

SEC PROPOSED RULE: Enhancement & Standardization of Climate-Related Disclosures for Investors



On March 21, 2022, the **U.S. Securities and Exchange Commission** announced a proposal requiring public companies to include certain climate-related disclosures in their registration and periodic filings. These rules were originally expected in 2023, but the latest update is that the SEC is striving to release these regulations in April 2024.

[Link to SEC Fact Sheet](#)

Key Content of the Proposed Climate-Related Disclosures

- Climate-related risks and their actual or likely material impacts on the registrant's business, strategy, and outlook;
- The registrant's governance of climate-related risks and relevant risk management processes;
- The registrant's greenhouse gas ("GHG") emissions;
- Certain climate-related financial statement metrics and related disclosures in a note to its audited financial statements; and
- Information about climate-related targets and goals, and transition plan, if any.

Companies who have already issued sustainability or Environmental, Social & Governance ("ESG") reports are very likely to be prepared for these future disclosure requirements. The SEC has modeled the proposed disclosure rules in part on the Task Force on Climate-Related Financial Disclosures ("TCFD") disclosure framework and the GHG Protocol, which is also used by the Sustainability Accounting Standards Board ("SASB").

Presentation of Proposed Climate-Related Disclosures

- **Registration Statements and Annual Reports:** Present climate-related disclosures in a separate, appropriately captioned section
- **Financial Statement Footnotes:** Disclose mandated climate-related financial statement metrics
- **Inline XBRL Tagging:** Narrative and quantitative disclosures

Attestation of the Proposed Climate-Related Disclosures

- **Minimum Requirement for Accelerated and Large Accelerated Filers:** Obtain an attestation report from an independent attestation service provider covering Scopes 1 and 2 emissions disclosures

HOW ESG LYNK CAN HELP

Conversations around financial and sustainability performance are increasingly becoming one, but companies are struggling to link the two topics for all stakeholders. Our team is bilingual in financial + ESG reporting, and we understand how to help your team make the link.



OFFERINGS:

- **Full-service ESG reporting solution**

- o Development of ESG strategy that integrates into existing business strategy
- o Gap analysis of relevant ESG topics and financially material disclosures
- o Full-cycle development of publish-ready ESG report
- o Evaluation of data management processes, including GHG inventory management program
- o Development of future ESG reporting roadmap

- **ESG disclosures attestation readiness services**

- o Risk and materiality documentation to help companies focus on financially material topics
- o Risk/control matrix around sustainability reporting and ESG disclosure processes
- o Communications with your external auditor to manage attestation expectations
- o Link existing enterprise risk management to ESG topics, including TCFD framework
- o Documentation and support for ESG disclosures in SEC annual or registration statements while ensuring consistency with stand-alone ESG reports

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