

Basic information

- The **Securities and Exchange Commission (SEC)** adopted **final rules** to enhance public company disclosures concerning climate-related risks and impacts.
- These rules mandate **disclosures** regarding climate-related risks, risk management, governance, financial effects of severe weather events, and greenhouse gas (GHG) emissions.

Disclosure Highlights

- **General Disclosures:** Companies must disclose material impacts of climate-related risks on strategy, business model, and financial condition. Management's role, risk management processes, and transition plans must be disclosed.
- **Climate-Related Targets:** Disclosure of climate-related targets or goals affecting business, results, and financial condition, with material expenditures and impacts.

Disclosure Highlights

General Disclosures

Climate-Related Targets

Greenhouse Gas Emissions

Financial Statement Disclosures

XBRL

Disclosure Highlights

- **Greenhouse Gas Emissions:** Larger registrants must disclose scope 1 and scope 2 GHG emissions, with phased-in assurance requirements.
- **Financial Statement Disclosures:** Companies must disclose climate-related financial impacts, including severe weather events, with thresholds for disclosure.
- **XBRL:** Information must be tagged using inline XBRL from fiscal years 2026 onwards for certain filers.

Key Changes

- **General Disclosures:** Changes include less prescriptive requirements for physical risk disclosure and removal of certain board expertise disclosures.
- **Greenhouse Gas Emissions:** Changes include exemptions for some companies, removal of scope 3 disclosures, and flexibility in organizational boundary determination.
- **Financial Statement Disclosures:** Changes include revised thresholds for disclosure and additional disclosures on carbon offsets and renewable energy credits.

Timeline

Registrant Type	Disclosure and financial statement effects audit		GHG emissions/assurance			Electronic Tagging
	All Reg. S-K and S-X disclosures, other than as noted in this table	Item 1502(d)(2), Item 1502(e)(2), and Item 1504(c)(2)	Item 1505 (Scopes 1 and 2 GHG emissions) 1500	Item 1506 – Limited Assurance	Item 1506 – Reasonable Assurance	
Large accelerated filers	Fiscal year beginning in calendar year 2025 for filings in 2026	Fiscal year beginning in calendar year 2026 for filings in 2027	Fiscal year beginning in calendar year 2026 for filings in 2027	Fiscal year beginning in calendar year 2029 for filings in 2030	Fiscal year beginning in calendar year 2033 for filings in 2034	Fiscal year beginning in calendar year 2026 for filings in 2027
Accelerated filers (other than SRCs and EGCs)	Fiscal year beginning in calendar year 2026 for filings in 2027	Fiscal year beginning in calendar year 2027 for filings in 2028	Fiscal year beginning in calendar year 2028 for filings in 2029	Fiscal year beginning in calendar year 2031 for filings in 2032	N/A	Fiscal year beginning in calendar year 2026 for filings in 2027
SRCs, EGCs and Non-accelerated filers	Fiscal year beginning in calendar year 2027 for filings in 2028	Fiscal year beginning in calendar year 2028 for filings in 2029	N/A	N/A	N/A	Fiscal year beginning in calendar year 2027 for filings in 2028

Conclusion

The SEC's adoption of final rules on climate-related disclosures marks a significant step toward providing investors with comprehensive information regarding climate risks and impacts. These rules aim to ensure transparency and comparability in climate-related reporting, aiding investors in making informed decisions.

SEC Chair Gary Gensler emphasized the rules' aim to provide investors with "consistent, comparable, and decision-useful information."