

# Climate Disclosure Regimes Offer Insights for Future US Policy

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In recent years, U.S. companies have faced increased climate-related risks — both physical risks like wildfire, drought, and flooding and transition risks like changing policy landscapes and shifting consumer preferences — prompting some companies to embrace climate risk assessment and emissions reporting. At the same time, investors, consumers, and other stakeholders are demanding more transparent, comparable information about these growing risks. In response to this call, many jurisdictions, including California and the European Union (EU), have enacted corporate climate-related disclosure requirements.<sup>1</sup>

As federal climate disclosure efforts stall in the U.S., the California and EU reporting regimes offer a timely natural experiment — and lessons for future U.S. policy. The two frameworks reflect distinct legislative approaches. California focuses narrowly on climate-related risks and emissions, aiming to drive transparency for markets and consumers and, ultimately, compel emissions reductions. The EU embeds climate disclosures within a sweeping environmental, social, and governance (ESG) framework, applying a double materiality standard that explicitly requires companies to assess their own environmental impact. These structural differences raise pressing questions: which approach yields more complete and comparable disclosures, and which more effectively shapes corporate and investor decision-making? As reporting data accumulate in the coming years, policymakers have an opportunity to evaluate what works and to apply those lessons to the design of durable federal climate disclosure policy.

This paper examines the current state of climate disclosure requirements in California and the EU, analyzes early voluntary climate risk reporting in California, and identifies key questions for federal policymakers designing future U.S. climate disclosure policy.

## Trump-era setbacks in disclosure landscape

The Biden administration Securities and Exchange Commission (SEC) finalized a climate-related risk disclosure rule in March 2024, which required public companies to disclose information about climate risks and, for a subset of large companies, greenhouse gas emissions as part of their annual corporate reporting.<sup>2</sup> An onslaught of litigation followed the release of the final rule, and nine circuit court challenges from industry groups, states, and NGOs were consolidated in the Eighth Circuit. The SEC announced that it would pause compliance with the rule while the litigation proceeded, and it has never gone into effect.

Early in the Trump administration, as part of the ongoing litigation, the SEC asked the court to rule on the merits of the climate-related risk disclosure rule, presumably in an effort to hamstring future climate disclosure regulations. The court declined and directed the SEC to decide the fate of the rule;

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<sup>1</sup> Jurisdictions with mandatory reporting include Australia, Brazil, Canada, China, the European Union, Hong Kong, Japan, Jordan, Kuwait, New Zealand, Oman, Qatar, Singapore, the United Arab Emirates, the United Kingdom. Other countries have voluntary reporting standards or are in the process of adopting standards. See Harvard EELP, Global Climate Disclosure Regimes (Feb. 2026), <https://eelp.law.harvard.edu/global-climate-disclosure-regimes/>.

<sup>2</sup> See Harvard EELP, The Securities and Exchange Commission Finalizes a Narrower Climate-Related Risk Disclosure Rule (March 2024), <https://eelp.law.harvard.edu/the-securities-and-exchange-commission-finalizes-a-narrower-climate-related-risk-disclosure-rule/>.

meanwhile, the litigation has been held in abeyance. The SEC took steps to rescind the rule in May 2026 by sending a repeal to the White House for review.<sup>3</sup>

Given the political shifts in the U.S. and elsewhere, we have seen companies begin to backtrack — or at least become quieter about — their climate ambitions. For example, some global energy companies have walked back emissions targets.<sup>4</sup> Meanwhile, many of the largest U.S. financial firms that set climate targets and joined net zero alliances to support their goals have left these alliances,<sup>5</sup> although some have reaffirmed their climate commitments.<sup>6</sup> Other companies are holding course with climate commitments, but in many cases less publicly.<sup>7</sup> These shifts give disclosure requirements that remain greater salience as tools to allow stakeholders to understand what is happening within those companies. For companies not required to disclose climate risks, it also presents an opportunity to consider the benefits of voluntary disclosures and how any future federal program could build on those disclosures.

