



# Wonder no more: The SEC's final climate-related disclosure rules

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# Executive summary

Many people have spent the last two years wondering when the Securities and Exchange Commission (SEC) would finalize its long-awaited climate-related disclosure rules and what those rules would require. The SEC answered those questions on March 6, 2024, in a 3-2 vote with Chair Gary Gensler and Commissioners Caroline A. Crenshaw and Jaime Lizárraga voting in favor and Commissioners Hester M. Peirce and Mark T. Uyeda voting against. Totalling almost 900 pages and 3,241 explanatory footnotes, but just 44 pages of changes to statutory rule text, the SEC's [final climate-related disclosure rules](#) are arguably one of largest changes to the SEC disclosure regime in recent memory.

The final rules require a domestic or foreign registrant to include in registration statements and periodic reports disclosures addressing:

- How an entity's board and management governs and manages material climate-related risks
- Actual or reasonably likely material effects of climate-related risks on the registrant's business strategy, results of operations, or financial condition
- Material climate-related targets and goals, use of carbon offsets or renewable energy certificates (RECs), and, if used, scenario analysis, transition plans, and carbon pricing
- For large accelerated filers (LAFs) and accelerated filers (AFs), excluding smaller reporting companies (SRCs) and emerging growth companies (EGCs), quantitative information about material Scope 1 and Scope 2 greenhouse gas (GHG) emissions, including assurance over those metrics
- In the notes to audited financial statements, certain financial statement metrics and disclosures related to severe weather events, other natural conditions, and use of carbon offsets or RECs

The disclosures and assurance requirements are phased in over time based on filer status.

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# Background

The final rules seek to standardize and enhance climate-related information available to investors because the SEC observes that, despite [previous interpretive guidance](#) issued in 2010, there are “significant deficiencies in the consistency and completeness” of climate-related disclosures. The SEC originally [requested feedback](#) on climate-related disclosures in 2021 and issued its [rule proposal](#) in March 2022. The final rules discuss how feedback from the thousands of comment letters received on the rule proposal influenced the final disclosure standards. Appendix A shows the notable changes from proposal to final. Appendices B and C include the statutory rule text of the changes to Regulation S-K and Regulation S-X, formatted for readability and annotated for compliance dates.

## Overview

Almost all registrants must provide climate-related disclosures under the final rules. Many of the new disclosures mandated in the final rules are linked to materiality, though certain requirements (for example, financial statement footnote disclosures) include bright-line thresholds. Disclosures appear both outside the financial statements under Regulation S-K and inside the financial statements under Regulation S-X. Certain disclosures apply only to larger registrants, and compliance dates are staggered based on filer status.



# Rationale

In response to user criticism of the current voluntary state of climate-related reporting, the final rules seek to improve the quality and uniformity of climate-related disclosures, allowing investors to better assess how climate risks affect a company's valuation. To enhance consistency and comparability, the SEC based aspects of the final rules on the Task Force for Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas Protocol (GHG Protocol), as these frameworks are widely used in voluntary reporting.



## Crowe observation

Neither the TCFD nor the GHG Protocol are explicitly linked to or incorporated by reference into the final rules. Subsequent changes to the TCFD or GHG Protocol will not affect the SEC's rules; however, the SEC could conceivably enact modifications to align or otherwise update its rules in response.

# Applicability

The final rules apply to substantially all registrants and require disclosures in the *Securities Exchange Act of 1934* (Exchange Act) annual reports (for example, Form 10-K, 20-F) and registration statements, including those filed under the *Securities Act of 1933* (for example, Form S-1, S-4, S-11, F-1, F-4) and the Exchange Act (for example, Form 10, 20-F).



## Crowe observation

Exemptions from the final rules include:

- A private merger target in transactions registered on Form S-4 or F-4
- Asset-backed issuers
- Canadian filers using Form 40-F

Registrants are not required to disclose material changes to the disclosures provided in annual reports or registration statements in subsequent interim reports (for example, Form 10-Q, 6-K).

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# Materiality

The concept of materiality, as applied to climate-related disclosures, includes both quantitative and qualitative considerations and is consistent with the definition used throughout existing securities law. Based on the Supreme Court definition, information is material when a reasonable investor would consider it important in making an investment or voting decision or would view its omission as having significantly altered the total mix of information.





## **Crowe observation**

The words “material” or “materiality” appear more than 1,000 times in the final rules. Determining what is or what is not material for climate-related disclosures could constitute a lengthy process and is likely to be a first area of focus for decision-makers – that is, management and those charged with governance (the board of directors). Decision-makers might need to consider developing a framework or policy for making climate-related materiality assessments that establishes the data points the company will consider in materiality evaluations. Finally, decision-makers might need to design processes and procedures for tracking materiality and changes in data points over time to make appropriate disclosure decisions.





# Disclosures outside the financial statements

The final rules create a new Subpart 1500 of Regulation S-K and allow registrants flexibility regarding where the disclosures are presented. A registrant can elect to put most of the Regulation S-K disclosures in the “Climate-Related Disclosure” section of the filing or provide the disclosures in other sections of the filing, such as the description of business, risk factors, or management’s discussion and analysis (MD&A). Subpart 1500 includes definitions and the following disclosure requirements, summarized from the final rules:

Item	Required disclosure of:
1501	<p><i>Board and management oversight</i></p> <ul style="list-style-type: none"> <li>• Board oversight of climate-related risks, including a description of a responsible committee or subcommittee, if one exists; how the board is kept informed of such risks; and how the board oversees progress toward any disclosed target, goal, or transition plan</li> <li>• Management oversight of climate-related risks, including responsible management positions or committees, if any, and their relevant expertise; whether they report to the board; and their processes for assessing and managing climate-related risks</li> </ul> <div data-bbox="397 1094 1308 1220" style="border: 1px solid orange; padding: 5px;"> <p> <b>Crowe observation</b> Registrants are not required to disclose whether the board includes members with climate-related expertise.</p> </div>
1502	<p><i>Strategy</i></p> <ul style="list-style-type: none"> <li>• Climate-related risks that have materially impacted or are reasonably likely to have a material impact on the registrant</li> <li>• Nature of any disclosed risk (for example, physical, transition); extent of the registrant’s exposure; whether it is reasonably likely to manifest in the short (within 12 months) or long term</li> <li>• Actual and potential material effects of identified risks on strategy, business model, and outlook <ul style="list-style-type: none"> <li>◦ How the registrant considers those effects in developing its strategy, financial planning, and capital allocation</li> </ul> </li> <li>• Actual and potential material effects of identified risks on business, results of operations or financial condition, including quantitative and qualitative information about material expenditures or impacts on financial estimates and assumptions that result from risk mitigation</li> <li>• Transition plans adopted to manage a material risk, including: <ul style="list-style-type: none"> <li>◦ Updated disclosures in each subsequent year to describe actions taken</li> <li>◦ Material expenditures incurred and material impacts of the transition plan on financial estimates or assumptions</li> </ul> </li> <li>• Scenario analysis used, if any, to manage a material risk</li> <li>• Internal carbon price, if material to the registrant’s climate-related risk management</li> </ul> <div data-bbox="397 1745 1308 1919" style="border: 1px solid orange; padding: 5px;"> <p> <b>Crowe observation</b> The materiality determination for climate-related risks is generally the same as the judgments management makes when preparing MD&amp;A. Management can use the guidance about “reasonably likely” in the <a href="#">2020 MD&amp;A adopting release</a> to evaluate disclosure obligations under Item 1502.</p> </div>



1503	<p><i>Risk management</i></p> <ul style="list-style-type: none"> <li>Processes to identify, assess, and manage material climate-related risks, including whether and how such processes are integrated into the registrant’s overall risk management</li> </ul>
1504	<p><i>Targets and goals</i></p> <ul style="list-style-type: none"> <li>Climate-related targets or goals that have materially affected, or are reasonably likely to materially affect, the registrant</li> <li>Progress toward disclosed targets or goals in each subsequent year, including:             <ul style="list-style-type: none"> <li>Material impacts on business, results of operations, or financial condition as a direct result of the target or goal</li> <li>Material expenditures and material impacts on financial estimates and assumptions from the target or goal</li> </ul> </li> <li>Use of carbon offsets or RECs, if a material component of the registrant’s targets or goals</li> </ul> <div data-bbox="396 1262 1308 1413" style="border: 1px solid orange; padding: 5px; margin-top: 10px;"> <p> <b>Crowe observation</b> Whether a material target or goal has been publicly announced or formally approved by the chief executive officer or board does not affect the disclosure requirement; however, a registrant is not required to disclose an internal target or goal that is not material.</p> </div>
1505	<p><i>GHG emissions</i></p> <ul style="list-style-type: none"> <li>A detailed discussion of the final GHG emissions, metrics, and related attestation requirements for Items 1505 and 1506 appears later under the section “Greenhouse gas emissions.”</li> </ul>
1506	
1507	<p><i>Safe harbor</i></p> <ul style="list-style-type: none"> <li>Safe harbor for “forward-looking statements” disclosed pursuant to Subpart 1500 requirements on transition plans, scenario analysis, internal carbon pricing, and targets and goals</li> </ul> <div data-bbox="396 1682 1308 1801" style="border: 1px solid orange; padding: 5px; margin-top: 10px;"> <p> <b>Crowe observation</b> The safe harbor does not apply to historical facts (for example, information about purchased renewable energy credits [RECs] or material expenditures actually incurred).</p> </div>
1508	<p><i>Structured data requirements</i></p> <ul style="list-style-type: none"> <li>Subpart 1500 disclosure must be provided in an interactive data file.</li> </ul>



### **Crowe observation**

Disclosures outside the financial statements are subject to disclosure controls and procedures (DCPs) as defined in [Section 13a-15\(e\)](#) of the Exchange Act. DCPs are:

...controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Stakeholders should carefully consider their implementation timeline for designing new controls or evolving their processes and procedures over climate-related disclosures. Stakeholders should also critically evaluate who should be involved, including when and how to involve those charged with governance.

The time needed to develop sufficient processes and controls can depend on the current state of an entity's climate reporting, including which reporting framework it uses. Registrants that currently prepare climate disclosures outside their SEC filings might need to reevaluate the design and operating effectiveness of DCPs to ensure information provided in SEC filings is appropriate and consistent with the final rules. For example, entities might need to develop more robust processes and controls related to materiality (including both quantitative and qualitative considerations), the identification of climate-related risks, policy decisions, and significant inputs and assumptions used to calculate GHG emissions to make appropriate disclosure decisions. Entities that do not currently prepare climate disclosures will likely need to design and implement new or modified DCPs over these disclosures, which could require significant time and effort.





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## Greenhouse gas emissions

The final rules require LAFs and AFs, excluding SRCs or EGCs, to disclose material Scope 1 or Scope 2 GHG emissions for their most recently completed fiscal year and, to the extent previously disclosed in an SEC filing, for the historical fiscal years included in the consolidated financial statements in the filing. Disclosures include:

- Aggregate Scope 1 and 2 emissions (presented separately, on a gross basis excluding any offsets) in units of carbon dioxide equivalent, with disaggregated disclosure of any constituent gas that is individually material.
- Methodology, significant inputs, and significant assumptions used to calculate GHG emissions, including the underlying assumptions and rationale for any reasonable estimates used.
- Description and method of determination of organizational boundaries used when calculating disclosed GHG emissions, which should include a brief description of:
  - Protocol or standard used to report GHG emissions, including the calculation approach and any calculation tools used as well as the type and source of any emissions factors used.
  - Any differences, if material, between these organizational boundaries and the scope of the entities and operations included in the consolidated financial statements.
  - Operational boundaries, including the approach to categorization of emissions and emissions sources.



### **Crowe observation**

GHG materiality is consistent with traditional notions of materiality, which means it is not based solely on quantitative factors, such as the total amount of emissions. Registrants should consider other factors that could alter the total mix of information. For example, Scope 1 or Scope 2 emissions might be material if those emissions result in a transition risk that has or is reasonably likely to affect the registrant's business, results of operations, or financial condition in the short or long term. Other materiality considerations could include if a certain threshold of emissions would trigger significant regulatory reporting burdens or if reporting emissions reduction progress is central to a disclosed target, goal, or transition plan. However, the existence of a material transition risk does not, on its own, indicate that a registrant's emissions are material since transition risks are not linked exclusively to GHG emissions and could arise from other factors.

