SEC Rulemaking Update
Public Company Climate Disclosures Final Rulemaking

On March 6, 2024, the Securities and Exchange Commission (***SEC***) adopted final rules for public companies requiring disclosure of certain climate-related information in registration statements or prospectuses and annual reports. The effective date for the rules was set for May 28, 2024, with staggered compliance dates according to the filing status of the registrant. However, multiple legal challenges were immediately filed to be heard on a consolidated basis in the Eighth Circuit. Accordingly, on April 4, 2024, the SEC announced that it would voluntarily stay its final climate disclosure rules pending judicial review. The earliest compliance dates for large, accelerated filers would have been for fiscal year 2025 with reporting in 10-Ks beginning in March 2026. Greenhouse gas (***GHG***) emissions reporting for those filers would have been required for fiscal year 2026 but not reported until March 2027. For other accelerated filers, compliance dates would have been for fiscal year 2026, with GHG emissions reporting not until 208. For emerging growth companies and smaller reporting companies, compliance dates would have been for fiscal year 2027 with no GHG reporting.

While the SEC intentionally did not include prescriptive requirements or controls that firms must adopt related to limiting or controlling climate-related risks, the final rules instead would require registrants to fully disclose their practices related to such activities. Required disclosures include:

- ***Climate-Related Risks*** – That have materially impacted or are reasonably likely to have a material impact on the registrant's business strategy, results of operations, or financial condition in the short term (next 12 months) or long-term (beyond 12 months).
- ***Impact of Climate-Related Risks*** – The actual and potential material impact of the registrant's strategy, business model, and outlook as well as 1) transition plans adopted to reduce climate-related risks; 2) scenario analysis utilized in assessing climate-related risk exposures; and 3) the use of internal carbon pricing as a planning tool to evaluate climate-related risks and opportunities.
- ***Governance Disclosure*** – Board and management oversight of climate-related risks and any specific management positions, committees, or subcommittees responsible for such oversight.
- ***Risk Management Disclosure*** – Information regarding how the firm identifies, assesses, and manages material climate-related risks.

- ***Targets & Goals Disclosure*** – Any climate-related targets or goals– including the use of carbon offsets or renewable energy credits – if such targets or goals have materially affected or are reasonably likely to materially affect the registrant's business, results of operations, or financial condition.
- ***GHG Emissions Disclosures*** – Disclosure regarding scope 1 (direct) and scope 2 (indirect) GHG emissions, if such emissions are material, based on the amount of emissions and whether a reasonable investor would consider the disclosure of such information important when making an investment or voting decision. Where GHG emissions disclosure is required, the registrant must include an attestation report covering the disclosures.
- ***Financial Statement Effects*** – Disclosure regarding financial expenditures 1) as a result of severe weather events and other natural conditions, subject to applicable de minimis thresholds; and 2) related to carbon offsets and renewable energy credits if used as a material component of the registrant's climate-related risk management. If the estimates and assumptions a registrant used to produce financial statements were materially impacted by risks and uncertainties related to such events, the firm must describe such impact in financial statement footnotes.

See Final Rule - https://www.sec.gov/rules/2022/03/enhancement-and-standardization-climate-related-disclosures-investors