

Environmental Disclosure in SEC Filings – 2010 Update

February 8, 2010

Note: This memorandum should be read in conjunction with the related memoranda dated January 21, 2009 and January 11, 2011.

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Executive Summary

In January 2009, we published our memorandum, *Environmental Disclosure in SEC Filings - 2009*.¹ That memorandum summarized in detail the various rules, standards and case law relating to environmental disclosure in U.S. Securities and Exchange Commission (“SEC”) filings, as well as SEC enforcement efforts regarding environmental disclosure, various developments regarding climate change disclosure and certain practical recommendations for preparing environmental and climate change disclosure. There have been some important developments in these areas since we published our 2009 memorandum, in particular:

- an SEC adoption of an interpretive release on climate change disclosure;
- new proxy rules;
- significant developments in the areas of climate change regulation and litigation; and
- changes in the accounting of environmental loss contingencies.

These developments are summarized below, along with an updated list of practical tips for companies to consider.

SEC Developments

Climate Change Disclosure Interpretive Release

Our 2009 memorandum discussed the increasing number of calls from investor groups led by Ceres² as well as certain U.S. senators for the SEC to issue interpretive guidance on climate change disclosure. In June and November 2009, Ceres continued its campaign for interpretive guidance, delivering additional requests to the SEC.³ On January 27, 2010, after several months of consideration, the SEC approved, in a 3-2 vote, an interpretive release entitled “Commission Guidance Regarding Disclosure Related to Climate Change” (“Release”).⁴ The Release took effect today.

In approving the Release, SEC Chairman Mary Schapiro noted that the Release neither creates new legal requirements nor modifies existing ones. She further added that the Release does not redefine longstanding interpretations of what is “material”, *i.e.*, whether there is a substantial likelihood that a reasonable investor would consider that information important in deciding how to invest. She stated that the Release is intended to provide clarity and enhance consistency in climate change disclosure.

Arguably, the most interesting part of the Release is not its text, but the mere fact that it was adopted at all. Although we have seen very few significant SEC comments to date on environmental disclosure of any kind, the adoption of the Release signals the SEC’s current interest in climate change disclosure in particular. And the SEC may not be finished – the Release notes that the SEC will monitor the impact of the Release on companies’ filings and that information gathered from this monitoring, together with any recommendations made by the SEC’s recently formed Investor Advisory Committee and the information

¹ Click [here](#) for a copy of our 2009 memorandum, which is also available at www.davispolk.com.

² Ceres is a coalition of investors, environmentalists and public interest groups that aims to improve corporate environmental and social performance.

³ For a summary of these requests, see *SEC Evaluating Environmental, Climate Change and Sustainability Disclosure and Indicates Climate Change Guidance May be Provided*, [CLIMATE CHANGE AND ENVIRONMENTAL UPDATE](#) (Davis Polk, New York, NY), Oct. 2009, and *Shareholder Activists and Institutional Investors Again Petition SEC to Provide Guidance on Climate Change Disclosure*, [CLIMATE CHANGE AND ENVIRONMENTAL UPDATE](#) (Davis Polk, New York, NY), Dec. 2009.

⁴ Commission Guidance Regarding Disclosure Related to Climate Change, Securities Act Release No. 9106, Exchange Act Release No. 61,469, Fed. Reg. 6290 (Feb. 8, 2010), available [here](#). See Davis Polk Newsflash *SEC Speaks on Climate Change Disclosure Obligations*, January 27, 2010 for additional information on the Release.

gathered from an SEC roundtable on climate change disclosure scheduled for Spring 2010, will inform the SEC's continuing determination as to whether future climate change guidance or rulemaking is necessary or appropriate.

The majority of the Release consists of background information already summarized in our 2009 memorandum, including:

- an overview of existing SEC rules and related interpretive guidance that may require climate change disclosure;
- a discussion of recent developments in U.S. and international climate change regulation;
- a reference to Ceres' petitions for interpretive guidance; and
- a description of the 2008 and 2009 climate change disclosure settlements between the New York State Attorney General and three energy companies.