## Timing of GHG emission disclosure

LAFs and AFs that disclose material GHG emissions can include the disclosure in their annual report on Form 10-K. Alternatively, provided the registrant discloses its intention, it can elect to incorporate by reference the GHG emission disclosure in its second quarter Form 10-Q or through amendment of its Form 10-K no later than the due date of the Form 10-Q. A foreign private issuer (FPI) can amend Form 20-F up to 225 days after its fiscal year-end.



### **Crowe observation**

FPIs must amend Form 20-F to include GHG emission disclosure, if not included in the original filing, rather than furnishing such information on Form 6-K. This requirement maintains the same level of liability for the disclosures for FPIs as domestic registrants.

Registration statements must include material GHG emissions disclosures for the most recently completed fiscal year-end if it is at least 225 days prior to the effective date of the registration statement.

## Attestation

LAFs and AFs that provide material GHG emissions disclosures must include in the relevant filing an attestation report covering those disclosures. Such registrants will be required to obtain limited assurance over required GHG emissions disclosures beginning the third year after disclosure begins. Further, LAFs must obtain an attestation report at a reasonable assurance level beginning the seventh year after disclosure begins. AFs are not required to obtain reasonable assurance, and SRCs and EGCs are exempt from attestation requirements altogether.



### **Crowe observation**

Reasonable assurance attestation reports included or incorporated by reference into a Securities Act registration statement require the consent of the service provider. The final rules amend Securities Act Rule 436 to specify that limited assurance GHG emission attestation reports do not require consent; however, an awareness letter is required.

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A service provider that is both independent and an expert in GHG emissions must sign the GHG emissions attestation report. The report must follow the format required by the attestation standards used, and the attestation standards must be:

- Established by a governing body that has followed due process, including public comment periods for rulemaking.
- Publicly available at no cost or widely used for GHG emissions assurance.

The final rules require disclosure of whether the attestation provider is subject to any inspection program (including which program) and whether the attestation engagement falls within the scope of the program. If a GHG emissions attestation provider resigns, declines to stand for re-appointment, or is dismissed, the company must disclose whether there were disagreements with the provider.

If a registrant is not subject to a GHG emissions attestation requirement but voluntarily chooses to obtain third-party assurance, it must provide certain incremental disclosures. Those disclosures include:

- Identification of the service provider
- Description of assurance standards
- Level and scope of assurance
- Results of the assurance services
- Whether the service provider has any material business relationship with or has provided material professional services to the registrant
- Information about inspection programs over the assurance services



### **Crowe observation**

LAFs and AFs should begin to focus on designing and placing into operation DCPs over GHG emissions. For entities that already obtain attestation services on GHG emissions, companies might want to evaluate whether the current attestation service provider and form of the attestation engagement complies with requirements of the final rules.

Additionally, those charged with governance at LAFs and AFs should understand management's processes and plans, including controls, related to GHG emissions data. If an entity currently obtains voluntary assurance, decision-makers should evaluate whether the attestation service provider, the attestation standards, and the report provided meet the minimum requirements in the final rules.

# Disclosures inside the financial statements

Within the audited financial statements, the new Article 14 of Regulation S-X requires disclosure of the effects of severe weather events and other natural conditions. These disclosures, which are subject to bright-line thresholds, are designed to help investors evaluate a registrant's physical risk exposure as well as its loss experience over time. In addition, a registrant must disclose how it uses carbon offsets and RECs as part of its climate-related business strategy, when material. The disclosures are mandatory when a filing is required to include both 1) information under Subpart 1500 of Regulation S-K and 2) the registrant's audited financial statements.



## **Crowe observation**

The final rules clarify that even if a registrant concludes it has nothing to disclose under Subpart 1500, Article 14 disclosure must be provided if the form requirements specify compliance with Subpart 1500 and include audited financial statements.


The notes to the audited financial statements must include Article 14 disclosure for each historical period presented, but only to the extent that this information was previously disclosed or required to be disclosed. Therefore, a registrant will add disclosures for historical periods in each filing following the first year of compliance, until disclosures are provided for all periods presented.



Footnote disclosures include the following:

	Description	Content
	Contextual information	<ul style="list-style-type: none"> <li>The inputs, assumptions, and judgments important to understanding the financial statement effects</li> <li>Any policies used to calculate the required disclosures</li> </ul>
Financial statement effects	Incurred expenses and losses from severe weather events and other natural conditions	<ul style="list-style-type: none"> <li>Aggregate amount (excluding recoveries) when it exceeds 1% of the absolute value of pretax income (de minimis threshold of \$100,000)</li> <li>Where amounts are included on the income statement</li> </ul>
	Capitalized costs and charges from severe weather events and other natural conditions	<ul style="list-style-type: none"> <li>Aggregate amount when the absolute value (excluding recoveries) exceeds 1% of the absolute value of stockholders' equity or deficit (de minimis threshold of \$500,000)</li> <li>Where amounts are included on the balance sheet</li> </ul>
	Recoveries	<ul style="list-style-type: none"> <li>Aggregate amount recognized</li> <li>Where amounts are included in the financial statements</li> </ul>
	Carbon offsets and RECs	<ul style="list-style-type: none"> <li>When material to a registrant's plans to achieve disclosed climate-related targets or goals, the aggregate amount of carbon offsets and RECs: <ul style="list-style-type: none"> <li>Expensed</li> <li>Capitalized</li> <li>Written off as a loss</li> </ul> </li> <li>Rollforward of activity for the year, including beginning and ending balances</li> </ul>
	Estimates and assumptions	<ul style="list-style-type: none"> <li>Whether risks and uncertainties from severe weather, natural conditions, or the registrant's targets and goals affected financial statement estimates and assumptions and, if so, a qualitative description of how</li> </ul>

While not an exhaustive list, examples of severe weather events or other natural conditions include hurricanes, tornadoes, floods, drought, wildfires, extreme temperatures, and impacts from rising sea levels.

 **Crowe observation**

A registrant does not need to determine whether climate change caused a severe weather event or other natural condition, only that it incurred costs related to an event or condition. However, registrants will likely need to develop policies for what constitutes a severe weather event or other natural condition based on, for example, entity-specific risks, geographic location of assets, historical experience, or the impact of a specific event or condition.

Amounts disclosed as expenses and losses might include repair, impairment, and relocation of assets, monies spent to restore operations after an event, or other amounts associated with responding to the effect of severe weather or natural conditions on business operations. Capitalized costs and charges might involve similar categories.

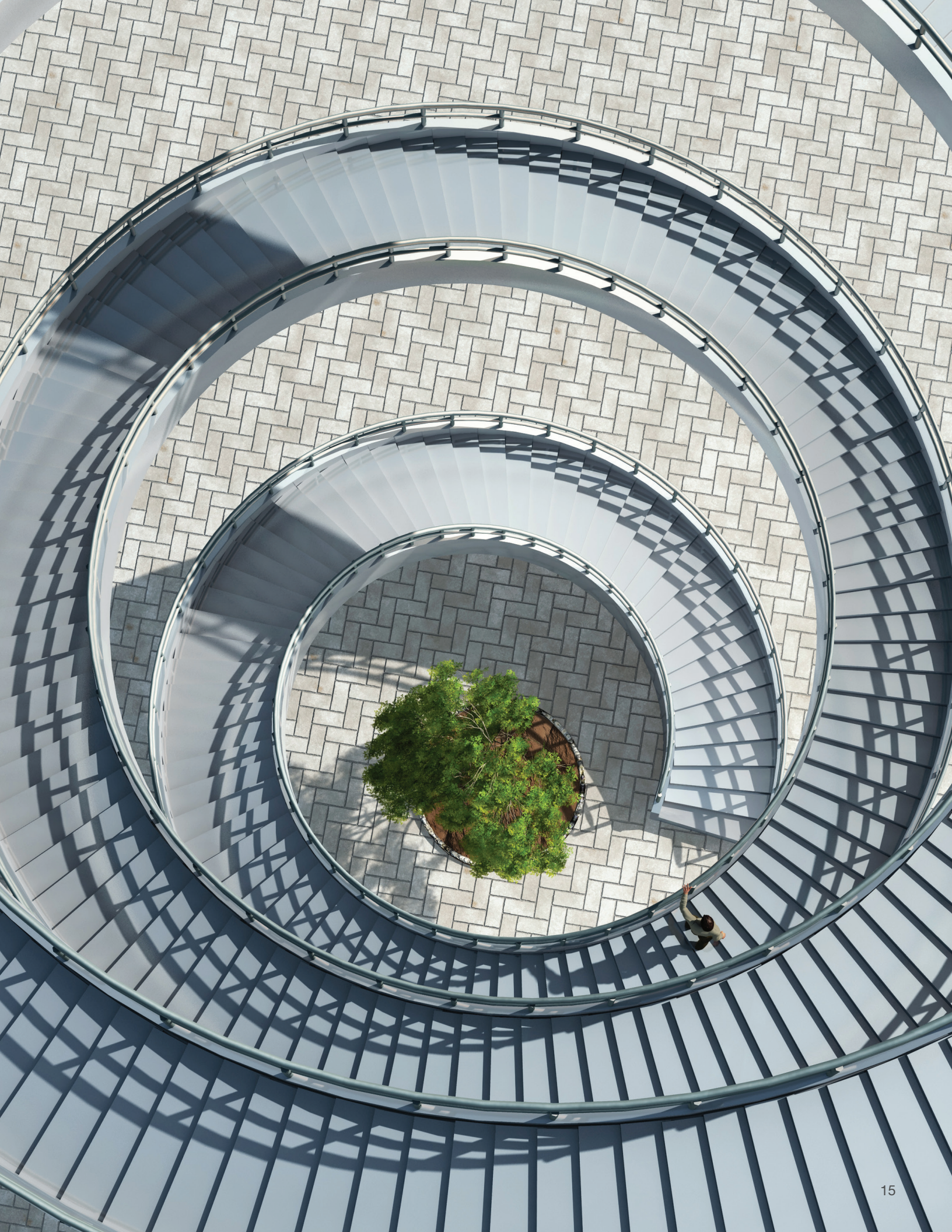
The final rules indicate that an expense, loss, capitalized cost, or charge is from a severe weather event or other natural condition when the event or condition is a significant contributing factor. Disclosures must include all the amounts related to the event; attribution between multiple contributing factors is neither permitted nor required.



### **Crowe observation**

Financial statement disclosures are subject to both DCPs and internal control over financial reporting (ICFR) as defined in the Exchange Act, [Section 13a-15\(f\)](#). The financial statement disclosures in Article 14 of Regulation S-X are new, and registrants will need to design and place into operation effective ICFR to report the required disclosures. Registrants will need to consider how to design controls and procedures that 1) capture amounts related to severe weather events and other natural conditions within their accounting information systems, and 2) would operate at a sufficient level of precision to identify when the disclosure threshold is triggered.

For those registrants required to provide management's report on the effectiveness of ICFR under [Item 308 of Regulation S-K](#), management will need to assess the effectiveness of any new controls and procedures. Similarly, those new controls and procedures will be subject to auditor attestation for registrants subject to [Item 308\(b\)](#) of Regulation S-K. Finally, when any new controls are implemented, registrants will need to consider [Item 308\(c\)](#) of Regulation S-K, which requires disclosure of any change in ICFR during the preceding fiscal quarter "that has materially affected, or is reasonably likely to materially affect, the registrant's [ICFR]."



# Compliance dates

The final rules have staggered compliance dates based on filer status to acknowledge that many registrants will need time to develop the systems, controls, and processes necessary to comply. Additionally, available resources likely vary according to registrant size. For example, many LAFs might voluntarily report climate-related information today; accordingly, LAFs have the most accelerated compliance dates.

Certain disclosures (for example, Scope 1 and Scope 2 GHG emissions) might require further effort and controls, so the compliance timeline allows for additional time to provide those disclosures as applicable. SRCs, EGCs, and nonaccelerated filers (NAFs), collectively, will be the last required to comply with the new rules.






The table reflects required compliance dates, which are tied to fiscal years beginning in the listed year:

	LAFs	AFs*	SRCs, ECGs, and NAFs
All Regulation S-K (Subpart 1500) and Regulation S-X (Article 14) disclosures, except as noted:	2025	2026	2027
Quantitative and qualitative information about material expenditures and material impacts on financial estimates and assumptions resulting from 1) mitigation or adaptation activities; 2) transition plans; 3) targets and goals**	2026	2027	2028
Scope 1 and Scope 2 GHG emissions	2026	2028	N/A
Limited assurance	2029	2031	N/A
Reasonable assurance	2033	N/A	N/A
Inline XBRL tagging (Subpart 1500)***	2026	2026	2027

\* AFs other than SRCs and ECGs.

