

The SEC's Proposed Climate Disclosure Rule (Published March 31, 2022)



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The U.S. Securities and Exchange Commission



- February 8, 2010 – *Commission Guidance Regarding Disclosures Related to Climate Change*
- March 20, 2021 – the SEC forms its Climate and Environmental, Social and Governance Task Force
- March 21, 2022 - Proposed Rule, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*
 - >500 pages
 - >800 questions

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¹ 15 U.S.C. 77a *et seq.*

² 15 U.S.C. 78a *et seq.*

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Taking a Step Back

ESG

Environmental, Social (Sustainability) and Governance



What Problems Are They Confronting?

ESG



- Scope 3 emissions
- Governance
- Sustainability in practice
- Corporate culture
- Partnerships
- Ethics



Why bother?



- Employee recruitment/retention
- Investor/Shareholder demand
- Customer demand





Elon Musk @elonmusk · May 18

Despite Tesla doing more for the environment than any company ever!



12.9K

33.9K

247.9K



The ESG arena is not without controversy

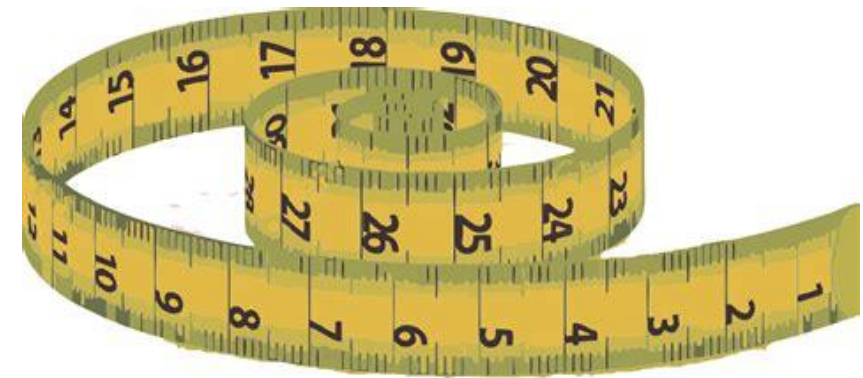
The U.S. Securities and Exchange Commission



