

# Climate Reporting in the U.S.

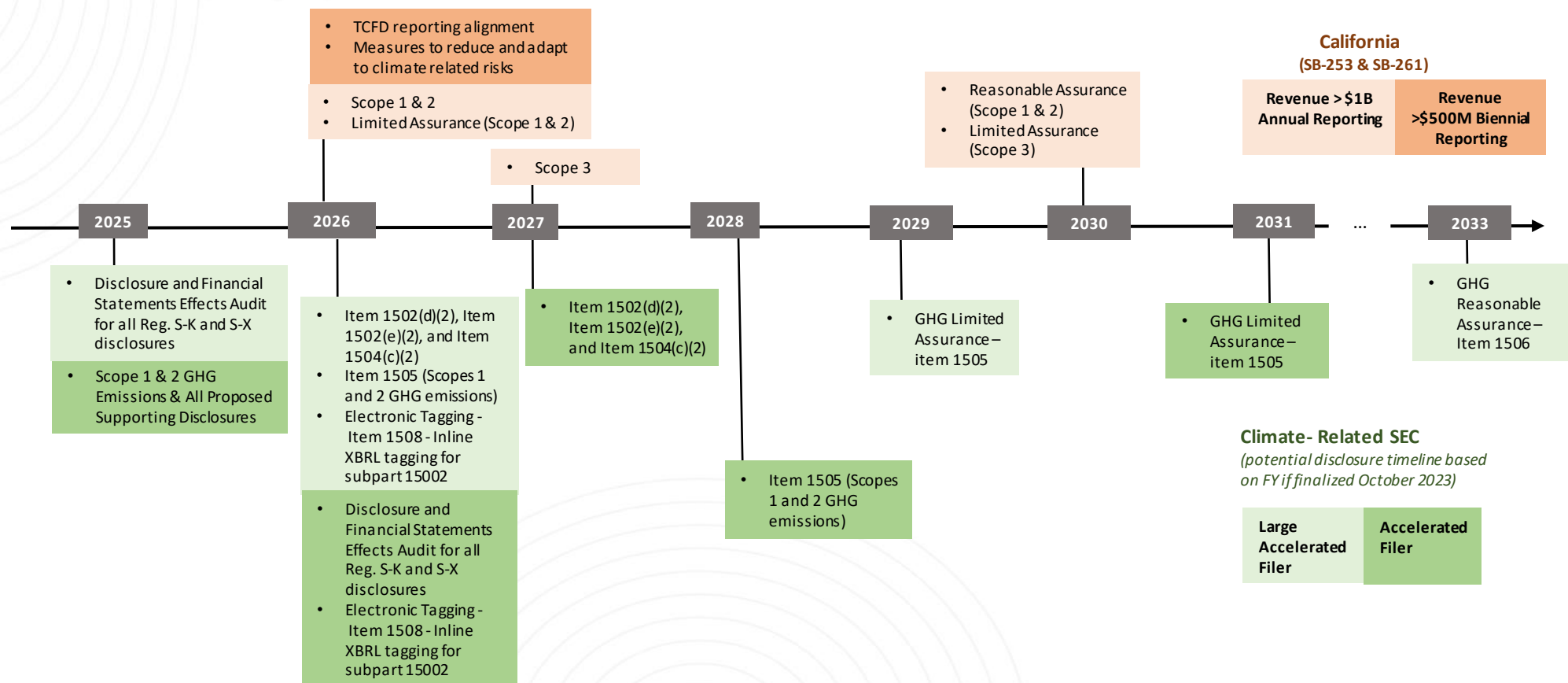
As investors and reporting agencies increasingly push for standardized ESG related disclosures, companies need to stay abreast with the constantly evolving ESG reporting universe. It can be challenging to keep track of disclosure requirements, reporting timelines and best practices for aligning with the many different frameworks and standards available. Companies need to understand how new reporting expectations (U.S. & international) will affect their ESG roadmap and prepare for the changing disclosure opportunities in their annual ESG/Sustainability Reports.

In the U.S., companies should be aware of the evolving reporting requirements that will begin to take effect as soon as FY 2025.