### California reporting begins despite litigation

California passed two disclosure laws in 2023. The Climate Related Financial Risk Reporting Act (SB 261) requires companies with at least \$500 million in revenue that are doing business in California to disclose climate risks and opportunities on a biennial basis.<sup>8</sup> The Climate Corporate Data Accountability Act (SB 253) directs companies with at least \$1 billion in revenue that are doing business in California to report scopes 1, 2, and 3 greenhouse gas emissions annually.<sup>9</sup> The California Air Resources Board (CARB) has worked to implement the laws while facing legal challenges from industry.<sup>10</sup>

California's risk reporting requirements were slated to go into effect in January 2026, but the Ninth Circuit paused enforcement pending the outcome of litigation brought by the Chamber of Commerce and other industry groups.<sup>11</sup> In response, California announced that climate risk reporting is voluntary during this pause.<sup>12</sup> This litigation leaves companies uncertain about the timing and scope of reporting, though it is clear from the voluntary reports that some companies are taking steps to prepare and report.

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<sup>3</sup> See Harvard EELP, Financial Regulation, Climate Change, and Climate-related Risk Disclosure Regulatory Tracker, <https://eelp.law.harvard.edu/tracker/financial-regulation-climate-change-and-climate-related-risk-disclosure/>.

<sup>4</sup> See, e.g., BP, Our net zero ambitions and aims (Feb. 2025) <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-net-zero-aims-at-a-glance.pdf>; TotalEnergies, Energy Transition, <https://totalenergies.com/energy-transition>.

<sup>5</sup> Reuters, Net-Zero Banking Alliance folds after mass exodus by members (Oct. 2025) <https://www.reuters.com/sustainability/cop/net-zero-banking-alliance-stop-operations-after-member-vote-2025-10-03/>.

<sup>6</sup> See, e.g., Gina Heeb, Big Banks Flee Climate Coalition Formed to Reduce Carbon Emissions, Wall Street Journal (Jan. 2, 2025) <https://www.wsj.com/finance/banking/big-banks-flee-climate-coalition-formed-to-reduce-carbon-emissions-72923e2f>; see more generally America is All In, Who's In, <https://www.americaisallin.com/whos-in>.

<sup>7</sup> Net Zero Stock Take 2025, <https://zerotracker.net/analysis/net-zero-stocktake-2025>.

<sup>8</sup> Greenhouse Gases: Climate-related Financial Risk, S.B. 261, 2023-2024 Leg. (Cal. 2023).

<sup>9</sup> The Climate Corporate Data Accountability Act, S.B. 253, 2023-2024 Leg. (Cal. 2023). In the regulations, “‘Doing business in California’ means doing business and meeting either of the criteria set forth in subsections 23101(b)(1) or 23101(b)(2) of the California Revenue and Taxation Code. Wholesale sales of electricity do not count for purposes of determining an entity’s sales in California under Revenue and Taxation Code section 23101(b)(2).” Cal. Code Regs. tit. 17, § 96202 (2025).

<sup>10</sup> See EELP, Litigation Updates on California’s New Climate Disclosure Laws (Feb. 2024), <https://eelp.law.harvard.edu/litigation-updates-on-californias-new-climate-disclosure-laws/>.

<sup>11</sup> *Chamber of Commerce v. Sanchez*, No. 25-5327 (9th Cir.).

<sup>12</sup> Cal. Air Resources Board, Enforcement Advisory (Dec. 2025), <http://ww2.arb.ca.gov/sites/default/files/2025-12/Dec%201%20SB%20261%20Enforcement%20Advisory.pdf>.

In the Chamber of Commerce challenge, the Ninth Circuit heard oral argument in January 2026 focusing on First Amendment concerns related to disclosure, with the Chamber arguing that the regulation compels speech unlawfully.<sup>13</sup> California defended the rule by arguing that the disclosures are commercial speech that does not implicate First Amendment concerns. In addition, the court questioned the feasibility of scope 3 greenhouse gas reporting, including obtaining data from third parties to calculate these emissions, and other issues. CARB faces a more recent legal challenge filed by Exxon Mobil in the District Court for the Eastern District of California, also arguing the reporting requirements are compelled speech that violates the First Amendment.<sup>14</sup>

Despite this pending litigation, in February 2026, CARB finalized regulations implementing both statutes, establishing fees, and setting an initial deadline for scopes 1 and 2 greenhouse gas reporting of August 10, 2026.<sup>15</sup> Companies will be required to file a report on CARB's website consistent with any of the methodologies identified by the statute as well as posting climate risks on their own websites and, for greenhouse gas disclosures, CARB is developing reporting templates.