\*\* Subparts 1502(d)(2), 1502(e)(2), and 1504(c)(2), respectively.

\*\*\* Article 14 footnote disclosures are subject to current financial statement tagging rules.

 **Crowe observation**

Calendar year LAFs will need to begin recording information sufficient to comply with the final rules beginning on Jan. 1, 2025, which means they will need to have controls, processes, and procedures in place in a relatively short time frame.

# Near-term considerations for boards of directors

Successful implementation of the final rules will likely require a strong governance function over a cross-functional team. Conducting materiality assessments; designing new processes, procedures, and controls; developing draft disclosures for review; and completing other activities will take time. Decision-makers might want to consider the following questions as the entity begins implementation activities:

- **Responsibility.** Which board and management members (or committees) have responsibility for identifying, overseeing, assessing, and governing the entity's climate-related risks? Has the board established policies and procedures for its oversight of climate-related risks?
- **Materiality.** How will decision-makers evaluate the materiality of climate-related risks and disclosures, including GHG emissions? Have decision-makers developed a framework, policy, or data points to consider materiality? What processes, controls, and procedures will be used to monitor materiality over time? How much time will be required to develop materiality assessments?
- **Risk management.** Does the entity's overall risk assessment process incorporate climate-related risks? How will the entity evaluate changes to climate-related risks? Has the entity adopted any material transition plans?
- **Climate-related targets or goals.** Has the entity publicly announced or set any internal targets or goals? Have decision-makers evaluated targets or goals for materiality? Does the entity use carbon offsets or credits as a material component of targets or goals?
- **Data.** How does the entity currently capture climate-related data? Has the entity considered whether enhancements to processes, controls, or procedures will be necessary to comply with the final rules and the relevant timeline for any needed enhancements?
- **GHG emissions.** Is the entity currently publicly reporting GHG emissions data or will it need to start from scratch? Are the entity's GHG emissions data and methodology consistent with the final rules? Does the entity obtain assurance over the data? Will the entity voluntarily continue to obtain assurance prior to the compliance date? Does the assurance provider and the attestation report meet the final rules' minimum requirements? What information should be considered if a new service provider is required?
- **Financial statement disclosure.** How will the entity consider whether expenses or capitalized costs are related to a severe weather event or other natural condition? What financial estimates or assumptions might be affected by severe weather events, other natural conditions, targets, or transition plans? Does the entity have material carbon offset or REC activities?

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- **Controls.** What changes to DCPs and internal control over financial reporting will be needed?
  - **Compliance timeline.** Does the entity anticipate a change in filer status (for example, transition out of EGC status, moving from AF to LAF) during the phase-in period? Will the change in status affect the applicable compliance dates (including for GHG emissions and related assurance)? What other data points (for example, court challenges) might significantly affect the compliance timeline?
  - **Other jurisdictions.** Is the entity subject to climate-related reporting in other jurisdictions (for example, state laws or the European Union)? Will the entity be able to use similar processes, controls, and data to comply with multiple reporting regimes?



## Final thoughts

As implementation questions arise, court challenges resolve, and implementation dates near, we will keep you informed.

# Appendix A

The following tables compare required disclosures under the final rules to the proposed rules. Certain changes, such as notable additions, omissions, or clarifications, are listed in the far right column. These tables are neither intended as a verbatim reproduction of the final rules, nor all changes relative to the rule proposal. Item requirements (for example, specific bulleted requirements) were aligned graphically to depict deletions and additions when practical. Item reference numbers correspond to the final rules, as certain item reference numbers under the proposal differ. Page numbers (in parentheses throughout) refer to the “[SEC Issued Version](#)” of the final rule unless otherwise noted.

## Regulation S-K

### Disclosures outside of the financial statements

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1501(a)	<p>Description of the board’s oversight of climate-related risks. If the board oversees climate-related risk:</p> <ul style="list-style-type: none"> <li>The committee or subcommittee responsible for the oversight of climate-related risks, and a description of the processes by which they are informed of such risks.</li> <li>How the board oversees progress toward any target, goal, or transition plan disclosed under Items 1504 or 1502(e). (168)</li> </ul>	<p>Description of the board’s oversight of climate-related risks. If the board oversees climate-related risk:</p> <ul style="list-style-type: none"> <li>The board members or committees responsible for overseeing climate-related risks.</li> <li>Whether and how the board or committee sets climate-related targets, sets goals, and evaluates progress.</li> <li>Whether any board member possesses expertise in climate-related risk.</li> <li>Processes and frequency by which the board or relevant committee discusses, is kept informed of, and considers climate-related risk.</li> <li>Whether and how the board or committee considers climate-related risk as part of business strategy, risk management, and financial oversight.</li> <li>If applicable, board oversight over climate-related opportunities. (160-61)</li> </ul>	<p>Eliminates proposed disclosures of:</p> <ul style="list-style-type: none"> <li>Specific board members responsible for overseeing climate-related risks.</li> <li>Board member expertise in climate-related risks, if any.</li> <li>How frequently the board is kept informed of such risks.</li> <li>Whether and how the board sets climate-related targets and goals. (169)</li> </ul>
1501(b)	<p>Description of management’s role in assessing and managing <b>material</b> climate-related risks, including:</p> <ul style="list-style-type: none"> <li>If applicable, which management positions or committees are responsible for assessing and managing climate-related risks, and their relevant expertise.</li> <li>Processes by which the responsible parties assess and manage climate-related risks.</li> <li>Whether the responsible parties report to the board or a committee or subcommittee of the board. (179-80)</li> </ul>	<p>Description of management’s role in assessing and managing climate-related risks, including:</p> <ul style="list-style-type: none"> <li>If applicable, which management positions or committees are responsible for assessing and managing climate-related risks, and their relevant expertise.</li> <li>Processes by which responsible parties are kept informed of and monitor climate-related risks.</li> <li>Whether the responsible parties report to the board or board committee, and how frequently. (173)</li> </ul>	<p>Adds materiality qualifier. (179)</p> <p>Emphasizes that the disclosures constitute a “non-exclusive” list. (180)</p>

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1502(a)	<p>Description of climate-related risks that have <b>materially</b> affected or are reasonably likely to have a material effect on the registrant, including its business strategy, results of operations, or financial condition. (89)</p> <p>Whether an identified risk is a physical or transition risk, and a description of the nature of the risk and the extent of the registrant’s exposure, and additional information, including:</p> <ul style="list-style-type: none"> <li>• If a physical risk, whether the risk is acute or chronic, and the geographic location and nature of properties, processes, or operations such to the risk.</li> <li>• If a transition risk, whether the risk relates to regulatory, technological, market, or other transition-related factors, and how these factors impact the registrant. (94)</li> </ul> <p>Whether disclosed climate-related risks are reasonably likely to manifest in the short-term (within 12 months), and separately in the long-term (thereafter). (103)</p>	<p>Description of climate-related risks that are reasonably likely to have a material impact on the registrant’s business consolidated financial statements, defined as the actual or potential negative impacts of climate-related conditions and events on a registrant’s consolidated financial statements, business operations, or value chains. (73)</p> <p>Whether an identified risk is a physical or transition risk and additional description, including:</p> <ul style="list-style-type: none"> <li>• If a physical risk, the location and nature of properties, processes, or operations subject to the risk, including the ZIP code or other subnational postal zone.</li> <li>• Additional disclosures for buildings, plants, or other assets in flood hazard areas, or in regions of high water stress.</li> <li>• If a transition risk, the nature of the risk, including whether it relates to regulatory, technological, market, reputational, or other related factors. (75-76)</li> </ul> <p>Whether disclosed climate-related risks could manifest over the short, medium, and long-term, including the registrant’s definition of these time periods. (100)</p> <p>Elective disclosure of climate-related opportunities.</p>	<p>Replaces “consolidated financial statements” with “results of operations” and “financial condition,” and adds term “business strategy” for consistency with existing SEC rules and TCFD recommendations. (90)</p> <p>Eliminates reference to registrant’s “value chain” from definitions of climate-related risks (91) and transition risks (92).</p> <p>Eliminates reference to risks to the operations of those with whom the registrant does business from the definition of an acute or chronic risk. (91)</p> <p>Requires registrant to describe the nature of the risk and the extent of registrant’s exposure.</p> <p>Eliminates requirements:</p> <ul style="list-style-type: none"> <li>• To describe how a risk could evolve or affect a related risk, such as a chronic risk contributing to an acute risk, or vice versa. (95)</li> <li>• To disclose specific ZIP code or equivalent postal zone of properties, processes, or operations subject to identified physical risk. (97)</li> <li>• To disclose specific information for assets in flood hazard areas or regions of high water stress. (97)</li> </ul> <p>Defines short and long-term periods, consistent with existing MD&amp;A disclosures. (103)</p> <p>Removes specific reference to climate-related opportunities, but notes that registrants may disclose such opportunities at their discretion, consistent with other voluntary disclosures. (100)</p>
1502(b)	<p>Description of actual and potential <b>material</b> impacts of any climate-related risk identified in response to Item 1502(a), including impacts on:</p> <ul style="list-style-type: none"> <li>• Business operations</li> <li>• Products or services</li> <li>• Suppliers, purchasers, or counterparties to material contracts to the extent known or reasonably available</li> <li>• Mitigation or adaptation activities</li> <li>• R&amp;D expenditures (114-116)</li> </ul>	<p>Description of actual and potential impacts on the registrant’s strategy, business model, and outlook of climate-related risks identified in response to Item 1502(a), including impacts, in the short, medium, and long term, on:</p> <ul style="list-style-type: none"> <li>• Business operations</li> <li>• Products and services</li> <li>• Suppliers and other parties in value chain</li> <li>• Mitigation or adaptation activities</li> <li>• R&amp;D expenditures</li> <li>• Any other significant changes or impacts (106)</li> </ul>	<p>Adds materiality qualifier. (115)</p> <p>Replaces reference to “parties in value chain” with “purchasers” or “counterparties”; adds “known” or “reasonably available” qualifiers.</p> <p>Removes reference to “any other significant changes or impacts,” but emphasizes that material impacts on strategy, business model, and outlook will still need to be disclosed even if not specifically listed. (116)</p>

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1502(c)	<p>Whether and how the registrant considers any identified impacts as part of its strategy, financial planning, and capital allocation, including:</p> <ul style="list-style-type: none"> <li>• Whether impacts have been integrated into the business model and strategy, including whether and how resources are being used to mitigate climate-related risks.</li> <li>• How any targets referenced in Item 1504 or in a described transition plans related to the business model or strategy. (118)</li> </ul>	<p>Whether and how the registrant has considered any identified impacts as part of its business strategy, financial planning, and capital allocation, including current and forward-looking disclosures describing:</p> <ul style="list-style-type: none"> <li>• Impacts on the registrant’s business model or strategy from climate-related financial metrics (from proposed Regulation S-X amendment) or greenhouse gas (GHG) emissions metrics.</li> <li>• How resources are being used to mitigate climate-related risks.</li> <li>• How disclosed targets and goals relate to the registrant’s business model or strategy. (108)</li> </ul>	<p>Removes requirement to provide both “current and forward-looking disclosures.” (118)</p> <p>Eliminates requirement to describe impact of climate-related financial metrics (which are not included in the final Regulation S-X amendment) or GHG emissions. (119)</p>
1502(d)	<p>Discussion of climate-related risks that registrant has identified as having had, or are reasonably likely to <b>materially</b> affect, the registrant’s business, results of operations, and financial condition. (121)</p> <p>Quantitative and qualitative discussion of material expenditures incurred, and material impacts on financial statements and assumptions that, in management’s assessment, directly result from activities to mitigate or adapt to climate-related risks disclosed under Item 1502(b). (121)</p>	<p>Discussion of whether and how disclosed climate-related risks have affected, or are reasonably likely to affect, the registrant’s consolidated financial statements. (120, Proposal 75)</p> <p>Discussion including disclosed financial statement metrics under proposed Article 14. (121)</p>	<p>Adds materiality qualifier. (121)</p> <p>Focuses on material expenditures that arise directly from mitigation or adaptation activities, based on management’s assessment. (121)</p>
1502(e)	<p>Description of transition plan, if any, adopted to manage a <b>material</b> transition risk, including quantitative and qualitative disclosure of material expenditures, and material impacts on financial estimates and assumptions, resulting directly from the disclosed actions under the transition plan. (133, 136)</p> <p>Updated disclosure in each subsequent year to describe actions taken under the plan, how the actions have impacted the registrant’s business, results of operations, or financial condition. (134)</p>	<p>Description of transition plan, if any, adopted to manage any physical or transition risk, including how the registrant plans to mitigate or adapt to identified physical and transition risks; and relevant metrics and targets used to identify and manage physical and transition risks. (125, Proposal 103)</p> <p>Updated disclosure in each subsequent year describing actions taken during the year to achieve the plan’s target or goals. (126, Proposal 105)</p>	<p>Adds materiality qualifier. (133)</p> <p>Eliminates requirement to disclose relevant metrics and targets to identify and manage risk under transition plan, but adds required quantitative and qualitative discussion of material expenditures and material impacts on financial estimates and assumptions as part of updating disclosure. (136)</p>
1502(f)	<p>Description of scenario analysis, if any is used, including a brief description of parameters, assumptions, and analytical choices, and expected <b>material</b> impacts under each scenario), provided that the registrant determines that a climate-related risk analyzed is reasonably likely to have a <b>material</b> impact on its business, results of operations, or financial condition. (147)</p>	<p>Description of any analytical tools, including scenario analysis, used to assess the impact of such risks on the registrant’s business and consolidated financial statements, and to support the resilience of its strategy and business model. (141)</p> <p>Description of the resilience of the registrant’s business strategy considering potential future changes in climate-related risks.</p> <p>Qualitative and quantitative disclosure of scenarios considered as part of the scenario analysis. (141)</p>	<p>Adds materiality qualifier. (146)</p> <p>Narrows scope of required description, eliminating reference to “any analytical tools.” (148)</p> <p>Clarifies that description of parameters, assumptions, and analytical choices is expected to be “brief.” (148)</p> <p>Eliminates requirement to describe the resilience of the registrant’s business strategy. (148)</p> <p>Removes “quantitative and qualitative” disclosure provision, noting that registrant’s scenario analysis practices may initially be more qualitative in nature, and become more quantitative with further development. (150)</p>