- Climate Disclosure (SEC)** - The SEC has finalized its climate regulations which requires disclosure outlining material climate-related risks, oversight, targets/goals and scope 1 & scope 2 GHG emissions.
- Climate Disclosure (California State Senate and Assembly)** - CA State governing bodies recently passed both the Corporate Data Accountability Act (SB-253) and Greenhouse Gases: Climate-Related Financial Risk (SB-261).

(Reminder: In 2023 the EU has established comprehensive ESG regulations, such as the NFRD, EU Taxonomy, SFDR, and the forthcoming CSRD. Read more here: [ZMH Spotlight: EU Regulations Key Takeaways](#))

## Timeline of Reporting Requirements



## SEC - Final Decision March 6, 2024

For the last two years, the SEC has been working to finalize proposed rule amendments that would require registrants to include climate-related information in registration statements and periodic reports. The final rules include a phased-in compliance period for all registrants, with the compliance date dependent on the registrant's filer status and the content of the disclosure.

### Disclosure Topics Includes:

- Climate-related risks that have had or are likely to have an impact on business strategy, operations, or financial condition
- Activities to mitigate or adapt to climate-related risk along with processes for identifying, assessing, and managing risks
- Oversight by the board of directors and any role by management in assessing and managing material climate-related risks
- Climate-related targets or goals, and for large accelerated filers (LAFs) and accelerated filers (AFs) that are not otherwise exempted, information about material Scope 1 emissions and/or Scope 2 emissions;
- For those required to disclose Scope 1 and/or Scope 2 emissions, an assurance report at the minimum a limited assurance level
- The capitalized costs, expenditures expensed, charges, and losses incurred as a result of severe weather events and other natural conditions, as well as carbon offsets and renewable energy credits or certificates (RECs)

Source: [SEC Fact Sheet - Enhancement and Standardization of Climate-Related Disclosures: Final Rules](#)  
[SEC.gov](#) | [SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors](#)

## State of California – Signed into law in 2023

Disclosure expectations are similar to what is required in frameworks, such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the Greenhouse Gas Protocol. The California laws would apply to all large companies (not just publicly traded companies) that conduct business in California with revenues greater than \$500million and/or \$1billion. Notably, unlike the SEC, California will require scope 3 emissions reporting.

	Reporting Frequency	Disclosure Requirements includes:
Companies with revenues greater than \$1 billion	Annual	<ul style="list-style-type: none"> <li>• Emissions reporting from all scopes (Scope 1, 2 &amp; 3) in accordance with the Greenhouse Gas Protocol standards</li> <li>• Third party assurance of emissions data</li> </ul>
Companies with revenues greater than \$500 million	Biennial	<ul style="list-style-type: none"> <li>• Reporting alignment to the TCFD framework</li> <li>• Measures to reduce and adapt to climate related risks</li> </ul>

Source: [Bill Text - SB-261 Greenhouse gases: climate-related financial risk. \(ca.gov\)](#)  
[Bill Text - SB-253 Climate Corporate Data Accountability Act. \(ca.gov\)](#)

## What ZMH Can Do for You

To properly manage ESG related risks, companies need to have a firm understanding of reporting requirements and their disclosure opportunities. ZMH Advisors helps guides companies on their ESG journey and establish end-to-end programs for overseeing the various facets within the ESG space.

We pride ourselves on being a one-stop shop for all things ESG. Our dynamic team of experts enables us to be agile in our approach to a company's current and evolving ESG needs.

### Develop a strategic roadmap for a thoughtful, long-term ESG program

#### Materiality Assessment

Establish a starting point by conducting a formal and comprehensive ESG Materiality Assessment that captures what matters most to your stakeholders.

#### Reporting & Disclosure

Stay up to date on evolving reporting requirements and best practices and create purposeful and effective disclosures that resonate directly with ESG rating organizations and captures investor priorities.

#### Carbon Emissions (GHG) Footprint

Conduct a GHG inventory and calculate your scope 1, 2 & 3 emissions. Identify current gaps and develop internal processes for data collection and tracking.

#### Investor Engagement

Utilize our proprietary Investor Engagement Dashboard to gain strategic insights on investor-specific voting history, stewardship mandates, engagement priorities and much more.

Whether it is helping advise an already established ESG program or starting from ground zero, our team is here to help!

**CONTACT US TO LEARN MORE ABOUT OUR SERVICES**

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