

SEC CLIMATE RESCISSION

WHAT IT MEANS FOR CLIMATE RISK MANAGEMENT

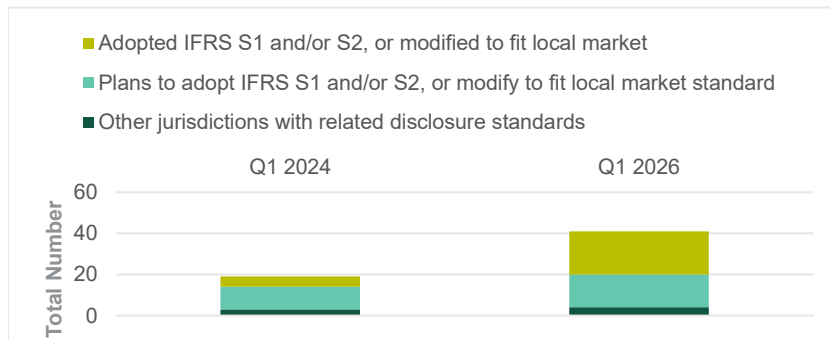
In May 2026, the U.S. Securities and Exchange Commission (SEC) issued a proposal to rescind its 2024 climate-related disclosure rule. The SEC indicated that the rules, which never formally took effect, were overly burdensome and costly. SEC Chair Atkins stated at the time “SEC disclosure obligations should comply with the Commission’s statutory authority, be guided by materiality as the North Star, avoid the practical effect of dictating corporate behavior, and be imposed only when the expected benefits justify the likely costs and burdens.”¹ Public comment on this rescission closed in early August, and it is anticipated that the SEC will issue a formal rule in Q4 of 2026.

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To contrast regulatory actions in the US, the number of jurisdictions globally which have adopted or plan to require climate related issuer reporting has been growing. As of February 2026, 40 global jurisdictions required, or planned to require, International Sustainability Standards Board (ISSB) related sustainability and climate related reporting or had related standards in place. This includes the UK, the EU, New Zealand and Hong Kong and represented approximately 60% of GHG emissions, 60% of global GDP and over 40% of global market cap². This is up from 19 jurisdictions in Q1 2024³.

EXHIBIT 1: NUMBER OF JURISDICTIONS

A growing number of jurisdictions globally have backed ISSB-related sustainability reporting frameworks and standards



Source: S&P Global Energy, Data as of Jan 22, 2026

¹ [SEC.gov | Statement on Proposing Release for Rescission of Climate-Related Disclosure Rules](https://www.sec.gov/news/press/2026/20260518.htm)

² [ap1b-issb-update.pdf](https://www.spglobal.com/energy/insights/publications/ap1b-issb-update.pdf)

³ [Where does the world stand on ISSB adoption? | S&P Global](https://www.spglobal.com/energy/insights/publications/where-does-the-world-stand-on-issb-adoption)

For investors, the rescission does not diminish the materiality of climate risk, with the vast majority of companies sourcing materials and selling goods across the globe. As was noted in our assessment of the [Repeal of the Greenhouse Gas Endangerment Finding](#), while the immediate effect is a regulatory rollback, the longer-term impact is greater legal and policy uncertainty as the U.S. diverges from global markets and certain state-level authorities. Many of these country-level reporting regimes are directionally aligned⁴ with the recommendations of the Taskforce on Climate Related Disclosures (TCFD), now under the auspices of the International Sustainability Standards Board (ISSB).

Focusing back on the US, some states have started parallel efforts to continue the disclosure push regardless of the federal regulations. California enacted a state law compelling comprehensive climate reporting for certain issuers with an initial reporting deadline November 10, 2026⁵. New York State has a bill awaiting state assembly with a proposed reporting deadline of 2028 for certain issuers. Other states have drafted and socialized proposed reporting frameworks, but as of this time have not progressed. These divergences themselves foster potential risks for issuers. Issuers operating across different jurisdictions may be compelled to report according to divergent frameworks resulting in differing or inconsistent reporting results based on legal entities, duplicative reporting, and/or additional legal and verification expenses.