California's regulations offer a test case for effective disclosure in the absence of a federal scheme, covering a wide swath of over 4,000 large companies doing business in the state.<sup>16</sup> California's disclosure policies are market-focused, designed to provide comparable, transparent information for investors and markets. This includes businesses from many sectors, from health care to financial services to agriculture to hospitality. Notably, California requires reporting from private companies as well as public in contrast to the never-implemented federal rule. The text of SB 261 explains that "consistent, higher level, and mandatory disclosures are needed from all major economic actors," including private companies, to provide adequate transparency.<sup>17</sup> CARB may hire a contractor to consolidate the reports to identify "systemic and sector wide climate-related financial risks facing the state" as well as emissions trends.<sup>18</sup> Prior to the court decision pausing enforcement, CARB already planned to "use enforcement discretion for good-faith first-year submissions," allowing companies to acclimate to the new requirements.<sup>19</sup>

### **Initial voluntary reporting under California's new disclosure regime**

Despite a court ruling that paused SB 261's enforceability, over 145 companies voluntarily disclosed their climate risk to CARB as of April 2026.<sup>20</sup> The reporting companies include a mix of private and public companies across a range of sectors, for example technology, health care, real estate, consumer goods, and hospitality.

Many reporting companies prepared climate risk assessments in prior years as part of corporate reporting — either through their voluntary sustainability reports or in other jurisdictions including the

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<sup>13</sup> *Chamber of Commerce v. Sanchez*, Docket No. 25-5327 (9th Cir.).

<sup>14</sup> *Exxon Mobil Corporation v. Sanchez*, Docket No. 2:25-at-01462 (E.D. Cal.).

<sup>15</sup> Note that the regulations exempt several types of entities from reporting requirements, including non-profits, government entities, utilities, and insurance companies. The approved regulations also address program fees and enforcement. See CARB, California Corporate Greenhouse Gas (GHG) Reporting and Climate Related Financial Risk Disclosure Programs, <https://ww2.arb.ca.gov/our-work/programs/california-corporate-greenhouse-gas-ghg-reporting-and-climate-related-financial>.

<sup>16</sup> Cal. Air Resources Board Preliminary List of Companies Subject to SB261 and/or SB 253 Reporting (Sept. 2025), [https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fww2.arb.ca.gov%2Fsites%2Fdefault%2Ffiles%2F2025-09%2FSB%2520253\\_261\\_preliminary\\_list\\_092425.xlsx&wdOrigin=BROWSELINK](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fww2.arb.ca.gov%2Fsites%2Fdefault%2Ffiles%2F2025-09%2FSB%2520253_261_preliminary_list_092425.xlsx&wdOrigin=BROWSELINK).

<sup>17</sup> The Climate Corporate Data Accountability Act, S.B. 253, 2023-2024 Leg. (Cal. 2023).

<sup>18</sup> Cal. Health & Safety Code § 38533(d)(1).

<sup>19</sup> Cal. Air Resources Board, CARB approves climate transparency regulation for entities doing business in California (Feb. 2026), <https://ww2.arb.ca.gov/news/carb-approves-climate-transparency-regulation-entities-doing-business-california>.

<sup>20</sup> Cal. Air Resources Board, SB 261 Reporting Docket, [https://ww2.arb.ca.gov/approved-comments?entity\\_id=47456](https://ww2.arb.ca.gov/approved-comments?entity_id=47456).

EU. The European and United Kingdom-based companies reporting in California generally had experience reporting in their home jurisdictions, while some larger U.S. companies had also reported their climate risks on a voluntary basis in the past.

However, roughly half of the reporting companies — many of them private or smaller U.S.-based companies — appeared to be reporting their climate risks publicly for the first time. The percentage of first-time reporters suggests that California’s laws are spurring companies that have not publicly reported their climate risks in the past to do so, even with enforcement paused by the court.

In our initial analysis of substantive areas of reporting focus, we identified some key features of reporting based on 145 companies as of April 2025.