The Release also describes the various areas and frameworks outside of SEC filings in, or through, which many companies are providing, in most cases voluntarily, information about their greenhouse gas emissions and/or how climate change impacts their businesses. These areas and frameworks include The Climate Registry, The Carbon Disclosure Project and the Global Reporting Initiative (which framework Ceres created in 1997). The Release also mentions non-SEC mandatory climate change reporting including the National Association of Insurance Commissioners' new Model Climate Change Risk Disclosure Rule which, as adopted by the State of California and possibly other states, will require insurance companies that collect \$500 million or more in insurance premiums annually to complete and submit a publicly available climate risk survey each year starting in May 2010.⁵ The Release cautions companies that information they report to others may also need to be disclosed in their SEC filings.

Importantly, the Release also indicates that a company must consider whether it has sufficient disclosure controls and procedures to process climate-change related information. As SEC Commissioner Louis Aguilar emphasized in his comments to the Release, companies should ensure that they have sufficient information regarding their greenhouse gas emissions to understand whether related regulation could have a material effect.

The balance of the Release lays out the following guidelines and examples as to what companies should consider when analyzing climate change under existing SEC disclosure rules.

Impact of Existing and Pending Climate Change Legislation, Regulation, Treaties and Accords

The Release provides that companies should consider the impact of existing and pending climate change legislation, regulation, international treaties and accords in determining whether disclosure is necessary in their business, legal proceedings, risk factors and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") sections.

The Release also sets forth the following examples of potential negative and positive consequences of pending climate change legislation and regulation:

- the cost to buy emissions credits under a cap-and-trade system;
- profits from selling emissions credits;
- capital expenditures or other costs to reduce greenhouse gas emissions;
- changed demand for a company's goods or services resulting directly from regulation; and

⁵ The survey requires disclosure on (i) what climate change risks a company faces, (ii) what its risk management policies are, (iii) how the company identifies and addresses the risk and (iv) how the company has changed its business or investment strategy as a result.

- changed demand for a company's goods or services resulting indirectly from changes in the cost of that company's goods.

If these consequences are reasonably likely to have a material effect, they should be disclosed.

Indirect Risks and Opportunities of Climate Change

The Release provides that companies should consider the actual and potential indirect risks and opportunities of climate change on their businesses, operations and future plans (particularly in the risk factors and MD&A sections, and possibly in the business section). Examples of consequences noted in the Release are:

- damage to a company's reputation due to the public's perception of any publicly available data relating to its greenhouse gas emissions;
- decreased demand for carbon intensive goods;
- increased demand for goods that result in lower carbon emissions than their alternatives;
- increased competition to develop innovative new products;
- increased demand for alternative energy;
- decreased demand for services that support carbon-based energy sources, such as drilling services or equipment maintenance services; and
- credit risks due to physical risks to a borrower's properties.

Physical Impacts of Climate Change

The Release further provides that companies should consider the actual and potential physical impacts of climate change on their operations and financial results. While there may be other physical impacts, the Release focuses on various possible consequences of severe weather resulting from climate change, such as:

- property damage or business disruption for companies with coastal operations;
- disruptions to the operations of major suppliers or customers;
- increased claims and liabilities for insurance companies;
- decreased agricultural production capacity; and
- increased insurance costs or decreased availability of insurance coverage.

Focus on MD&A

Both in the Release and in other areas, the SEC is pushing for improved MD&A disclosure. The SEC stresses in the Release that it continues to need to remind companies, through comments and its public statements, that MD&A disclosure should be "clear and communicate to shareholders management's view of the company's financial condition and prospects." Several pages of the Release cover, in detail, the requirement for companies to disclose material known trends, events, demands, commitments and uncertainties.

With regard to MD&A disclosure, the Release applies the two-pronged test the SEC set forth in 1989 to determine whether known climate change uncertainties such as pending rules require disclosure.⁶

⁶ See MD&A; Certain Investment Company Disclosure, Securities Act Release No. 6835, Fed. Sec. L. Rep. (CCH) ¶ 72,436 (May 18, 1989).