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1502(g)	<p>Requires a registrant that uses internal carbon pricing to disclose for each price used, provided that the practice is <b>material</b> to how it evaluates and manages a climate-related risk identified in response to Item 1502(a):</p> <ul style="list-style-type: none"> <li>• Price per metric ton of carbon dioxide equivalent (CO<sub>2</sub>e).</li> <li>• Total price, including how the total price is estimated to change over any time periods referenced in Item 1502(a). (157)</li> </ul> <p>If any, a brief description of any <b>material</b> difference between the scope of entities and operations involved in the use of a described internal carbon price, and the organizational boundaries used for the purpose of calculating GHG emissions. (157-58)</p> <p>Reasons for using different prices if multiple prices are used. (157)</p>	<p>Requires a registrant that uses internal carbon pricing to disclose for each price used:</p> <ul style="list-style-type: none"> <li>• Price in units per metric ton of carbon dioxide equivalent (CO<sub>2</sub>e).</li> <li>• Total price, and estimate of change in total price over time, if applicable.</li> <li>• Boundaries for measurement of overall CO<sub>2</sub>e on which total price is based, if different from GHG emission organizational boundary required pursuant to the emissions disclosure provision</li> <li>• Rationale for selecting internal carbon price applied. (151)</li> </ul> <p>How the registrant uses the internal carbon price to evaluate and manage climate-related risk.</p> <p>Reasons for using different prices if multiple prices are used. (152)</p>	<p>Adds materiality qualifier. (157)</p> <p>Removes disclosure of rationale for selection of internal carbon price. (159)</p> <p>Eliminates disclosure of how the internal carbon price is used to manage climate-related risk. (158)</p>
1503	<p>Description of any existing processes to identify, assess, and manage <b>material</b> climate-related risks, including how the registrant: (194)</p> <ul style="list-style-type: none"> <li>• Identifies whether it has incurred, or is reasonably likely to incur a <b>material</b> physical or transition risk. (195)</li> <li>• Decides whether to mitigate, accept, or adapt to a particular risk. (196)</li> <li>• Prioritizes whether to address a climate-related risk. (196)</li> </ul> <p>Whether and how these processes have been integrated in the registrant's overall risk management process. (197)</p>	<p>Description of any existing processes to identify, assess, and manage climate-related risks, including how the registrant:</p> <ul style="list-style-type: none"> <li>• Determines the significance of climate-related risks relative to other risks.</li> <li>• Considers existing or likely regulatory requirements of policies when identifying climate-related risks.</li> <li>• Considers shifts in customer or counterparty preferences, technological changes, or changes in market prices when assessing potential transition risks.</li> <li>• Determines the materiality of climate-related risks. (184)</li> <li>• Decides whether to mitigate, accept, or adapt to a particular risk.</li> <li>• Prioritizes addressing climate-related risks.</li> <li>• Determines how to mitigate a high-priority risk. (185)</li> </ul> <p>If applicable, how any separate board or management committee responsible for overseeing climate-related risks interacts with the board or management committee governing overall risks. (185)</p> <p>Whether and how climate-related risks are integrated into overall risk management systems or processes. (185)</p>	<p>Adds materiality qualifier.</p> <p>Requires registrant to describe process for identifying material physical and transition risks, rather than more general climate-related risks. (196)</p> <p>Eliminates required disclosure of how the registrant:</p> <ul style="list-style-type: none"> <li>• Determines the significance of climate-related risks relative to other risks</li> <li>• Considers existing or likely regulatory requirements (such as GHG emissions limits) when identifying climate-related risks.</li> <li>• Considers shifts in customer or counterparty references. technological changes, or market factors in assessing transition risks.</li> <li>• Determines the materiality of climate-related risks. (194)</li> <li>• Determines how to mitigate any high-priority risks. (196)</li> </ul> <p>Clarifies that registrants are not expected to speculate about future restructurings, write-downs, or impairments related to climate risk management. (197)</p> <p>Eliminates required disclosure of how any board or management committee responsible for managing climate-related risks interacts with the board or management committee governing overall risks. (197)</p>

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1504(a)	Climate-related targets or goals that have <b>materially</b> affected, or are reasonably likely to <b>materially</b> affect, the registrant’s business, results of operations, or financial condition. (210)	Any climate-related targets or goals. (199, Proposal 268)	Adds materiality qualifier. (210)
1504(b)	<p>Description of disclosed climate-related targets or goals, including, if applicable and necessary to understanding the <b>material</b> or <b>reasonably likely material</b> impact:</p> <ul style="list-style-type: none"> <li>• The scope of activities included in the target.</li> <li>• The unit of measurement.</li> <li>• The defined time horizon by which the target is intended to be achieved, and whether the time horizon is based on the timeline of a climate-related treaty, law, regulation, policy, or organization.</li> <li>• The baseline time period and means by which progress will be tracked, if established.</li> <li>• A qualitative description of how the registrant intends to meet its climate-related targets or goals. (213)</li> </ul>	<p>Description of climate-related targets or goals, including, as applicable:</p> <ul style="list-style-type: none"> <li>• The scope of activities and emissions included in the target.</li> <li>• The unit of measurement, and whether the target is absolute or intensity based.</li> <li>• The defined time horizon by which the target is intended to be achieved, and whether the time horizon is consistent with the timeline of a climate-related treaty, law, regulation, policy, or organization.</li> <li>• The define baseline time period and baseline emissions against which progress will be tracked, with a consistent base year set for multiple targets.</li> <li>• How the registrant intends to meet its climate-related targets or goals.</li> <li>• Interim targets, if any. (200, Proposal 268)</li> </ul>	<p>Removes:</p> <ul style="list-style-type: none"> <li>• Reference to “emissions,” and whether target is absolute, or intensity based. (214)</li> <li>• Requirement to disclose interim targets. (215)</li> </ul> <p>Specifies that discussion of how the registrant intends to meet climate-related targets or goals need only be qualitative in nature. (214)</p>
1504(c)	<p>Disclosure of progress toward meeting the target or goal, and how such progress has been achieved, updated annually to describe the actions taken to achieve the targets or goals. (215)</p> <p>Quantitative and qualitative discussion of any material impacts to the registrant’s business, results of operations, or financial condition as a direct result of the target or goal, or the actions taken to make progress toward it. (215)</p>	Disclosure of relevant data to track whether the registrant has made progress toward targets or goals, updated annually to describe the actions taken to achieve the targets or goals. (200, Proposal 270)	Adds discussion of material impacts, including material expenditures and material impacts on financial estimates and assumptions, directly resulting from disclosed targets or goals. (214-15)
1504(d)	<p>If the registrant uses carbon offsets or renewable energy certificates (RECs) as a <b>material</b> part of the registrant’s plan to achieve climate-related targets or goals:</p> <ul style="list-style-type: none"> <li>• Amount of carbon avoidance, reduction, or removal represented by offsets; or generated renewable energy represented by RECs.</li> <li>• Nature and source of offsets or RECs.</li> <li>• Description and location of projects underlying the offsets or RECs.</li> <li>• Registries or other authentication.</li> <li>• Cost of offsets or RECs. (219)</li> </ul>	<p>If the registrant uses carbon offsets or RECs as a part of any net emissions strategy:</p> <ul style="list-style-type: none"> <li>• Role played by offsets or RECs in the registrant’s climate-related business strategy.</li> <li>• Amount of carbon reduction or generated renewable energy represented by the offsets or RECs, respectively.</li> <li>• Source of the offsets or RECs.</li> <li>• Description and location of projects underlying the offsets or RECs.</li> <li>• Registries or other authentication.</li> <li>• Cost of offsets or RECs. (200)</li> </ul>	<p>Adds materiality qualifier. (219)</p> <p>Adds carbon “avoidance” or “removal” as acts that could be represented by a carbon offset. (220)</p>



Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1505	<p>Scope 1 and 2 emissions, if <b>material</b>, for large accelerated filers (LAFs) and accelerated filers (AFs) that are not smaller reporting companies (SRCs) or emerging growth companies (EGCs). (245)</p> <p><i>Measurement</i> Aggregate disclosure of GHG emissions in units of CO<sub>2</sub>e, and disaggregated disclosure of any constituent gas that is <b>individually material</b>. (249)</p> <p>Disclosure required in gross terms, excluding the impact of any purchased or generated offsets. (250)</p> <p>Methodology, significant inputs, and significant assumptions used to calculate the registrant’s GHG emissions. (251)</p> <p>Brief description of organizational boundaries used when calculating Scope 1 and 2 emissions, and method used to determine them. If the organizational boundaries materially differ from the scope of entities and operations included in the registrant’s financial statements, a brief explanation of the difference. (252)</p> <p>Brief description of the protocol or standard used to report the GHG emissions, including the calculation approach, the type and source of any emissions factors used, and any calculation tools used to calculate the GHG emissions. (253)</p>	<p>Scope 1 and 2 emissions from all sources in the registrant’s organizational and operational boundaries.</p> <p>Scope 3 emissions, if material, or if included in any of the registrant’s GHG emissions reduction targets or goals, including disclosure of data sources and categories of Scope 3 emissions. (Exemption for SRCs.)</p> <p><i>Measurement</i> Disclosure of GHG emissions, both disaggregated by each constituent GHG and in the aggregate. (249)</p> <p>GHG intensity in terms of metric tons of CO<sub>2</sub>e:</p> <ul style="list-style-type: none"> <li>• Per unit of total revenue</li> <li>• Per unit of production relevant to the registrant’s industry using the sum of Scope 1 and 2 emissions</li> <li>• Per relevant production unit using Scope 3 emissions, if required</li> </ul> <p>Disclosure required in gross terms, excluding the impact of any purchased or generated offsets. (250)</p> <p>Methodology, significant inputs, and significant assumptions used to calculate the registrant’s GHG emissions. (251)</p> <p>Organizational boundaries used when calculating Scope 1 and 2 emissions, using the same scope of entities and other assets included in the consolidated financial statements. (251)</p> <p>Calculation approach, including any emission factors used and the source of the emissions factors, and any calculation tools used to calculate the GHG emissions. (253)</p>	<p>Adds materiality qualifier, and requires disclosure from LAFs and AFs only, and exempts SRCs and EGCs. (245, 248)</p> <p>Eliminates Scope 3 emissions disclosure requirement.</p> <p>Requires disaggregated disclosure of constituent gases only if individually material. (249)</p> <p>Does not require registrant to disclose GHG emissions in terms of intensity, noting that this should be easily calculable by investors. (255)</p> <p>Allows registrant flexibility to choose other methods of determining control, provided that the registrant provides a “brief” explanation of any material difference from the scope of entities and operations included in the consolidated financial statements. (252)</p> <p>Specifies that only “brief” explanations of organizational boundaries and protocol or standards used are required. (252)</p>