- **Reporting format.** Nearly all submitted disclosures follow the globally-recognized Task Force on Climate-related Financial Disclosures (TCFD) format for climate risk disclosure, even though the legislation allows companies to use several reporting formats, including TCFD, International Sustainability Standards Board (ISSB), which took over for the TCFD in standardizing climate risk reporting, or equivalent reporting prepared for another government entity consistent with these standards.<sup>21</sup>
- **Climate-related risks.** Companies identified a range of climate-related risks, largely categorized following the TCFD approach.<sup>22</sup> Consistent with TCFD reporting, most companies reported physical and transition risks. A few reporting companies focused on California-specific risks, while most reflected the company’s wider footprint.
  - **Physical risks.** Physical risks include acute and chronic risks associated with physical impacts from climate hazards such as extreme heat, drought, flooding, and wildfire exposure. Companies identified a range of physical risks including increased risks of wildfires, air pollution, drought, flooding, and heat. Frequently named risks include risks to physical facilities including flooding and increased use of HVAC, risks to worker health from poor air quality, and supply chain disruption from extreme weather events, including challenges with procurement of raw materials.
  - **Transition risks.** Transition risks include risks from shifts in law and policy, technology, markets, and company reputation. For transition risks, companies generally called out policy changes, including decarbonization requirements in California and other jurisdictions, and increased reporting requirements in California, the EU, and other places. Companies noted the risk of higher utility costs from energy and water stress. Companies identified changing insurance conditions as a risk at a time when some insurers have pulled back their coverage in California.<sup>23</sup> Some companies also identified the changing consumer preferences and possible reputational risk due to inability to meet their climate goals or their sector being highly carbon intensive.

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<sup>21</sup> Note that the TCFD completed its work and disbanded. The International Sustainability Standards Board (ISSB) has “fully incorporated” TCFD recommendations into its standards, International Financial Reporting Standards Foundation (“IFRS”) S1 and S2 guidance. See <https://www.ifrs.org/sustainability/tcfid/>.

<sup>22</sup> California defines climate-related financial risk as: “material risk of harm to immediate and long-term financial outcomes due to physical and transition risks, including, but not limited to, risks to corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, institutional investments, financial standing of loan recipients and borrowers, shareholder value, consumer demand, and financial markets and economic health.” Cal. Health & Safety Code § 38533(a)(2) (2025).

<sup>23</sup> See, e.g., Todd Woody, Even low-risk homes are caught up in California’s climate-driven insurance crisis, Los Angeles Times (Mar. 18, 2026), <https://www.latimes.com/environment/story/2026-03-18/even-low-risk-homes-are-caught-up-in-californias-insurance-crisis>.

- **Business opportunities.** Some companies also identified opportunities related to climate change, including business opportunities for sustainability services, technology investments, or acquisitions in electrification and electric vehicles.

These initial filings represent a small sample of the universe of over 4,000 companies covered by California's climate risk disclosure, but they suggest that the regulation is prompting new disclosure and that in response, at least some companies are building new capacities to report. Notably, these disclosures are in narrative form and do not quantify potential financial impact or assert that any of these risks are financially material to the companies. They also vary in the extent to which they identify steps to response to or mitigate those risks.

### EU disclosure narrows scope

The European Union's corporate sustainability reporting law, the Corporate Sustainability Reporting Directive (CSRD), went into effect in 2023.<sup>24</sup> Each EU member country sets its own specific reporting rules transposing the CSRD. Reporting under the CSRD, consistent with the European Sustainability Reporting Standards (ESRS), requires companies to report broadly on environmental, social, and governance issues including climate change. Importantly, companies report both on the social and environmental risks they face *and* how company actions affect people and the environment under the EU double materiality standard. Companies also report their scopes 1, 2, and 3 greenhouse gas emissions if they are material under the double materiality standard. In addition to the CSRD's reporting requirements, the Corporate Sustainability Due Diligence Directive (CSDDD), adopted in 2024, will require corporate action: large companies will conduct due diligence on human rights and environmental risks in their supply chains and take steps to prevent and remediate harms.<sup>25</sup> California's risk and emissions reporting requirements represent one small piece of the EU's wider set of requirements.

Given these comprehensive requirements, reporting under the CSRD is extensive. Companies report on a range of ESG issues including climate change, pollution, water, biodiversity, and resource use as well as social issues like human rights and working conditions and governance standards including corporate conduct and anti-corruption efforts, as a review of recent CSRD reports housed in corporate sustainability reporting materials demonstrates.<sup>26</sup> Companies will also report annually on their activities under the CSDDD starting in 2029.

While CSRD reporting is moving ahead, the European Commission delayed the reporting timeline in 2025<sup>27</sup> and reduced the number of covered companies in 2026.<sup>28</sup> The Commission narrowed reporting requirements to companies with more than 1,000 employees and over €450 million net

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<sup>24</sup> Directive 2022/2464, of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, 2022.

<sup>25</sup> Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, 2024.