- first management must evaluate whether the pending rule is *reasonably likely* to be enacted; and
- unless the rule is not reasonably likely to be enacted, management must then determine whether the rule, if enacted, is *reasonably likely* to have a material effect on the company, its financial condition or results of operations.⁷

Under this test, MD&A disclosure is required unless management determines a material effect is not reasonably likely.

In the Release, the SEC acknowledges its rules do not specify what future time period a company must consider in assessing the impact of a known trend, event or uncertainty since that time period is dependent on the circumstances of the company and the trend, event or uncertainty at hand. The Release does offer, however, that the time horizon may be relevant in assessing the materiality of the matter and whether an impact is reasonably likely. A company therefore needs to balance both the indicated probability that the event will occur and the anticipated magnitude of the event in light of the totality of the company's activity. A company also must address, when material, the difficulties involved in assessing the effect of the amount and timing of uncertain events, and provide an indication of the time periods in which resolution of the uncertainties is anticipated.

In addition, in October 2009, SEC Commissioner Elisse Walter stated she could not "stress enough the importance of a robust MD&A section to an investor's evaluation" and if she "were drafting disclosure . . . [she] would carefully consider whether that company's particular facts and circumstances raise any disclosure obligations under the current rules, and in particular, under the MD&A requirements."⁸ She stated that she would "like to see companies recognize trends and uncertainties sooner; make reasonable likelihood determinations before they become more likely than not; and disclose this information to investors so they can make their own, fully-informed investment decisions."

Shareholder Proposals and Board Oversight of Risk

Recent SEC guidance may make it more difficult to exclude environmental shareholder proposals, including climate change proposals, which have been submitted in increasing numbers over the last few years. In October 2009, the SEC Staff ("Staff") issued Staff Legal Bulletin 14E ("SLB 14E"), which overturned previous Staff guidance regarding exclusion of certain shareholder proposals.⁹ In 2005, the Staff indicated that the SEC's proxy rules allowed companies to exclude proposals that focus on an internal assessment of the risks and liabilities they faced relating to the environment or public health. SLB 14E specifically rejects the Staff's earlier position, stating that whether a proposal requires an evaluation of risk is no longer dispositive. Instead, the Staff will analyze on a case-by-case basis whether the underlying subject matter to which the risk pertains, or that gives rise to the risk, involves an ordinary business matter or a significant policy issue. If the underlying subject matter raises policy issues "so significant that it would be appropriate for a shareholder vote," the Staff will not permit exclusion "as long as a sufficient nexus exists between the nature of the proposal and the company."

SLB 14E and other developments have suggested an increasing SEC focus on the role of the Board of Directors with respect to risk management. In SLB 14E, the Staff noted that the Board's role in overseeing a company's risk management is a significant policy matter with respect to corporate governance and suggested that proposals relating to the Board's role may be appropriate for a

⁷ The Release and prior SEC guidance defines "reasonably likely" to be a lower standard than "more likely than not".

⁸ Elisse B. Walter, Comm'r, Sec. & Exch. Comm'n, SEC Rulemaking - 'Advancing the Law' to Protect Investors, Keynote Address at the 48th Annual Corporate Counsel Institute (Oct. 2, 2009), (transcript available at <http://www.sec.gov/news/speech/2009/spch100209ebw.htm>).

⁹ For a more detailed summary of this SEC bulletin, see *Environmental Shareholder Proposals May Now Be Harder to Exclude*, CLIMATE CHANGE AND ENVIRONMENTAL UPDATE (Davis Polk, New York, NY), Dec. 2009.

shareholder vote. In addition, in December 2009, the SEC adopted new Item 407(h) of Regulation S-K, which requires companies to “disclose the extent of the board’s role in the risk oversight . . . such as how the board administers its oversight function and the effect that this has on the board’s leadership structure.”