Item	Disclosures required under final rules	Proposed disclosures	Notable changes
1506	<p><b>For LAFs:</b> Limited assurance in 2029; and reasonable assurance in 2033. (285)</p> <p><b>For AFs</b> that are not an SRC or EGC: Limited assurance only beginning 2031. (285)</p> <p>Minimum qualifications and independence requirements for the attestation service provider, and minimum requirements for the accompanying attestation report. (319)</p> <p>Allow registrant to determine placement of climate-related disclosures, other than financial statement disclosures. (300)</p>	<p>Limited assurance for Scope 1 and 2 emissions for fiscal years 2 and 3 following the relevant emissions compliance disclosure date, and reasonable assurance for fiscal year 4 and beyond. (262)</p> <p>For AFs and LAFs, after a specified transition period, minimum qualifications and independence requirements for the attestation service provider, and minimum requirements for the accompanying attestation report. (265)</p> <p>Required disclosures and attestation report to be included in a separately captioned “Climate-Related Disclosure” section in the relevant filing. (300)</p>	<p>Increases length of limited assurance phase-in period for both LAFs and AFs. (297)</p> <p>Increases length of phase-in period for reasonable assurance, which is only required for LAFs, to fiscal year 7 following the emissions disclosure compliance date. (286, 293)</p> <p>Allows registrant flexibility in placement of climate-related disclosures (other than financial statement disclosures). (300)</p>
1507	<p>Safe harbor for “forward-looking statements” as part of the specified requirements in response to subpart 1500:</p> <ul style="list-style-type: none"> <li>• Transition plans</li> <li>• Scenario analysis</li> <li>• Internal carbon pricing</li> <li>• Targets and goals (394)</li> </ul>	<p>Safe harbor for Scope 3 emissions disclosures only. (388)</p>	<p>Provides safe harbor provision for disclosures that are “forward-looking statements,” which excludes historical facts. (394)</p>

## Regulation S-X

### Disclosures within the financial statements

Disclosures required under final rules	Disclosures required under proposal	Notable changes
<b>Financial statement metrics</b>		
<p>Not adopted under final rules. (407, 447)</p>	<p>Financial impacts of severe weather events or other natural conditions, and any efforts to reduce GHG emissions or otherwise mitigate exposure to transition risks on any relevant line items in a registrant’s financial statements. (402, 415)</p> <p>Registrants required to disclose impacts on an aggregated, line-by-line basis for separately for all negative and all positive impacts. (417)</p> <p><i>Threshold</i> Required disclosure if the sum of the absolute value of the positive and negative impacts on the line item was 1% or more of the total line item for the relevant fiscal year. (403, 418)</p>	<p>Eliminates financial impact metrics requirement, but emphasizes that registrants are still obligated under GAAP to consider material impacts on the financial statements, including climate-related matters. (448)</p>

Disclosures required under final rules	Disclosures required under proposal	Notable changes
<b>Expenditure metrics</b>		
Expenditures expensed and capitalized costs, charges, and losses incurred as a result of severe weather events and other natural conditions. (457)	Expenditures expensed and costs incurred to mitigate risks related to severe weather events or other natural conditions and transition activities. (403, 449)	Requires disclose of expenditures incurred “as a result of” severe weather events and other natural conditions, rather than those incurred to “mitigate” the risks of such events and conditions. (459)
Registrants required to separately disclose: <ul style="list-style-type: none"> <li>Aggregate amount of expenditures expensed as incurred and losses, (excluding recoveries) incurred (income statement impact). (458)</li> <li>Aggregate amount of capitalized costs and charges (excluding recoveries) recognized (balance sheet impact). (458)</li> </ul>	Registrants required to separately disclose: <ul style="list-style-type: none"> <li>Aggregate amounts of expenditures expensed.</li> <li>Aggregated amounts of capitalized costs incurred.</li> </ul> Within the above categories, separately disclose: <ul style="list-style-type: none"> <li>Amount incurred related to positive and negative impacts associated with climate-related events.</li> <li>Amount incurred related to transition activities, specifically to reduce GHG emissions or otherwise mitigate exposure to transition risks (450, Proposal 132)</li> </ul>	Eliminates required disclosure of expenditures related to transition activities in the financial statements, but emphasizes that disclosures of some related information are required elsewhere under final Regulation S-K amendments. (409, 462)
Location where the above expenses, capitalized costs, charges, and losses are presented on the balance sheet and income statement. (408)		Eliminates required disclosure of impacts on statement of cash flows. (409)
<i>Threshold</i> Required disclosure of: <ul style="list-style-type: none"> <li>Expenditures expensed as incurred and losses, if the aggregate amount equals or exceeds 1% of the absolute value of pre-tax income or loss. (468)</li> <li>Capitalized costs and charges, if the aggregate amount of the absolute value recognized equals or exceeds 1% of the absolute value of stockholder’s equity or deficit. (468)</li> </ul>	<i>Threshold</i> Required disclosure of: <ul style="list-style-type: none"> <li>Expenditures expensed if the aggregate amount is 1% or more of total expenditures expensed.</li> <li>Capitalized costs if the aggregate amount is 1% or more of total capitalized costs incurred. (403)</li> </ul>	Change in disclosure threshold “denominator” from total expenditures expensed or total capitalized costs incurred, to pre-tax income or stockholder’s equity or deficit. (469)
De minimis threshold to exempt disclosure of amounts that aggregate to less than \$100K in the income statement and \$500K in the balance sheet. (409, 460)		Addition of de minimis threshold. (409, 460)

Disclosures required under final rules	Disclosures required under proposal	Notable changes
<p><i>Carbon offsets and renewable energy credits.</i></p> <p>If carbon offsets or RECs have been used as a material component of a registrant’s plan to achieve its disclosed climate-related targets or goals (not subject to 1% threshold):</p> <ul style="list-style-type: none"> <li>• Aggregate amount of carbon offsets and RECs expensed.</li> <li>• Aggregate amount of capitalized carbon offsets and RECs recognized.</li> <li>• Aggregate amount of losses incurred on the capitalized carbon offsets and RECs. (465, 487)</li> </ul> <p>Beginning and ending balance of capitalized carbon offsets and RECs on the balance sheet for the fiscal year. (465, 489)</p> <p>Location where capitalized costs, expenditures expensed, and losses related to carbon offsets and RECs are presented on the income statement or balance sheet. (466)</p>	<p><i>Carbon offsets and renewable energy credits.</i></p> <p>No direct equivalent in the proposed rules; however, the proposal did include a broader requirement to disclose the impact of transition activities in the financial statements which was removed from the final rules. (462-63)</p>	<p>Inclusion of disclosures related to carbon offsets or RECs, if they are used as a <b>material</b> component of the climate-related targets or goals. (409)</p>
<p><i>Severe weather events and other natural conditions.</i></p> <p>Uses phrase “severe weather events” in amendments to Regulation S-K and Regulation S-X, and uses the same examples for both. (483)</p> <p>Specifies that registrants are not required to make a determination that a severe weather event or other natural condition was caused by climate change in order to trigger disclosure of Expenditures Metrics. (484)</p>	<p><i>Severe weather events and other natural conditions.</i></p> <p>Used phrase “extreme weather events” in proposed amendments to Regulation S-K and “severe weather events” in proposed amendments to Regulation S-X, and provided different but overlapping examples of each. (483)</p>	<p>Aligns use of phrase “severe weather events” between amendments to Regulation S-K and S-X. (483)</p> <p>Clarifies that events covered include severe weather events and other natural conditions that are not necessarily related to climate. (485)</p> <p>Clarifies that expenditures should be disclosed based on when relevant transactions are recorded in the registrant’s books, not any particular beginning or end date of the severe weather event or natural condition. (487)</p>
<p><i>Recoveries</i></p> <p>Separate disclosure of the aggregate amount of any recoveries resulting from severe weather events and other natural conditions for which capitalized costs, expenditures expensed, charges, or losses have been disclosed. (460, 481)</p>	<p><i>Recoveries</i></p> <p>Not included in proposed rules; however, registrants would have been required to disclose recoveries (such as insurance proceeds) as part of the proposed Financial Impact Metrics. (481)</p>	<p>Requires separate disclosure of recoveries as part of Expenditures Metrics. (460, 481)</p>
<p><i>Attribution principle</i></p> <p>Requires registrant to attribute a cost, expenditure, charge, loss, or recovery to a severe weather event or other natural condition (and disclose the entire amount thereof) when the event or condition is a significant contributing factor in incurring it. (479)</p>	<p><i>Attribution principle</i></p> <p>Not previously included in proposal. (479)</p>	<p>Not previously included in proposal. (479)</p>

Disclosures required under final rules	Disclosures required under proposal	Notable changes
<b>Financial estimates and assumptions</b>		
<p>Whether financial estimates and assumptions used to prepare the consolidated financial statements were <b>materially</b> impacted by exposure to risks and uncertainties associated with, or known impacts from:</p> <ul style="list-style-type: none"> <li>• Severe weather events or other natural conditions</li> <li>• Any climate-related targets or transition plans disclosed by the registrant. (505)</li> </ul> <p>Qualitative description of the <b>material</b> impact, if any, on the developments of such estimates and assumptions.</p>	<p>Whether financial estimates and assumptions were impacted by exposures to risks and uncertainties associated with, or known impacts from:</p> <ul style="list-style-type: none"> <li>• Severe weather events and other natural conditions. (403, 496)</li> <li>• A potential transition to a lower carbon economy or any climate-related targets disclosed. (497)</li> </ul> <p>Qualitative description of impact, if any, on the developments of such estimates and assumptions. (497)</p>	<p>Addition of materiality qualifier. (505)</p>
	<p>Elective disclosure of the impact of any opportunities arising from these events and activities on any of the financial metrics disclosed. (403)</p>	<p>Removes elective disclosure of impact of opportunities, while noting that the disclosure of “known impacts” on the registrant’s financial estimates and assumptions required by the final rules is not limited to negative impacts. (515)</p>
<b>Contextual information and basis of calculation</b>		
<p>Contextual information to describe how each specified financial statement effect was derived, including a description of:</p> <ul style="list-style-type: none"> <li>• Significant inputs and assumptions used.</li> <li>• If applicable, policy decisions made to calculate the metrics.</li> <li>• Significant judgements made.</li> <li>• Other information that is important to understand the financial statement effect. (523)</li> </ul>	<p>Contextual information to provide an understanding of how it derived the financial statement metrics, including a description of:</p> <ul style="list-style-type: none"> <li>• Significant inputs and assumptions used.</li> <li>• If applicable, policy decisions made to calculate the metrics. (518)</li> </ul>	<p>Adds “significant judgements” and “other information” important to understanding the impact to the required contextual information disclosure. (523)</p>
<p>Requires registrant to:</p> <ul style="list-style-type: none"> <li>• Calculate the financial statement effects using financial information that is consistent with the scope of the rest of the registrant’s consolidated financial statements.</li> <li>• Apply the same set of principles the registrant is required to apply to prepare the rest of its consolidated financial statements. (526)</li> </ul>	<p>Requires registrant to:</p> <ul style="list-style-type: none"> <li>• Calculate financial statement metrics using financial information consistent with the scope of the rest of the registrant’s consolidated financial statements. (519)</li> <li>• Apply the same set of accounting principles the registrant is required to apply to prepare the rest of the consolidated financial statements, whenever applicable. (519)</li> </ul>	<p>Eliminates phrase “whenever applicable,” stating that registrants are expected to apply the same principles used to prepare the rest of its consolidated financial statements. (526)</p>
<b>Historical periods</b>		
<p>Requires registrant to provide disclosure for historical fiscal year(s) presented in the consolidated financial statements in the applicable filing on a <b>prospective</b> basis only (that is, disclosure must be provided for the registrant’s most recently completed fiscal year, and to the extent previously disclosed or required to be disclosed, for the historical fiscal year(s), for which audited consolidated financial statements are included in the filing).</p> <p>Registrant not required to provide disclosures for historical fiscal years in the first year of adoption, or in an initial registration filing. (531)</p>	<p>Requires registrant to provide disclosure for registrant’s most recently completed fiscal year, and for the historical fiscal year(s) included in the consolidated financial statements in the applicable filing. (528)</p> <p>Corresponding historical metrics for prior fiscal year not required if the registrant is eligible to take advantage of accommodation under Rule 409 or 12b-21. (528)</p>	<p>Requires disclosure for most recent fiscal year with disclosure for historical fiscal years only to the extent previously required to be disclosed. (531, 532)</p>

# Appendix B

## Subpart 1500 Regulation S-K

This appendix provides the disclosure requirements and compliance dates for disclosures outside of the financial statements pursuant to Regulation S-K using the following abbreviations:

- **Smaller reporting companies (SRCs)**
- **Emerging growth companies (EGCs)**
- **Non-accelerated filers (NAFs)**
- **Accelerated filers, other than SRCs and EGCs (AFs)**
- **Large accelerated filers (LAFs)**
- **FYB: Fiscal years beginning**

The disclosure requirements are derived from the final rule text and have been formatted for readability.

