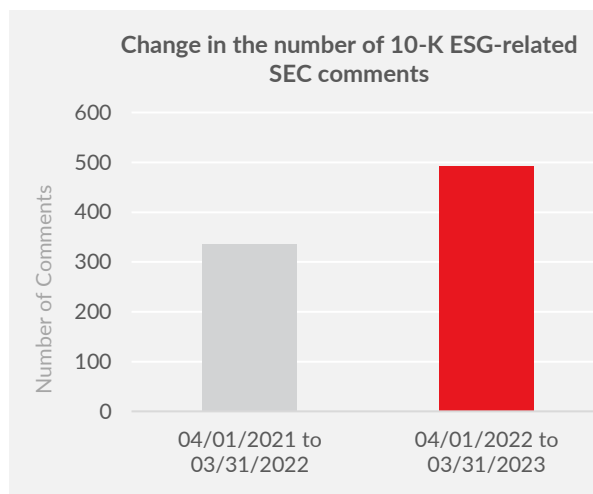
Compliance Matters: SEC's increasing focus on ESG-related disclosures

Three significant actions by the SEC all point in one direction—the SEC is prioritizing ESG-related topics:

- [Modernization of Regulation S-K](#), expanding human capital disclosure requirements
- [The creation of a Climate and ESG Task Force](#)
- [Proposed rule on climate-related disclosures](#)

For a deeper understanding of how the SEC's new ESG focus is affecting registrants' disclosures, we analyzed more than 800 10-K ESG-related comments in SEC comment letters, noting trends and gaining insights into some of the agency's most important areas of concern.

I. An analysis of recent SEC comments shows that ESG-related comments are on the rise.



II. The top 3 10-K topics seeing the fastest rise in ESG-related comments:

- MD&A - Results of Operations
- Financial Statements - General Comments
- Business Discussion - Environmental Matters

Topic*	4/1/21 - 3/31/22 335 Comments		4/1/22 - 3/31/23 492 Comments		Change	Change
	Count	% of total	Count	% of total	Count	% of total
MD&A / Results of Operations	200	59.7%	374	76.0%	87.0% ▲	16.3% ▲
Financial Statements / General Comments	196	58.5%	363	73.8%	85.2% ▲	15.3% ▲
Business Discussion / Environmental Matters	90	26.9%	188	38.2%	108.9% ▲	11.3% ▲

*A single topic/subtopic can be the subject of multiple comments.

III. The SEC is increasing its focus on 3 main subtopics:

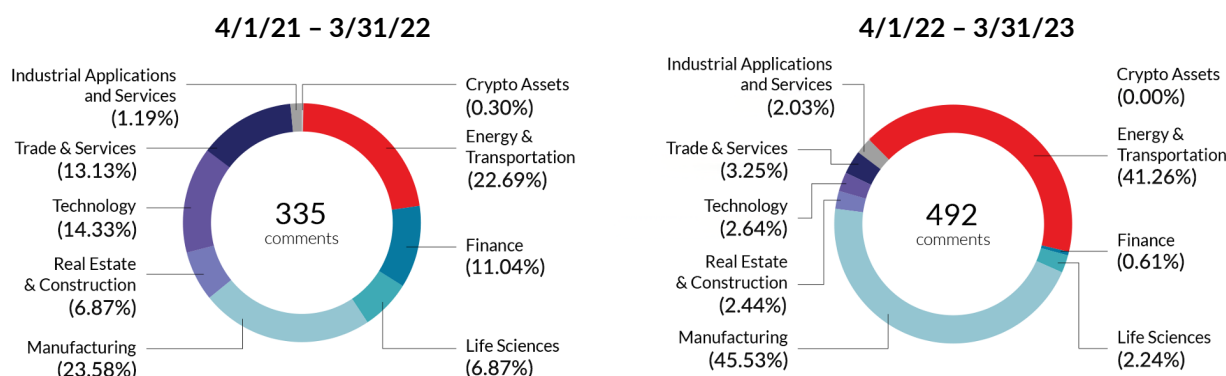
- Air Quality / Emissions / Clean Energy
- Data Security / User Privacy
- Climate Change Risks

Subtopic*	4/1/21 – 3/31/22 335 Comments		4/1/22 – 3/31/23 492 Comments		Change	Change
	Count	% of total	Count	% of total	Count	% of total
Air Quality / Emissions / Clean Energy	59	17.6%	108	22.0%	83.1% ▲	4.4% ▲
Data Security / User Privacy	14	4.2%	38	7.7%	171.4% ▲	3.5% ▲
Climate Change Risks	49	14.6%	85	17.3%	73.5% ▲	2.7% ▲

*A single topic/subtopic can be the subject of multiple comments.

IV. Analysis of SEC comments based on Industrial Classification: Industries under the Office of Manufacturing are seeing the fastest rise in ESG-related 10-K comments while those under the Office of Technology are seeing the fastest decline.

Comments by SEC Office*



* Note: Industries with SIC Codes currently under the purview of the Offices of Crypto Assets and Industrial Applications and Services will appear under those offices for all periods (including periods prior to the creation of the offices).

Our **Comment Letters database** enables you to quickly gain insight into the evolving focus and regulatory stance of the SEC. Drafting your ESG disclosure with these insights in mind can help you avoid commonly asked questions from the SEC and streamline your compliance process. [Contact us](#) to learn more.