

March 4, 2021

SEC Division of Enforcement Forms New Climate and ESG Task Force to Target
ESG-Related Misconduct and Potential Violations

Last week, the SEC Division of Corporation Finance [announced](#) it would enhance its focus on climate-related disclosures and risks at the direction of the Acting Chair of the SEC. Today, the SEC [announced](#) a new Climate and ESG Task Force within the SEC's Division of Enforcement. This Enforcement Task Force will be heavily resourced, have access to ESG-related whistleblower complaints and referrals and focus on proactively identifying ESG-related misconduct (such as material disclosure "gaps" and misstatements), including by using data analysis to identify potential violations.

The Division of Enforcement's Climate and ESG Task Force will seek to: (1) identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules; (2) evaluate and pursue tips, referrals, and whistleblower complaints on ESG-related issues; (3) analyze disclosure and compliance issues relating to investment advisers' and funds' ESG strategies; (4) provide expertise and insight to teams working on ESG-related matters across the Division of Enforcement; (5) complement the agency's other initiatives in this area, including the [recent appointment](#) of Satyam Khanna as a Senior Policy Advisor for Climate and ESG; and (6) work closely with other SEC Divisions and Offices, including the Divisions of Corporation Finance, Investment Management, and Examinations.

Acting SEC Chair, Allison Herren Lee, and Acting Deputy Director of Enforcement, Kelly L. Gibson, made the following statements in connection with the Task Force's creation:

"Climate risks and sustainability are critical issues for the investing public and our capital markets," said Acting Chair Allison Herren Lee. "The task force announced today will play an important role in enhancing and coordinating the efforts of the Division of Enforcement, the Office of the Whistleblower, and other parts of the agency to bolster the efforts of the Commission as a whole on these vital matters."

"Proactively addressing emerging disclosure gaps that threaten investors and the market has always been core to the SEC's mission," said Acting Deputy Director of Enforcement Kelly L. Gibson, who will lead the task force. "This task force brings together a broad array of experience and expertise, which will allow us to better police the market, pursue misconduct, and protect investors."

Since we created our own [ESG Metrics Task Force](#) in January 2020 building on our prior work around [corporate governance](#) and the [New Paradigm](#), [shareholder activism](#), [M&A](#), [risk oversight](#), [compliance](#) and [enforcement](#)-related issues in this area, we have regularly cautioned issuers to prepare for expanded regulatory scrutiny and emphasized the need to navigate the heightened attention and focus being paid to ESG and sustainability-related matters by institutional investors, companies and other stakeholders.

The SEC's creation of an Enforcement Climate and ESG Task Force will further encourage companies to increase the attention they have been paying to their strategy in dealing with, disclosing and complying with evolving requirements as to these matters.

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