Description
<p><b>§ 229.1500 Definitions</b></p> <p>As used in this subpart, these terms have the following meanings:</p> <ol style="list-style-type: none"><li><i>Carbon offsets</i> represents an emissions reduction, removal, or avoidance of greenhouse gases (GHG) in a manner calculated and traced for the purpose of offsetting an entity's GHG emissions.</li><li><i>Climate-related risks</i> means the actual or potential negative impacts of climate-related conditions and events on a registrant's business, results of operations, or financial condition. Climate-related risks include the following:<ol style="list-style-type: none"><li><i>Physical risks</i> include both acute risks and chronic risks to the registrant's business operations.</li><li><i>Acute risks</i> are event-driven and may relate to shorter term severe weather events, such as hurricanes, floods, tornadoes, and wildfires, among other events.</li><li><i>Chronic risks</i> relate to longer term weather patterns, such as sustained higher temperatures, sea level rise, and drought, as well as related effects such as decreased arability of farmland, decreased habitability of land, and decreased availability of fresh water.</li><li><i>Transition risks</i> are the actual or potential negative impacts on a registrant's business, results of operations, or financial condition attributable to regulatory, technological, and market changes to address the mitigation of, or adaptation to, climate-related risks, including such nonexclusive examples as increased costs attributable to changes in law or policy, reduced market demand for carbon-intensive products leading to decreased prices or profits for such products, the devaluation or abandonment of assets, risk of legal liability and litigation defense costs, competitive pressures associated with the adoption of new technologies, and reputational impacts (including those stemming from a registrant's customers or business counterparties) that might trigger changes to market behavior, consumer preferences or behavior, and registrant behavior.</li></ol></li><li><i>Carbon dioxide equivalent or CO<sub>2</sub>e</i> means the common unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide.</li><li><i>Emission factor</i> means a multiplication factor allowing actual GHG emissions to be calculated from available activity data or, if no activity data are available, economic data, to derive absolute GHG emissions. Examples of activity data include kilowatt-hours of electricity used, quantity of fuel used, output of a process, hours of operation of equipment, distance travelled, and floor area of a building.</li><li><i>GHG or Greenhouse gases</i> means carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), nitrogen trifluoride (NF<sub>3</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>).</li><li><i>GHG emissions</i> means direct and indirect emissions of greenhouse gases expressed in metric tons of carbon dioxide equivalent (CO<sub>2</sub>e), of which:<ol style="list-style-type: none"><li><i>Direct emissions</i> are GHG emissions from sources that are owned or controlled by a registrant.</li><li><i>Indirect emissions</i> are GHG emissions that result from the activities of the registrant but occur at sources not owned or controlled by the registrant.</li></ol></li><li><i>Internal carbon price</i> means an estimated cost of carbon emissions used internally within an organization.</li><li><i>Operational boundaries</i> means the boundaries that determine the direct and indirect emissions associated with the business operations owned or controlled by a registrant.</li><li><i>Organizational boundaries</i> means the boundaries that determine the operations owned or controlled by a registrant for the purpose of calculating its EHG emissions.</li></ol>

- x. *Renewable energy credit or certificate or REC* means a credit or certificate representing each megawatt-hour (1 MWh or 1,000 kilowatt-hours) of renewable electricity generated and delivered to a power grid.
- xi. *Scenario analysis* means a process for identifying and assessing a potential range of outcomes of various possible future climate scenarios, and how climate-related risks may impact a registrant’s business strategy, results of operations, or financial condition over time
- xii. *Scope 1 emissions* are direct GHG emissions from operations that are owned or controlled by a registrant.
- xiii. *Scope 2 emissions* are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat, or cooling that is consumed by operations owned or controlled by a registrant.
- xiv. *Transition plan* means a registrant’s strategy and implementation plan to reduce climate-related risks, which may include a plan to reduce its GHG emissions in line with its own commitments or commitments of jurisdictions within which it has significant operations.

**§ 229.1501 Governance**

**Compliance dates:**

**LAFs: FYB 2025**

**AFs: FYB 2026**

**SRCs, EGCs, and NAFs: FYB 2027**

- a. Describe the board of directors’ oversight of climate-related risks. If applicable, identify any board committee or subcommittee responsible for the oversight of climate-related risks and describe the processes by which the board or such committee or subcommittee is informed about such risks. If there is a climate-related target or goal disclosed pursuant to § 229.1504 or transition plan disclosed pursuant to § 229.1502(e)(1), describe whether and how the board of directors oversees progress against the target or goal or transition plan.
- b. Describe management’s role in assessing and managing the registrant’s material climate-related risks. In providing such disclosure, a registrant should address, as applicable, the following nonexclusive list of disclosure items:
  - 1. Whether and which management positions or committees are responsible for assessing and managing climate-related risks and the relevant expertise of such position holders or committee members in such detail as necessary to fully describe the nature of the expertise;
  - 2. The processes by which such positions or committees assess and manage climate-related risks; and
  - 3. Whether such positions or committees report information about such risks to the board of directors or a committee or subcommittee of the board of directors.

*Instruction 1 to Item 1501:* In the case of a foreign private issuer with a two-tier board of directors, for purposes of paragraph (a) of this section, the term “board of directors” means the supervisory or non-management board. In the case of a foreign private issuer meeting the requirements of § 240.10A-3(c)(3) of this chapter, for purposes of paragraph (a) of this section, the term “board of directors” means the issuer’s board of auditors (or similar body) or statutory auditors, as applicable.

*Instruction 2 to Item 1501:* Relevant expertise of management in paragraph (b)(1) of this section may include, for example: Prior work experience in climate-related matters; any relevant degrees or certifications; any knowledge, skills, or other background in climate-related matters.

**§ 229.1502 Strategy**

**Compliance dates, excluding Item 1502(d)(2) and Item 1502(e)(2):**

**LAFs: FYB 2025**

**AFs: FYB 2026**

**SRCs, EGCs, and NAFs: FYB 2027**

**Compliance dates, Item 1502(d)(2) and Item 1502(e)(2):**

**LAFs: FYB 2026**

**AFs: FYB 2027**

**SRCs, EGCs, and NAFs: FYB 2028**

- a. Describe any climate-related risks that have materially impacted or are reasonably likely to have a material impact on the registrant, including on its strategy, results of operations, or financial condition. In describing these material risks, a registrant must describe whether such risks are reasonably likely to manifest in the short term (i.e., the next 12 months) and separately in the long term (i.e., beyond the next 12 months). A registrant must disclose whether the risk is a physical or transition risk, providing information necessary to an understanding of the nature of the risk presented and the extent of the registrant’s exposure to the risk, including the following nonexclusive list of disclosures, as applicable:
  - 1. If a physical risk, whether it may be categorized as an acute or chronic risk, and the geographic location and nature of the properties, processes, or operations subject to the physical risk.
  - 2. If a transition risk, whether it relates to regulatory, technological, market (including changing consumer, business counterparty, and investor preferences), or other transition-related factors, and how those factors impact the registrant. A registrant that has significant operations in a jurisdiction that has made a GHG emissions reduction commitment should consider whether it may be exposed to a material transition risk related to the implementation of the commitment.

- b. Describe the actual and potential material impacts of any climate-related risk identified in response to paragraph (a) of this section on the registrant's strategy, business model, and outlook, including, as applicable, any material impacts on the following nonexclusive list of items:
  1. Business operations, including the types and locations of its operations;
  2. Products or services;
  3. Suppliers, purchasers, or counterparties to material contracts, to the extent known or reasonably available;
  4. Activities to mitigate or adapt to climate-related risks, including adoption of new technologies or processes; and
  5. Expenditure for research and development.
- c. Discuss whether and how the registrant considers any impacts described in response to paragraph (b) of this section as part of its strategy, financial planning, and capital allocation, including, as applicable:
  1. Whether the impacts of the climate-related risks described in response to paragraph (b) have been integrated into the registrant's business model or strategy, including whether and how resources are being used to mitigate climate-related risks; and
  2. How any of the targets referenced in § 229.1504 or transition plans referenced in paragraph (e) of this section relate to the registrant's business model or strategy.
- d.
  1. Discuss how any climate-related risks described in response to paragraph (a) of this section have materially impacted or are reasonably likely to materially impact the registrant's business, results of operations, or financial condition.
  2. Describe quantitatively and qualitatively the material expenditures incurred and material impacts on financial estimates and assumptions that, in management's assessment, directly result from activities disclosed under paragraph (b)(4) of this section.
- e.
  1. If a registrant has adopted a transition plan to manage a material transition risk, describe the plan. To allow for an understanding of the registrant's progress under the plan over time, a registrant must update its annual report disclosure about the transition plan each fiscal year by describing any actions taken during the year under the plan, including how such actions have impacted the registrant's business, results of operations, or financial condition.
  2. Include quantitative and qualitative disclosure of material expenditures incurred and material impacts on financial estimates and assumptions as a direct result of the transition plan disclosed under paragraph (e)(1) of this section.
- f. If a registrant uses scenario analysis to assess the impact of climate-related risks on its business, results of operations, or financial condition, and if, based on the results of such scenario analysis, the registrant determines that a climate-related risk is reasonably likely to have a material impact on its business, results of operations, or financial condition, the registrant must describe each such scenario including a brief description of the parameters, assumptions, and analytical choices used, as well as the expected material impacts, including financial impacts, on the registrant under each such scenario.
- g.
  1. If a registrant's use of an internal carbon price is material to how it evaluates and manages a climate-related risk identified in response to paragraph (a) of this section, disclose in units of the registrant's reporting currency:
    - i. The price per metric ton of CO<sub>2</sub>e; and
    - ii. The total price, including how the total price is estimated to change over the time periods referenced in paragraph (a) of this section, as applicable.
  2. If a registrant uses more than one internal carbon price to evaluate and manage a material climate-related risk, it must provide the disclosures required by this section for each internal carbon price and disclose its reasons for using different prices.
  3. If the scope of entities and operations involved in the use of an internal carbon price described pursuant to this section is materially different from the organizational boundaries used for the purpose of calculating a registrant's GHG emissions pursuant to § 229.1505, briefly describe this difference.

## § 229.1503 Risk management

### Compliance dates:

**LAFs: FYB 2025**

**AFs: FYB 2026**

**SRCs, EGCs, and NAFs: FYB 2027**

- a. Describe any processes the registrant has for identifying, assessing, and managing material climate-related risks. In providing such disclosure, registrants should address, as applicable, the following nonexclusive list of disclosure items regarding how the registrant:
  1. Identifies whether it has incurred or is reasonably likely to incur a material physical or transition risk;
  2. Decides whether to mitigate, accept, or adapt to the particular risk; and
  3. Prioritizes whether to address the climate-related risk.
- b. If managing a material climate-related risk, the registrant must disclose whether and how any processes described in response to paragraph (a) of this section have been integrated into the registrant's overall risk management system or processes.



## § 229.1504 Targets and goals

### Compliance dates, excluding Item 1504(c)(2):

LAFs: FYB 2025

AFs: FYB 2026

SRCs, EGCs, and NAFs: FYB 2027

### Compliance dates, Item 1504(c)(2):

LAFs: FYB 2026

AFs: FYB 2027

SRCs, EGCs, and NAFs: FYB 2028

- a. A registrant must disclose any climate-related target or goal if such target or goal has materially affected or is reasonably likely to materially affect the registrant's business, results of operations, or financial condition. A registrant may provide the disclosure required by this section as part of its disclosure in response to §§ 229.1502 or 229.1503.
- b. In providing disclosure required by paragraph (a) of this section, a registrant must provide any additional information or explanation necessary to an understanding of the material impact or reasonably likely material impact of the target or goal, including, as applicable, but not limited to, a description of:
  1. The scope of activities included in the target;
  2. The unit of measurement;
  3. The defined time horizon by which the target is intended to be achieved, and whether the time horizon is based on one or more goals established by a climate-related treaty, law, regulation, policy, or organization;
  4. If the registrant has established a baseline for the target or goal, the defined baseline time period and the means by which progress will be tracked; and
  5. A qualitative description of how the registrant intends to meet its climate-related targets or goals.
- c. Disclose any progress made toward meeting the target or goal and how any such progress has been achieved. A registrant must update this disclosure each fiscal year by describing the actions taken during the year to achieve its targets or goals.
  1. Include a discussion of any material impacts to the registrant's business, results of operations, or financial condition as a direct result of the target or goal or the actions taken to make progress toward meeting the target or goal.
  2. Include quantitative and qualitative disclosure of any material expenditures and material impacts on financial estimates and assumptions as a direct result of the target or goal or the actions taken to make progress toward meeting the target or goal.
- d. If carbon offsets or RECs have been used as a material component of a registrant's plan to achieve climate-related targets or goals, separately disclose the amount of carbon avoidance, reduction or removal represented by the offsets or the amount of generated renewable energy represented by the RECs, the nature and source of the offsets or RECs, a description and location of the underlying projects, any registries or other authentication of the offsets or RECs, and the cost of the offsets or RECs.

