SEC FINAL RULES: The Enhancement & Standardization of Climate-Related Disclosures

On March 6, 2024, the U.S. Securities and Exchange Commission (SEC) approved its final rule requiring public companies to report on certain greenhouse gas (GHG) emissions and climate goals, as well as on climate-related risks and efforts to manage those risks.

Link to Press Release

Key Components of the Final Rules

- Disclosure regarding material climate-related risks; activities to mitigate or adapt to such risks; information about the registrant's board of directors' oversight of climate-related risks and management's role in managing material climate-related risks; and information on any climate-related targets or goals that are material to the registrant's business, results of operations, or financial condition
- Disclosure of Scope 1 and/or Scope 2 greenhouse gas (GHG) emissions on a phased-in basis by certain larger registrants when those emissions are material; the filing of an attestation report covering the required disclosure of such registrants' Scope 1 and/or Scope 2 emissions, also on a phased-in basis; and disclosure of the financial statement effects of severe weather events and other natural conditions including, for example, costs and losses
- Phased-in compliance period for all registrants, with the compliance date dependent on the registrant's filer status and the content of the disclosure

Companies who have the core components of a sustainability program in place and have already issued a sustainability or Environmental, Social & Governance (ESG) report are very likely to be prepared for these disclosure requirements.

Why Does this Matter

- The earliest deadline to comply is in 2025 for certain SEC registrants. Private companies looking to go public or be acquired by a public company will also need to prepare for these new rules.

What Should Companies Be Doing Now

- Assess the core components of existing sustainability programs, including processes and controls over data collection and reporting.
- Evaluate current GHG data collection methods and adequacy of supporting calculations and assumptions.
- Make the connection between sustainability reporting and financial reporting teams.

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:

- **ESG attestation readiness & related SEC reporting services**
  - Serve as the link between your sustainability team, internal audit, external auditors, and financial reporting teams to help prepare for assurance over ESG-related disclosures
  - Assistance with documentation over risks and controls around sustainability reporting and ESG disclosure processes, including climate-related disclosures and metrics
  - Communication with external audit teams to manage attestation expectations
  - Support for applicable climate, human capital, and cybersecurity-related disclosures in SEC or registration statements while ensuring consistency with stand-alone ESG reports
- **Full-service ESG reporting solution**
  - Development of ESG strategy that integrates into existing business strategy objectives
  - Gap analysis of relevant ESG topics and financially material disclosures
  - Full-cycle development of publish-ready ESG report
  - Evaluation of data management processes
  - Development of future ESG reporting roadmap

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