<sup>26</sup> See EFRAG, State of Play 2025, <https://insights.efrag.org/>. Note that the European Single Access Point, which will post financial and sustainability reports, is under development. See European Securities and Market Authority, European Single Access Point, <https://www.esma.europa.eu/esmas-activities/data/european-single-access-point-esap>.

<sup>27</sup> Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements, [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L\\_202500794](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202500794).

<sup>28</sup> Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L\\_202600470](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202600470).

turnover<sup>29</sup> and delayed reporting deadlines by two years for companies that have not begun reporting. Non-EU companies will need to report if they have both an EU consolidated turnover over €450 million and a subsidiary or branch in the EU with turnover over €200 million.<sup>30</sup> With these changes, roughly 80 percent of previously covered entities are exempt. Substantively, the revisions reduced value chain requirements, weakened auditing requirements to limited assurance, and removed required climate transition planning that had been part of the CSDDD, among other changes. Member states will transpose these updates into national law in 2027, with the option to exempt companies from reporting for Fiscal Years 2025 and 2026. U.S. companies with large EU subsidiaries have already begun reporting; others will begin in 2029.

## A natural experiment

As U.S. companies report in California and the EU in the coming years, policymakers can compare the impacts of these two disclosure regimes. From the start, the policies took differing approaches based on their legislative mandates and objectives: California took targeted, climate-focused action to fill the gap left by the SEC's failure to implement a federal climate-related risk disclosure rule, while the EU sought to be an early mover to standardize reporting on a broad set of environmental, social, and governance impacts as part of its Green Deal effort aimed at setting Europe on the path to a green transition. Given the "California effect" on U.S. regulation<sup>31</sup> and the "Brussels effect" on global markets,<sup>32</sup> these jurisdictions play important roles in shaping corporate behavior.

California's disclosure policies are narrowly focused on climate-related disclosure and designed to provide comparable, transparent information for investors and buyers about greenhouse gases and climate risks specifically. As CARB explains, "[t]he program aims to ensure that accurate, comparable, and decision-useful climate information is made available to investors and consumers."<sup>33</sup> These rules also create the baseline for tracking corporate efforts on decarbonization and managing climate risks by regulators, investors, and others, which could in turn shift corporate behavior and alter investor decisions.<sup>34</sup>

In contrast, the EU has a wider lens given its sustainability-driven, outcome-focused mandate passed in the context of the European Green Deal that incorporates consideration of a broader set of environmental and social impacts.<sup>35</sup> When the European Union first adopted the CSRD in 2022, the Minister for Industry and Trade explained that, "[t]he new rules will make more businesses accountable for their impact on society and will guide them towards an economy that benefits people

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<sup>29</sup> Previously, EU companies were covered by the regulation if they met two of the following criteria: 250 employees, €50 million net turnover, €25 million total balance sheet, or if they were small or medium enterprises on a listed market.

<sup>30</sup> Previously, non-EU companies were covered if they had EU turnover above €150 million and a large subsidiary in the EU or an EU branch with turnover above €40 million.

<sup>31</sup> David Vogel, *Trading Up: Consumer and Environmental Regulation in a Global Economy*, Harvard University Press (1995).

<sup>32</sup> Anu Bradford, *The Brussels Effect: How the European Union Rules the World*, Oxford University Press (2020).

<sup>33</sup> Cal. Air Resources Board, California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs: Frequently Asked Questions Related to Regulatory Development and Initial Reports (July 2025)

<https://ww2.arb.ca.gov/sites/default/files/2025-07/FAQs%20Regarding%20California%20Climate%20Disclosure%20Requirements.pdf>.

<sup>34</sup> For an assessment of possible impacts on investment decisions, see Sunil Dutta, Jinsung Hwang & Panos Patatoukas. Full emissions disclosure under California Senate Bill 253 could change carbon evaluations and redirect investment. *Commun. Sustain.* 1, 42 (2026). <https://doi.org/10.1038/s44458-026-00051-9>. For a review of the literature on the impact of disclosure regimes on emissions reductions and other outcomes, see Cynthia Hanawalt and Andy Fitch, Behavioral Effects of Corporate GHG Emissions Disclosures, Sabin Center for Climate Change Law (2025), [https://scholarship.law.columbia.edu/sabin\\_climate\\_change/256/](https://scholarship.law.columbia.edu/sabin_climate_change/256/).