## § 229.1505 GHG emissions metrics

### Compliance dates:

LAFs: FYB 2026

AFs: FYB 2028

SRCs, EGCs, and NAFs: Not applicable

- a.
  1. A registrant that is a large accelerated filer or an accelerated filer, each as defined in § 240.12b-2 of this chapter, must disclose its Scope 1 emissions and/or its Scope 2 emissions, if such emissions are material, for its most recently completed fiscal year and, to the extent previously disclosed in a Commission filing, for the historical fiscal year(s) included in the consolidated financial statements in the filing.
  2. For any GHG emissions required to be disclosed pursuant to paragraph (a)(1) of this section:
    - i. Disclose the registrant's Scope 1 emissions and/or Scope 2 emissions separately, each expressed in the aggregate, in terms of CO<sub>2</sub>e. In addition, if any constituent gas of the disclosed emissions is individually material, disclose such constituent gas disaggregated from the other gases.
    - ii. Disclose the registrant's Scope 1 emissions and/or Scope 2 emissions in gross terms by excluding the impact of any purchased or generated offsets.
  3.
    - i. A smaller reporting company, as defined by §§ 229.10(f)(1), 230.405, and 240.12b-2 of this chapter, and an emerging growth company, as defined by §§ 230.405 and 240.12b-2 of this chapter, are exempt from, and need not comply with, the disclosure requirements of this section.
    - ii. A registrant is not required to include GHG emissions from a manure management system when disclosing its overall Scopes 1 and 2 emissions pursuant to paragraph (a)(1) of this section so long as implementation of such a provision is subject to restrictions on appropriated funds or otherwise prohibited under federal law

- b.
1. Describe the methodology, significant inputs, and significant assumptions used to calculate the registrant's GHG emissions disclosed pursuant to this section. This description must include:
    - i. The organizational boundaries used when calculating the registrant's disclosed GHG emissions, including the method used to determine those boundaries. If the organizational boundaries materially differ from the scope of entities and operations included in the registrant's consolidated financial statements, provide a brief explanation of this difference in sufficient detail for a reasonable investor to understand;
    - ii. A brief discussion of, in sufficient detail for a reasonable investor to understand, the operational boundaries used, including the approach to categorization of emissions and emissions sources; and
    - iii. A brief description of, in sufficient detail for a reasonable investor to understand, the protocol or standard used to report the GHG emissions, including the calculation approach, the type and source of any emission factors used, and any calculation tools used to calculate the GHG emissions.
  2. A registrant may use reasonable estimates when disclosing its GHG emissions as long as it also describes the underlying assumptions, and its reasons for using, the estimates.
- c.
1. Any GHG emissions metrics required to be disclosed pursuant to this section in a registrant's annual report on Form 10-K filed with the Commission may be incorporated by reference from the registrant's Form 10-Q for the second fiscal quarter in the fiscal year immediately following the year to which the GHG emissions metrics disclosure relates, or may be included in an amended annual report on Form 10-K no later than the due date for such Form 10-Q. If the registrant is a foreign private issuer, as defined in §§ 230.405 and 240.3b-4(c) of this chapter, such information may be disclosed in an amendment to its annual report on Form 20-F (§ 249.220f of this chapter), which shall be due no later than 225 days after the end of the fiscal year to which the GHG emissions metrics disclosure relates. In either case, the registrant must include an express statement in its annual report indicating its intention to incorporate by reference this information from either a quarterly report on Form 10-Q or amend its annual report on Form 10-K or Form 20-F to provide this information by the due date specified by this section.
  2. In the case of a registration statement filed under the *Securities Act of 1933* [15U.S.C. 77a et seq.] or filed on Form 10 (§ 249.210 of this chapter) or Form 20-F (§ 249.220f of this chapter) under the *Securities Exchange Act of 1934* [15 U.S.C. 78a et seq.], any GHG emissions metrics required to be disclosed pursuant to paragraph (a) of this section must be provided as of the most recently completed fiscal year that is at least 225 days prior to the date of effectiveness of the registration statement.

#### § 229.1506 Attestation of Scope 1 and Scope 2 emissions disclosure

##### **Compliance dates, limited assurance:**

**LAFs: FYB 2029**

**AFs: FYB 2031**

**SRCs, EGCs, and NAFs: Not applicable**

##### **Compliance dates, reasonable assurance:**

**LAFs: FYB 2033**

**AFs: Not applicable**

**SRCs, EGCs, and NAFs: Not applicable**

##### a. *Attestation*

1. A registrant that is required to provide Scope 1 and/or Scope 2 emissions disclosure pursuant to § 229.1505 must include an attestation report covering such disclosure in the relevant filing, subject to the following provisions:
  - i. For filings made by an accelerated filer beginning the third fiscal year after the compliance date for § 229.1505 and thereafter, the attestation engagement must, at a minimum, be at a limited assurance level and cover the registrant's Scope 1 and/or Scope 2 emissions disclosure;
  - ii. For filings made by a large accelerated filer beginning the third fiscal year after the compliance date for § 229.1505, the attestation engagement must, at a minimum, be at a limited assurance level and cover the registrant's Scope 1 and/or Scope 2 emissions disclosure; and
  - iii. For filings made by a large accelerated filer beginning the seventh fiscal year after the compliance date for § 229.1505 and thereafter, the attestation engagement must be at a reasonable assurance level and cover the registrant's Scope 1 and/or Scope 2 emissions disclosure.
2. Any attestation report required under this section must be provided pursuant to standards that are:
  - i. Publicly available at no cost or that are widely used for GHG emissions assurance; and
  - ii. Established by a body or group that has followed due process procedures, including the broad distribution of the framework for public comment.
3. A registrant that is required to provide Scope 1 and/or Scope 2 emissions disclosure pursuant to § 229.1505 that obtains voluntary assurance over its GHG emissions disclosure prior to the first required fiscal year for assurance must comply with paragraph (e) of this section. Voluntary assurance obtained by such registrant after the first required fiscal year that is in addition to any required assurance must follow the requirements of paragraphs (b) through (d) of this section and must use the same attestation standard as the required assurance over Scope 1 and/or Scope 2 emissions disclosure.

- b. *GHG emissions attestation provider.* The GHG emissions attestation report required by paragraph (a) of this section must be prepared and signed by a GHG emissions attestation provider. A GHG emissions attestation provider means a person or a firm that has all of the following characteristics:
1. Is an expert in GHG emissions by virtue of having significant experience in measuring, analyzing, reporting, or attesting to GHG emissions. Significant experience means having sufficient competence and capabilities necessary to:
    - i. Perform engagements in accordance with attestation standards and applicable legal and regulatory requirements; and
    - ii. Enable the service provider to issue reports that are appropriate under the circumstances.
  2. Is independent with respect to the registrant, and any of its affiliates, for whom it is providing the attestation report, during the attestation and professional engagement period.
    - i. A GHG emissions attestation provider is not independent if such attestation provider is not, or a reasonable investor with knowledge of all relevant facts and circumstances would conclude that such attestation provider is not, capable of exercising objective and impartial judgment on all issues encompassed within the attestation provider's engagement.
    - ii. In determining whether a GHG emissions attestation provider is independent, the Commission will consider:
      - A. Whether a relationship or the provision of a service creates a mutual or conflicting interest between the attestation provider and the registrant (or any of its affiliates), places the attestation provider in the position of attesting to such attestation provider's own work, results in the attestation provider acting as management or an employee of the registrant (or any of its affiliates), or places the attestation provider in a position of being an advocate for the registrant (or any of its affiliates); and
      - B. All relevant circumstances, including all financial or other relationships between the attestation provider and the registrant (or any of its affiliates), and not just those relating to reports filed with the Commission.
    - iii. The term "affiliate" as used in this section has the meaning provided in § 210.2-01 of this chapter, except that references to "audit" are deemed to be references to the attestation services provided pursuant to this section.
    - iv. The term "attestation and professional engagement period" as used in this section means both:
      - A. The period covered by the attestation report; and
      - B. The period of the engagement to attest to the registrant's GHG emissions or to prepare a report filed with the Commission (the professional engagement period). The professional engagement period begins when the GHG attestation service provider either signs an initial engagement letter (or other agreement to attest to a registrant's GHG emissions) or begins attest procedures, whichever is earlier.
- c. *Attestation report requirements.* The form and content of the attestation report must follow the requirements set forth by the attestation standard (or standards) used by the GHG emissions attestation provider.
- d. *Additional disclosure by the registrant.* In addition to including the GHG emissions attestation report required by paragraph (a) of this section, a large accelerated filer and an accelerated filer must disclose, alongside the GHG emissions disclosure to which the attestation report relates, after requesting relevant information from any GHG emissions attestation provider as necessary:
1. Whether the GHG emissions attestation provider is subject to any oversight inspection program, and if so, which program (or programs), and whether the GHG emissions attestation engagement is included within the scope of authority of such oversight inspection program.
  2.
    - i. Whether any GHG emissions attestation provider that was previously engaged to provide attestation over the registrant's GHG emissions disclosure pursuant to paragraph (a) of this section for the fiscal year period covered by the attestation report resigned (or indicated that it declined to stand for re-appointment after the completion of the attestation engagement) or was dismissed. If so,
      - A. State whether the former GHG emissions attestation provider resigned, declined to stand for re-appointment, or was dismissed and the date thereof; and
      - B. State whether during the performance of the attestation engagement for the fiscal year period covered by the attestation report there were any disagreements with the former GHG emissions attestation provider on any matter of measurement or disclosure of GHG emissions or attestation scope of procedures. Also,
        - 1) *Describe each such disagreement; and*
        - 2) *State whether the registrant has authorized the former GHG emissions attestation provider to respond fully to the inquiries of the successor GHG emissions attestation provider concerning the subject matter of each such disagreement.*
    - ii. The term "disagreements" as used in this section shall be interpreted broadly, to include any difference of opinion concerning any matter of measurement or disclosure of GHG emissions or attestation scope or procedures that (if not resolved to the satisfaction of the former GHG emissions attestation provider) would have caused it to make reference to the subject matter of the disagreement in connection with its report. It is not necessary for there to have been an argument to have had a disagreement, merely a difference of opinion. For purposes of this section, however, the term disagreements does not include initial differences of opinion based on incomplete facts or preliminary information that were later resolved to the former GHG emissions attestation provider's satisfaction by, and providing the registrant and the GHG emissions attestation provider do not continue to have a difference of opinion upon, obtaining additional relevant facts or information. The disagreements required to be reported in response to this section include both those resolved to the former GHG emissions attestation provider's satisfaction and those not resolved to the former provider's satisfaction. Disagreements contemplated by this section are those that occur at the decision-making level, i.e., between personnel of the registrant responsible for presentation of its GHG emissions disclosure and personnel of the GHG emissions attestation provider responsible for rendering its report.