On the Horizon

Prior to these developments, the SEC had been relatively quiet in the environmental area, having issued few comments on companies’ environmental and climate change disclosures in recent years. Companies, however, should be prepared for increased scrutiny by the SEC as well as potential future additional disclosure obligations, including some of the expanded disclosures that Ceres has called for in the past. For example, in its June 2009 request for climate change interpretive guidance, Ceres also requested that the SEC enforce existing disclosure requirements for material environmental, social and governance risks (including climate change) and require disclosure of material environmental, social and governance risks based on Ceres’ Global Reporting Initiative.¹⁰ Among other things, Ceres’ related Global Framework for Climate Risk Disclosure recommends companies disclose their corporate governance of climate change issues, including whether their Boards of Directors have been engaged on climate change issues and whether executive compensation is tied to corporate climate objectives.¹¹

It is possible that these types of expanded disclosures could be required in the future. Ceres issued a press release on January 27, 2010 stating that the SEC is currently evaluating whether it should “require companies to disclose material ESG (environmental, social and governance) risks” and that SEC Chairman Schapiro “has asked the new SEC Investor Advisory Committee to consider the request and make recommendations to the Commission.”¹²

Climate Change Regulation and Litigation

Legislative and Regulatory Update

In his January 27, 2010 State of the Union address, President Obama placed the passage of comprehensive energy and climate legislation near the top of his domestic agenda.¹³ He also stated he was “eager to help advance the bipartisan effort in the Senate” in 2010 to pass companion legislation to the June 2009 U.S. House of Representatives’ historic greenhouse gas cap-and-trade bill.¹⁴ In addition, his fiscal year 2011 budget released on February 1, 2010 included a placeholder for a comprehensive market-based climate change policy. Most commentators are skeptical, however, that the U.S. Senate will succeed in passing any bill that places a price on greenhouse gas emissions in 2010 in light of the current political and economic climate. In addition, it is possible (and the President himself has acknowledged) that the Senate may choose instead to consider an energy bill that does not regulate greenhouse gas emissions. It remains to be seen whether the President’s focus on climate change legislation will provide sufficient support to get climate legislation passed in the Senate.

¹⁰ For more information about this letter, see *SEC Evaluating Environmental, Climate Change and Sustainability Disclosure and Indicates Climate Change Guidance May be Provided*, CLIMATE CHANGE AND ENVIRONMENTAL UPDATE (Davis Polk, New York, NY), Oct. 2009.

¹¹ “Global Framework for Climate Risk Disclosure – A statement of investor expectations for comprehensive corporate disclosure”, October 2006, page 6.

¹² Press Release, Ceres, *SEC Issues Ground-Breaking Guidance Requiring Corporate Disclosure of Material Climate Change Risks and Opportunities* (Jan. 27, 2010), <http://www.ceres.org/Page.aspx?pid=1193>.

¹³ President Barack Obama, State of the Union Address (Jan. 27, 2010), <http://www.whitehouse.gov/the-press-office/remarks-president-state-union-address>.

¹⁴ For our detailed summary of this House bill, see *U.S. House of Representatives Approves Landmark Climate Change Legislation*, CLIENT MEMORANDUM (Davis Polk, New York, NY), July 16, 2009.

In contrast to the U.S. Senate, the U.S. Environmental Protection Agency (“EPA”), which listed “taking action on climate change” as a top priority for 2009 and 2010, finalized last year its Greenhouse Gas Reporting Rule and its greenhouse gas “endangerment finding”. It also issued its proposed “Tailoring Rule” regarding greenhouse gases as well as a proposed rule covering greenhouse gas emissions from motor vehicle tailpipes. If the EPA finalizes these proposed rules by March 2010 as expected, the rules will subject various large industrial and commercial facilities along with motor vehicles to federal greenhouse gas regulation for the first time.¹⁵ The EPA’s efforts, however, are currently the subject of vigorous opposition in both houses of Congress and by various industry groups seeking to delay the effectiveness of, and/or completely invalidate, these rules.

