In 2022, the U.S. Securities and Exchange Commission (SEC) proposed a new rule on climate disclosure. The rule asks companies to disclose their risk management process around climate, their strategy in navigating climate issues, their carbon emissions and impact, their targets, and whether they are science-based targets. This proposed rule applies to any publicly traded company. The rule is expected to commence in 2025 with a three-year phase-in, with large, accelerated filers expected to disclose first.

Greenhouse gas emissions (GHGs) are broken into three scopes to reflect the amount of influence a company has over those emissions. It is common practice for most companies to report on scope 1 & 2 emissions, but scope 3 emissions are considered much more onerous, especially as one attempts to validate supply chain emissions. Numerous letters were received during the SEC’s public comment period on the proposed rule expressing concern about tracking scope 3 emissions.

We won’t know for certain what the SEC will require until the final rule is published, anticipated sometime in October 2023.
SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors

What does this mean for you?

Depending on the final ruling, any public companies attending PACK EXPO would be required to report on their climate change strategy and emissions. Private or smaller companies may not have to report directly to the SEC, but if the scope 3 request remains in the final rule, it is likely these companies will be asked by suppliers to provide data on their greenhouse emissions.

To get ready for 2025, companies will likely need to:

1. Accurately calculate and track their emissions.
2. Regularly report their emissions to investors and regulatory bodies.
3. Develop and manage a strategy to reduce their emissions.

Resources

If you are new to carbon reporting and strategy development, some of the following resources could be of assistance as you prepare for regulated climate reporting.

1. Department of Energy’s Better Plants, Better Buildings Initiative

The Better Plants program works with U.S. manufacturers and wastewater treatment agencies to set ambitious energy, water, waste, and carbon reduction goals and commit to reducing energy intensity by 25% over a 10-year period across all U.S. operations. The DOE offers free trainings, resources and access to audit services to help meet goals.

2. Department of Energy: Industrial Assessment Centers

Small- and medium-sized manufacturers may be eligible to receive a no-cost assessment provided by DOE Industrial Assessment Centers (IACs). Teams located at 37 universities around the country conduct energy assessments to identify opportunities to improve productivity and competitiveness, reduce waste, and save energy. IACs typically identify more than $130,000 in potential annual savings opportunities for every manufacturer assessed, nearly $50,000 of which is implemented during the first year following the assessment.

And don't forget to check with your local utilities. Many of them also offer energy assessments at little to no cost.
3. Review CDP Filings and Educational Resources

The CDP – Carbon Disclosure Project – was established in 2000, asking companies to disclose their climate impact. CDP has since expanded scope to larger environmental issues but continues to remain the de-facto standard for investors seeking to assess climate risk. You can search their site for company disclosures to learn how peers are planning for climate change, what metrics they track, goals they set and how they anticipate and manage risk. These disclosures will be like what the SEC is proposing public companies will need to include in their annual filings.

The CDP website also has numerous educational resources to help companies as they begin their journey towards managing their climate impacts.

4. EPA Center for Corporate Climate Leadership: Simplified GHG Emissions Calculator

The EPA Simplified GHG Emissions Calculator is designed as a simplified and free calculation tool to help small businesses and low emitter organizations estimate and inventory their annual greenhouse gas (GHG) emissions. The calculator will determine the direct and indirect emissions from all sources at an organization when activity data are entered into the various sections of the workbook for one annual period.

*Note, there are numerous software services that will apply more detailed emissions factors that larger or public*

**Did You Know?** An AMERIPEN member survey exploring alignment between corporate goals and policy identified climate change as the top sustainability priority for member companies. Our association has been working on educating members and identify climate impacts and opportunities with packaging through our Sustainability Committee.