We view the absence of common and consistent reporting expectations as a potential risk for investors that may lead to incomplete data or differing methodologies in company released reports. Voluntary disclosure of metrics, in the majority of instances, omits the contextual and strategic information investors need to assess relative positioning across industries. The context companies provide via reporting through IFRS S2 or TCFD help provide investors valuable information on strategy and risk management for better decision making in a transitioning global economy,

NTAM supports access to clear, consistent and comparable material climate related data without being overly burdensome. Through our corporate stewardship activities, we encourage our portfolio companies to demonstrate effective oversight and disclosure of climate related risks and opportunities aligned with the best practices articulated by the TCFD, ISSB and NZIF 2.0⁶. We voiced our support for consistent climate related financial disclosures including scope 1 and 2 and where material scope 3 greenhouse gas emissions consistent with common industry frameworks in a comment to [the SEC](#), and [the ISSB](#) in 2022. As investors, we realize the limitations around the disclosure of Scope 3 emissions across industries – some focus on upstream or downstream while others attempt to disclose all 17 aspects. Scope 3 reporting is still in a nascent phase across the globe, and we have published views on how asset owners can overcome some of the challenges in [Accounting for Climate Change: Scope 3 Emissions and Their Effective Capture](#).

The good news for investors is that the vast majority of US companies are reporting on Scope 1 and 2 emissions. Per ISS Climate, as of June 30, 2026, 87% of S&P 500 companies and 73% of Russell 1000 companies report on Scope 1+2 which represents 95% and 92% of market capitalization, respectively. This disclosure is a great stride by US domiciled companies, but too many lack

⁴ [Chart-on-Global-Climate-Disclosure-Regimes-March-2026.pdf](#)

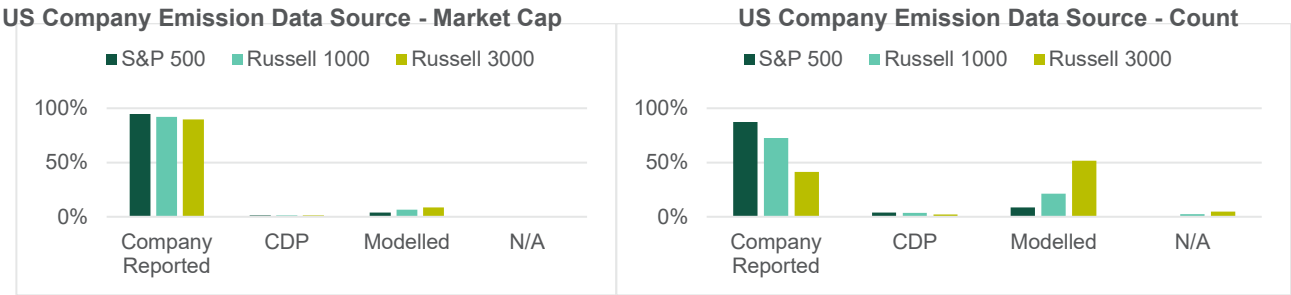
⁵ [All about California's climate laws](#)

⁶ [Stewardship in Focus: Climate Risk Management](#)

further contextual disclosure around governance, risk management, and strategy of climate-related risks.

EXHIBIT 2: AVAILABILITY OF EMISSIONS DATA FOR U.S. COMPANIES

Many large cap companies included in large cap U.S. indexes report scope 1 and scope 2 emissions data



Source: Northern Trust Asset Management, ISS Climate. Data as of Aug 18,2026.

THE TAKEAWAY: INVESTOR IMPACT

The rescission of the SEC climate rule might inhibit efficient and effective evaluation of climate risk for investment decision-making. For long-term investors, the priority remains the same: transparent, financially relevant information that is easily comparable helps investors evaluate material climate risks, manage costs and encourage sustainable value creation over time.

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