

opportunities or risks for companies. For example, an issuer may face decreased demand for goods that produce significant greenhouse gas emissions or increased demand for goods that result in lower emissions than competing products. An issuer should consider disclosure relating to the actual or potential indirect consequences it may face as a result of these developments, including, for example, reputational harm.

- **Physical Impacts of Climate Change:** An issuer should evaluate for disclosure purposes the actual and potential material impacts of environmental matters on its business. Rising seas, stronger storms and increased drought, for example, could have a material effect on production and distribution, as well as damage property, plant and equipment. Other examples include disclosure relating to changes in the availability of natural resources on which an issuer relies or hazards to coastal properties securing loans made by an issuer.

Commissioners Troy Paredes and Kathleen Casey dissented from the vote. They cited a number of concerns, including that:

- The Commission has more pressing priorities.
- The guidance could foster confusion and uncertainty given the speculative nature of determining the potential reputational and physical effects on an issuer of climate change.
- The guidance could result in additional disclosure that is not useful to investors.
- Existing rules already suffice to result in appropriate disclosure on climate change-related issues.
- Climate change continues to be debated vigorously and the Commission could be viewed as having taken a position on the issue.

The Commission's press release relating to the guidance can be

found at the following link:

<http://www.sec.gov/news/press/2010/2010-15.htm>. The Commission has indicated that it will post the interpretive release as soon as possible.

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