- Back to the our regularly-scheduled presentation

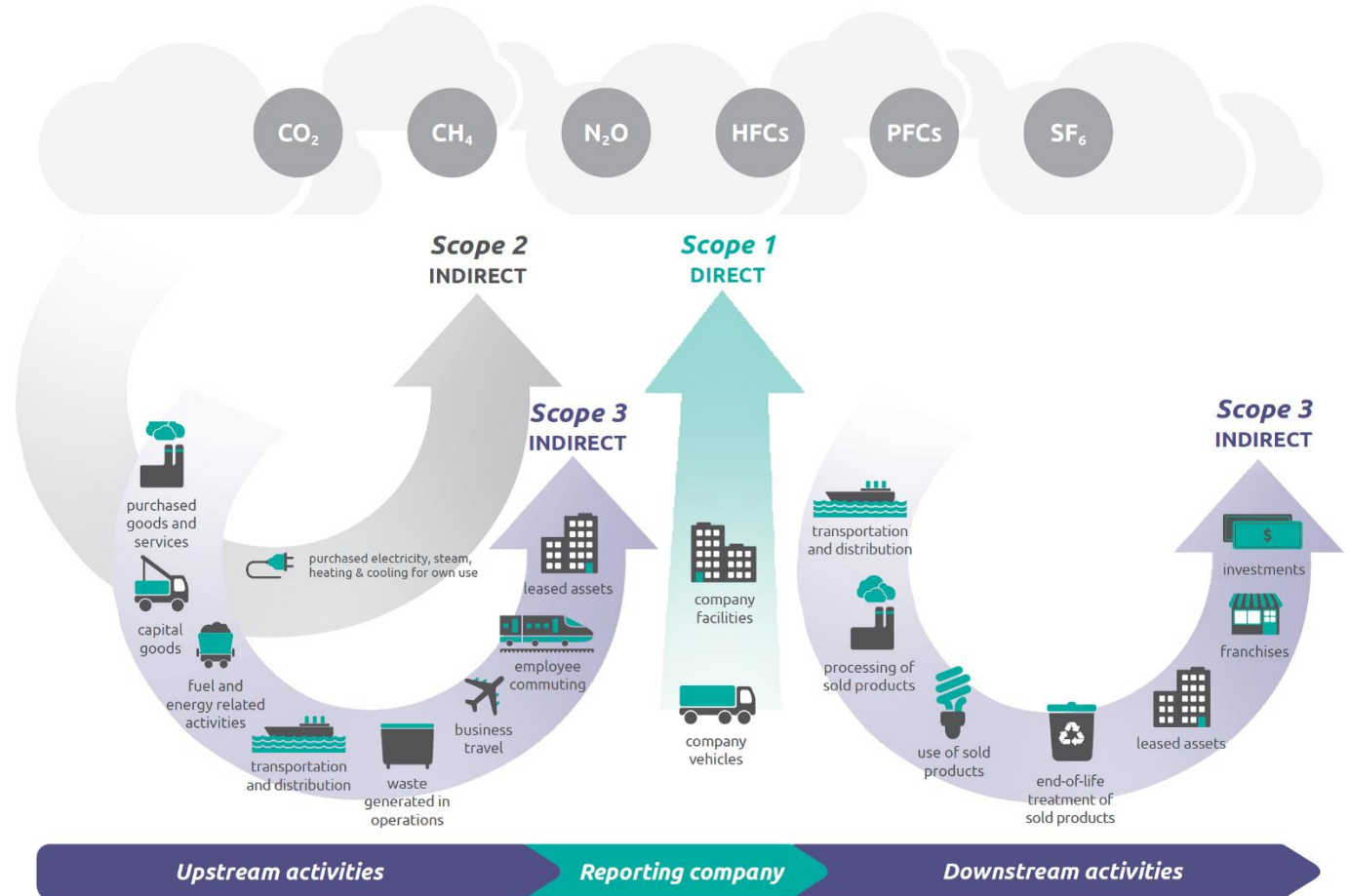
Climate Metrics

- Greenhouse gas emissions
- Climate-related financial metrics
- Targets and goals

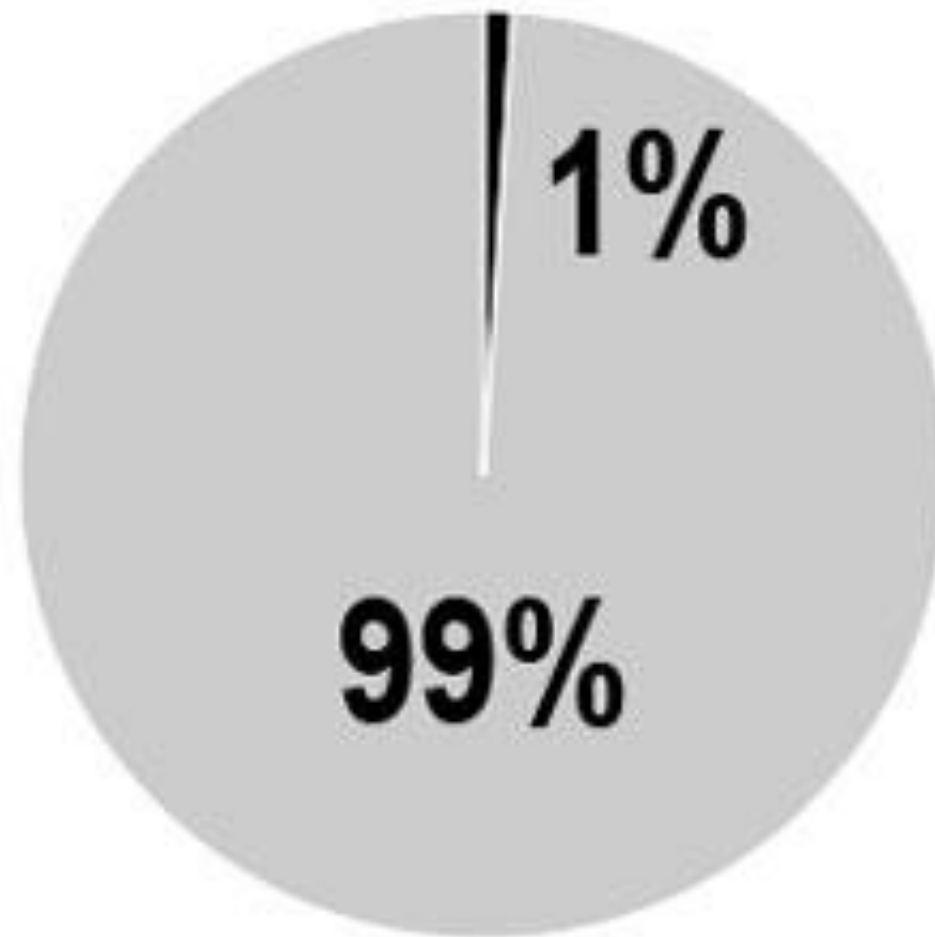


GHG Emissions

- Scope 1
- Scope 2
- Scope 3



Climate-Related Financial Metrics



■ 1 Percent
■ 99 Percent

STRIKES AGAIN



"It's easy! First you shoot the arrow, then
take your paintbrush and . . ."

Targets and Goals

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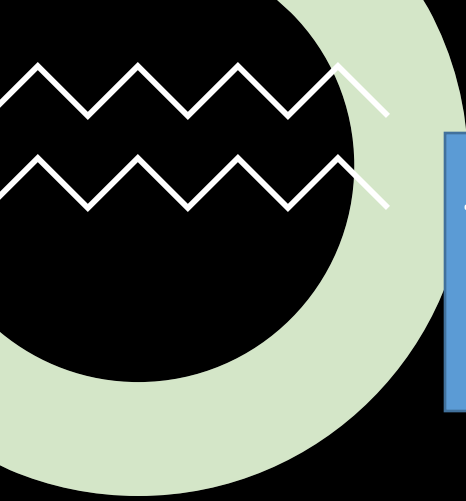
The SEC hopes to finalize the rule by the end of 2022, which would make it effective for large accelerated filers' FY 2023 filings, due in early 2024.

Accelerated filers (FY 2024) and smaller reporting companies (FY 2025) would have delayed compliance requirements.

Climate Risks

- Climate-related risk
- Climate risk impacts
- Governance and risk management





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Current and
Future
Enforcement

