Blogs
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Public Chatter

Climate Disclosure: Getting a Handle on Your Largest Risks

This "**Pulse Survey**" entitled "Steps Toward Building More Sustainable Organizations" from the Harvard Business Review is invaluable. It's helpful in a number of ways. One way in which it's helpful is discussing issues to consider when trying to determine what your company's largest risks are right now when it comes to climate change.

Companies need to know their largest risks in order to meet those challenges as part of their risk management efforts (and to craft their business strategy). But also so that they can properly address those risks in their SEC filings, both under the SEC's current slate of regulations – as well as under the SEC's proposed climate disclosure rule that we have addressed extensively in this blog.

As we explain in our 19-page guide - **"The SEC's Climate Disclosure Proposal: A Comprehensive Look"** – the SEC's proposal would substantially increase the level of disclosure that companies provide regarding climate risks, both physical and transition risks, that would cover risks that extend beyond a company's own financials to cover risks throughout a company's "value chain." That would require a deep dive into a company's risk management approach to climate change. Risk factor – and risk management – disclosures would be dramatically different under the SEC's new rule if adopted as proposed.

The Harvard Business Review's Pulse Survey reports these as the largest challenges to making progress on sustainability goals that respondents note at this time:

1. Lack of digital tools to support sustainability efforts – 35%
2. Difficulty making operations more sustainable – 30%
3. Lack of urgency around sustainability goals – 29%
4. Lack of investment in sustainability initiatives – 26%
5. Lack of industry-specific use cases to compare to – 21%
6. Difficulty making sustainability a long-term goal – 20%

There are a number of concepts described in the Pulse Survey that might be considered in deciding which risks and challenges are most prominent for your company at this time. One thing that struck me were the risks related to "interconnectedness" – both within a company and among companies.

For example, here is one excerpt: "Organizations are so complex and segmented that there may not be one person who fully understands the business's operations end to end. That lack of knowledge can make it more difficult to know how the company's many moving parts connect to one another." And here is another excerpt: "While individual companies all have a role to play, it will take companies and even industries collaborating to make the greatest impact. 'Probably the biggest challenge is that we're all interconnected,' he says. 'We know that we can't tackle this alone—we need to take it on as an industry.'"

Tune in next Tuesday, May 24th (from 3:00-4:00 pm eastern) for our video program – **"The SEC's Climate/Cyber Rulemakings: Your Action Items Now"** – that will cover the practical side of the SEC's recent climate and cybersecurity disclosure rule proposals. You've already learned the basics about what the SEC has proposed – but what might you consider now to get a jump on being adequately prepared? Join Perkins Coie's own Amelia Gerlicher, Allison Handy, Marcy Hupp and Broc Romanek by **registering for this complimentary program now** to access this program live or by archive...

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