- iii. In determining whether any disagreement has occurred, an oral communication from the engagement partner or another person responsible for rendering the GHG emissions attestation provider's opinion or conclusion (or their designee) will generally suffice as a statement of a disagreement at the "decision-making level" within the GHG emissions attestation provider and require disclosure under this section.
- e. *Disclosure of voluntary assurance.* A registrant that is not required to include a GHG emissions attestation report pursuant to paragraph (a) of this section must disclose in the filing the following information if the registrant's GHG emissions disclosure in the filing were subject to third-party assurance:
  1. Identification of the service provider of such assurance;
  2. Description of the assurance standard used;
  3. Description of the level and scope of assurance services provided;
  4. Brief description of the results of the assurance services;
  5. Whether the service provider has any material business relationships with or has provided any material professional services to the registrant; and
  6. Whether the service provider is subject to any oversight inspection program, and if so, which program (or programs) and whether the assurance services over GHG emissions are included within the scope of authority of such oversight inspection program.
- f. *Location of disclosure.* A registrant must include the attestation report and disclosure required by this section in the filing that contains the GHG emissions disclosure to which the report and disclosure relate. If, in accordance with the requirements in § 229.1505, a registrant elects to incorporate by reference its GHG emissions disclosure from its Form 10-Q (§ 249.308a of this chapter) for the second fiscal quarter in the fiscal year immediately following the year to which the GHG emissions disclosure relates or to provide this information in an amended annual report on Form 10-K (§ 249.310 of this chapter) or 20-F (§ 249.220f of this chapter), then the registrant must include an express statement in its annual report indicating its intention to incorporate by reference the attestation report from either a quarterly report on Form 10-Q or amend its annual report on Form 10-K or Form 20-F to provide the attestation report by the due date specified in § 229.1505.

*Instruction 1 to Item 1506:* A registrant that obtains assurance from an attestation provider at the limited assurance level should refer to § 229.601(b)(27) and paragraph 18 of Form 20-F's Instructions as to Exhibits.

#### **§ 229.1507 Safe harbor for certain climate-related disclosures**

- a.
  1. The safe harbors for forward-looking statements in section 27A of the *Securities Act of 1933* (15 U.S.C. 77z-2) and section 21E of the *Securities Exchange Act of 1934* (15 U.S.C. 78u-5) (statutory safe harbors) apply as provided in this section to information provided pursuant to §§ 229.1502(e), 229.1502(f), 229.1502(g), and 229.1504.
  2. The safe harbor provided by this section applies to a forward-looking statement specified in the statutory safe harbors:
    - i. Made in connection with an offering of securities by a blank check company, as specified in 15 U.S.C. 77z-2(b)(1)(B) and 15 U.S.C. 78u-5(b)(1)(B);
    - ii. Made with respect to the business or operations of an issuer of penny stock, as specified in 15 U.S.C. 77z-2(b)(1)(C) and 15 U.S.C. 78u-5(b)(1)(C);
    - iii. Made in connection with a rollup transaction, as specified in 15 U.S.C. 77z2(b)(1)(D) and 15 U.S.C. 78u-5(b)(1)(D); Made in connection with an initial public offering, as specified in 15 U.S.C. 77z2(b)(2)(D) and 15 U.S.C. 78u-5(b)(2)(D); and
    - iv. Made in connection with an initial public offering, as specified in 15 U.S.C. 77z2(b)(2)(D) and 15 U.S.C. 78u-5(b)(2)(D); and
    - v. Made in connection with an offering by, or relating to the operations of, a partnership, limited liability company, or a direct participation investment program, as specified in 15 U.S.C. 77z-2(b)(2)(E) and 15 U.S.C. 78u-5(b)(2)(E).
  3. Notwithstanding 15 U.S.C. 77z-2(a)(1) and 15 U.S.C. 78-u(a)(1), the safe harbor provided by this section will apply where an issuer that, at the time that the statement is made, is not subject to the reporting requirements of section 13(a) or section 15(d) of the *Securities Exchange Act of 1934*.
- b. For purposes of paragraph (a) of this section, all information required by §§ 229.1502(e), 229.1502(f), 229.1502(g), and 229.1504 is considered a forward-looking statement for purposes of the statutory safe harbors, except for historical facts, including, as nonexclusive examples, terms related to carbon offsets or RECs described pursuant to § 229.1504 and statements in response to §§ 229.1502(e) or 229.1504 about material expenditures actually incurred.

#### **§ 229.1508 Interactive data requirement**

##### **Compliance dates:**

**LAFs: FYB 2026**

**AFs: FYB 2026**

**SRCs, EGCs, and NAFs: FYB 2027**

Provide the disclosure required by this subpart 1500 in an Interactive Data File as required by § 232.405 of this chapter (Rule 405 of Regulation S-T) in accordance with the EDGAR Filer Manual.

# Appendix C

## Disclosure requirements under Regulation S-X

This appendix provides the disclosure requirements and related compliance dates for items inside the financial statements pursuant to Regulation S-X using the following abbreviations:

- **Smaller reporting companies (SRCs)**
- **Emerging growth companies (EGCs)**
- **Non-accelerated filers (NAFs)**
- **Accelerated filers, other than SRCs and EGCs (AFs)**
- **Large accelerated filers (LAFs)**
- **FYB: Fiscal years beginning**

The disclosure requirements are derived from the final rule text and have been formatted for readability.

Description
<p><b>§ 210.14-01 Instructions related to disclosure of severe weather events and other information</b></p> <p><b>Compliance dates:</b> <b>LAFs: FYB 2025</b> <b>AFs: FYB 2026</b> <b>SRCs, EGCs, and NAFs: FYB 2027</b></p> <p>a. <i>General.</i> A registrant must include disclosure pursuant to § 210.14-02 in any filing that is required to include disclosure pursuant to subpart 229.1500 of this chapter and that also requires the registrant to include its audited financial statements. The disclosure pursuant to § 210.14-02 must be included in a note to the financial statements included in such filing.</p> <p>b. <i>Definitions.</i> The definitions in § 229.1500 (Item 1500 of Regulation S-K) apply to §§ 210.14-01 and 210.14-02 (Article 14) except where otherwise indicated.</p> <p>c. <i>Basis of calculation.</i> When calculating the financial statement effects in this Article 14, except where otherwise indicated, a registrant must:</p> <ol style="list-style-type: none"><li>1. Use financial information that is consistent with the scope of its consolidated financial statements included in the filing; and</li><li>2. Apply the same accounting principles that it is required to apply in the preparation of its consolidated financial statements included in the filing</li></ol> <p>d. <i>Periods to be disclosed.</i> Disclosure must be provided for the registrant's most recently completed fiscal year, and to the extent previously disclosed or required to be disclosed, for the historical fiscal year(s), for which audited consolidated financial statements are included in the filing.</p>

## § 210.14-02 Disclosures related to severe weather events and other information

### Compliance dates:

LAFs: FYB 2025

AFs: FYB 2026

SRCs, EGCs, and NAFs: FYB 2027

- a. *Contextual information.* Provide contextual information, describing how each specified financial statement effect disclosed under § 210.14-02(b) through (h) was derived, including a description of significant inputs and assumptions used, significant judgments made, other information that is important to understand the financial statement effect and, if applicable, policy decisions made by the registrant to calculate the specified disclosures.
- b. *Disclosure thresholds.*
1. Disclosure of the aggregate amount of expenditures expensed as incurred and losses pursuant to paragraph (c) of this section is required if the aggregate amount of expenditures expensed as incurred and losses equals or exceeds one percent of the absolute value of income or loss before income tax expense or benefit for the relevant fiscal year. Such disclosure is not required, however, if the aggregate amount of expenditures expensed as incurred and losses is less than \$100,000 for the relevant fiscal year.
  2. Disclosure of the aggregate amount of capitalized costs and charges incurred pursuant to paragraph (d) of this section is required if the aggregate amount of the absolute value of capitalized costs and charges equals or exceeds one percent of the absolute value of stockholders' equity or deficit at the end of the relevant fiscal year. Such disclosure is not required, however, if the aggregate amount of the absolute value of capitalized costs and charges is less than \$500,000 for the relevant fiscal year.
- c. *Expenditures expensed as incurred and losses resulting from severe weather events and other natural conditions.* Disclose the aggregate amount of expenditures expensed as incurred and losses, excluding recoveries, incurred during the fiscal year as a result of severe weather events and other natural conditions, such as hurricanes, tornadoes, flooding, drought, wildfires, extreme temperatures, and sea level rise. For example, a registrant may be required to disclose the amount of expense or loss, as applicable, to restore operations, relocate assets or operations affected by the event or other natural condition, retire affected assets, repair affected assets, recognize impairment loss on affected assets, or otherwise respond to the effect that severe weather events and other natural conditions had on business operations. Disclosure pursuant to this paragraph must separately identify where the expenditures expensed as incurred and losses are presented in the income statement.
- d. *Capitalized costs and charges resulting from severe weather events and other natural conditions.* Disclose the aggregate amount of capitalized costs and charges, excluding recoveries, incurred during the fiscal year as a result of severe weather events and other natural conditions, such as hurricanes, tornadoes, flooding, drought, wildfires, extreme temperatures, and sea level rise. For example, a registrant may be required to disclose the amount of capitalized costs or charges, as applicable, to restore operations, retire affected assets, replace or repair affected assets, recognize an impairment charge for affected assets, or otherwise respond to the effect that severe weather events and other natural conditions had on business operations. Disclosure pursuant to this paragraph must separately identify where the capitalized costs and charges are presented in the balance sheet.
- e. *Carbon offsets and RECs.*
1. If carbon offsets or RECs have been used as a material component of a registrant's plans to achieve its disclosed climate-related targets or goals, disclose the aggregate amount of carbon offsets and RECs expensed, the aggregate amount of capitalized carbon offsets and RECs recognized, and the aggregate amount of losses incurred on the capitalized carbon offsets and RECs, during the fiscal year. In addition, disclose the beginning and ending balances of the capitalized carbon offsets and RECs for the fiscal year. Disclosure pursuant to this paragraph must separately identify where the expenditures expensed, capitalized costs, and losses are presented in the income statement and the balance sheet.
  2. If a registrant is required to provide disclosure pursuant to paragraph (e)(1) of this section, then a registrant must state its accounting policy for carbon offsets and RECs as part of the contextual information required by paragraph (a) of this section.
- f. *Recoveries.* If a registrant is required to provide disclosure pursuant to paragraphs (c) or (d) of this section, then as part of the contextual information required by paragraph (a) of this section, a registrant must state separately the aggregate amount of any recoveries recognized during the fiscal year as a result of severe weather events and other natural conditions for which capitalized costs, expenditures expensed, charges, or losses are disclosed pursuant to paragraphs (c) or (d) of this section. Disclosure pursuant to this paragraph must separately identify where the recoveries are presented in the income statement and the balance sheet.
- g. *Attribution.* For purposes of providing disclosure pursuant to paragraphs (c), (d), and (f) of this section, a capitalized cost, expenditure expensed, charge, loss, or recovery results from a severe weather event or other natural condition when the event or condition is a significant contributing factor in incurring the capitalized cost, expenditure expensed, charge, loss, or recovery. If an event or condition is a significant contributing factor in incurring a cost, expenditure, charge, loss, or recovery, then the entire amount of such cost, expenditure, charge, loss, or recovery must be included in the disclosure pursuant to paragraphs (c), (d), and (f) of this section.
- h. *Financial estimates and assumptions materially impacted by severe weather events and other natural conditions or disclosed targets or transition plans.* Disclose whether the estimates and assumptions the registrant used to produce the consolidated financial statements were materially impacted by exposures to risks and uncertainties associated with, or known impacts from, severe weather events and other natural conditions, such as hurricanes, tornadoes, flooding, drought, wildfires, extreme temperatures, and sea level rise, or any climate-related targets or transition plans disclosed by the registrant. If yes, provide a qualitative description of how the development of such estimates and assumptions were impacted by such events, conditions, targets, or transition plans.

## § 210.8-01 General requirements for Article 8

### Compliance dates:

**LAFs: FYB 2025**

**AFs: FYB 2026**

**SRCs, EGCs, and NAFs: FYB 2027**

- b. Smaller reporting companies electing to prepare their financial statements with the form and content required in Article 8 need not apply the other form and content requirements in 17 CFR part 210 (Regulation S-X) with the exception of the following:
1. The report and qualifications of the independent accountant shall comply with the requirements of §§ 210.2-01 through 210.2-07 (Article 2); and
  2. The description of accounting policies shall comply with § 210.4-08(n); and
  3. Smaller reporting companies engaged in oil and gas producing activities shall follow the financial accounting and reporting standards specified in § 210.4-10 with respect to such activities; and
  4. Sections 210.14-01 and 210.14-02 (Article 14).

## XBRL tagging requirement

Disclosures under Article 14 must be tagged consistent with financial statement tagging requirements under Rule 405(b)(1)(i) of Regulation S-T.<sup>1</sup>

<sup>1</sup> Footnote 2519 from the final rules indicates, "Because financial statements are already structured in Inline XBRL, no new regulatory text is necessary to structure the disclosures filed pursuant to Article 14 of Regulation S-X. See Rule 405(b)(1)(i) of Regulation S-T."



## Learn more

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