

Scope 3 or Not, Climate Rule Will Open Companies to Litigation

Media Mentions

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With the Securities and Exchange Commission’s proposal on climate-related disclosures likely resulting in more litigation for companies, Bracewell’s **Rachel Goldman** [discussed with Agenda](#) how the safe harbor in the proposed rule could protect companies from potential litigation based on Scope 3 emissions disclosures, which are the indirect emissions resulting from a company’s value chain.

“The safe harbors are very important because there is so much uncertainty as to Scope 3 and the requirement that one entity have responsibility for another’s information over which the first entity has little, if any, control,” said Goldman. “However, the safe harbors are not absolute by any means and do leave open potential for significant liability.”

A key factor in determining the scope of litigation risk is whether the final rule will require companies to report on Scope 3 emissions. Climate advocates have urged the SEC not to drop the Scope 3 requirement, pointing to these emissions as the biggest chunk of a company’s greenhouse gas portfolio.

The rule is slated to be finalized in April.

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