<sup>35</sup> European Commission, Corporate sustainability reporting (Dec. 2025) [https://finance.ec.europa.eu/financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en).

and the environment.”<sup>36</sup> The EU’s suite of prescriptive and granular reporting requirements include the CSRD, which requires companies to disclose a range of environmental impacts including scopes 1, 2, and 3 greenhouse gas emissions, and in coming years the CSDDD, which follows a “risk-based human rights and environmental due diligence” approach to end harms caused by the business.<sup>37</sup> In addition, the EU’s double materiality approach — requiring companies to report on the impact of the company on the environment and climate as well as the impact of climate change on the company — reflects this view of the corporation as responsible for impacts beyond shareholder value. Under EU regulations, reporting climate risk following the TCFD format is just one component of overall sustainability reporting.

The varying objectives of these two disclosure systems inform their design. California’s disclosure regulations focus on assessing climate risks and greenhouse gas emissions. They are flexible, accepting a range of reporting formats. In the EU, by contrast, companies face extensive and detailed reporting requirements on a range of environmental, social, and governance issues. Companies reporting to the EU consider both risks that climate poses to the company and the company’s impact on the climate. For each of these regimes, complete, robust reporting that does not obfuscate information about emissions or other climate risks will be critical. However, the EU’s regulation is likely more behavior-forcing than California’s given requirements to assess double materiality when considering risks.

While the EU has rolled back deadlines and substantive requirements for these regulations, California’s requirements remain much narrower and comparatively more flexible, allowing companies to report using a variety of approved formats and attempting to be interoperable with existing reporting regimes. Given the dominance of the TCFD/IFRS2 templates for climate risk reporting and the Greenhouse Gas Protocol for greenhouse gas emissions reporting, we will watch whether one approach elicits more complete disclosure and whether disclosure requirements coalesce around international standards.

### Questions for designing future U.S. federal policy

The California and EU reporting regimes raise interesting questions that can inform future federal policy. As reporting in both jurisdictions and others around the world progresses, we will have more information about how to design an effective U.S. federal reporting regime. Policymakers may consider:

- **Data quality, transparency, and comparability.** As reporting gets underway in the EU and California, how well are these policies working as currently designed? Do the disclosures provide sufficiently specific, comparable, actionable information to the markets or to other stakeholders without selectivity or obfuscation? Does the pressure of public disclosure compel decarbonization within companies that would not have otherwise happened, as studies of other disclosure programs suggest?<sup>38</sup>
- **Interoperability and reporting burden.** What is the optimal way to design for interoperability of reporting programs? From the volume of TCFD reporting on a voluntary basis in California, we

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<sup>36</sup> Council of the EU, Council gives final green light to corporate sustainability reporting directive (Nov. 2022), <https://www.consilium.europa.eu/en/press/press-releases/2022/11/28/council-gives-final-green-light-to-corporate-sustainability-reporting-directive/>.

<sup>37</sup> Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, 2024.

<sup>38</sup> See, e.g., Cynthia A. Williams, *Does Climate Disclosure Work to Reduce Greenhouse Gas Emissions? Emerging Evidence Suggests Cautious Optimism*, 48 SEATTLE U. L. REV. 571 (2025).

have seen the power and utility of reporting interoperability. Reducing the compliance burden on companies is valuable, but does this format result in sufficiently granular information? If interoperability is deemed important, could other U.S. states considering climate disclosure laws opt into the California reporting requirements to ensure consistency?

- **Starting point for U.S. federal disclosures.** What data would policymakers need to design a federal disclosure program predicated on new legislation to enable broader disclosures that incentivize action on climate change? If companies work now to improve climate risk management and emissions tracking, putting the pieces in place to report to relevant jurisdictions, can future federal regulation assume a different starting point?
- **Legal risks for regulators.** How can future US disclosure regulation mitigate legal risk? As litigation challenging California's disclosure laws demonstrates, legal risk centering on the First Amendment is an important consideration in policy design. The outcome of litigation in the Ninth Circuit will inform the design of future federal legislation that mitigates this risk.
- **Litigation risk for companies.** In this political moment, is there a risk that these requirements discourage companies from setting goals and taking other steps because of fear of scrutiny and litigation if they fall short or, conversely, the political risk of acting on climate change?

We will be tracking developments that help to evaluate these questions on the Harvard Environmental and Energy Law Program's [Financial Regulation, Climate Change, and Climate-related Risk Disclosure](#) regulatory tracker page.