

PUBLIC COMPANY ADVISORY

SEC Issues Guidance for Disclosures Related to Climate Change

Our SEC Team

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Dear clients and friends:

The Securities and Exchange Commission on February 2 issued an interpretive **Guidance** on its existing requirements for public companies on disclosure of how business or legal developments related to climate change could impact their operations. The SEC released the guidance amid the recent increase in laws and regulations regarding climate change that are impacting businesses.

In advance of the Interpretive Guidance, the SEC on January 27 issued a **news release** with a list of examples of where climate change may trigger disclosure requirements.

- **Impact of Legislation and Regulation:** A company should consider whether the impact of certain existing laws and regulations regarding climate change is material. In certain circumstances, a company should evaluate the potential impact of pending legislation and regulation related to climate change.
- **Impact of International Accords:** A company should consider, and disclose when material, the risks on its business of international accords and treaties related to climate change.
- **Indirect Consequences of Regulation or Business Trends:** Legal, technological, political and scientific developments regarding climate change may create opportunities or risks — such as a decreased demand for goods that produce significant greenhouse emissions. In these situations, for disclosure purposes, a company should consider the actual or potential indirect consequences it may face.
- **Physical Impacts of Climate Change:** A company should evaluate for disclosure purposes the actual and potential material impacts of environmental matters on its business.

If you would like additional information on the SEC's disclosure requirements on developments related to climate change, do not hesitate to contact us at (305) 373-5500.

Sincerely,



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