On the international front, more than 27 nations, including the United States and China, entered into the Copenhagen Accord (“Accord”) in December 2009. In January 2010, the United States pledged to reduce its greenhouse gas emissions by 17% from 2005 levels, with a final pledge to be delivered in light of enacted federal legislation, if any. The Accord lays out a framework for combating climate change internationally, but it is non-binding and sparse on details. Although the Accord is theoretically intended to pave the way for a potential comprehensive, binding international treaty on climate change, the political and economic realities may continue to interfere with significant progress in the near term.¹⁶

Litigation Update

In fall 2009, two federal appellate courts permitted lawsuits to proceed against companies whose greenhouse gas emissions are allegedly creating a “public nuisance”.¹⁷ These decisions will surely be challenged, but if the plaintiffs are successful in linking any proven damages to the greenhouse gas emissions of the defendant companies, the financial, operational and/or business impacts on these companies (and any other companies who could be sued in the future) could be significant.

In November 2009, The AES Corporation became the third energy company to settle the New York State Attorney General’s 2007 investigation of its climate change disclosure practices. Like Dynegy Inc. and Xcel Energy Inc. (which both settled in 2008), under the settlement, AES is required to disclose in its Annual Report on Form 10-K:

- the material financial risks of climate change regulation and litigation;
- the material financial risks from the possible physical impacts of climate change; and
- if its greenhouse gas emissions materially affect its financial condition:
 - its current position on climate change;
 - its actual emissions and strategies to reduce them; and
 - its corporate governance process to address these risks, including the role of its Board of Directors.¹⁸

¹⁵ For detailed summaries of these developments, see *Senate Releases Draft Clean Energy Bill*, [CLIMATE CHANGE AND ENVIRONMENTAL UPDATE](#) (Davis Polk, New York, NY), Oct. 2009.

¹⁶ The next international climate change meeting is scheduled for November 2010 in Cancun, Mexico.

¹⁷ For more information on the Second Circuit opinion, see *Second Circuit Clears Path for Climate Change Public Nuisance Lawsuits*, [CLIMATE CHANGE AND ENVIRONMENTAL UPDATE](#) (Davis Polk, New York, NY), October 2009.

¹⁸ For more information on this settlement, see *AES Reaches Settlement with New York State Attorney General Regarding Climate Change Disclosure*, [CLIMATE CHANGE AND ENVIRONMENTAL UPDATE](#) (Davis Polk, New York, NY), Dec. 2009.

Environmental Accounting Update

Since our 2009 memorandum, the U.S. Financial Accounting Standards Board (“FASB”) has adopted or otherwise endorsed various substantive and non-substantive changes such as:

- the reorganization of its accounting guidance; and
- a general backtracking on certain controversial standards it had previously proposed regarding the recognition and disclosure of environmental and other loss contingencies.

The key changes are described below.

Accounting Standards Codification

In June 2009, FASB completed THE FASB ACCOUNTING STANDARDS CODIFICATIONTM, which reorganized all authoritative existing accounting guidance, such as the loss contingencies standard formerly known as “FAS 5”, into a single source. See [Exhibit A](#) for a table that cross-references the former names of environmentally-related accounting standards with their new respective codification.¹⁹

Contingent Liabilities Acquired in Business Combinations

On April 1, 2009, FASB issued the final version of FASB Staff Position No. 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (“Staff Position 141R-1”), which amends its prior controversial revised Statement of Financial Accounting Standards No. 141, *Business Combinations* (“FAS 141R”). Staff Position 141R-1, which is now in effect, significantly limits the situations in which contingent liabilities (including environmental liabilities) must be recognized at their “fair value”.²⁰ Under Staff Position 141R-1, a company must recognize a contingent liability at fair value only if the company can determine during the measurement period²¹ the fair value of the liability on the acquisition date. If a company cannot determine the liability’s fair value, however, the company must still recognize a contingent liability at the acquisition date if (i) information available before the end of the measurement period indicates that it is *probable* that a liability had been incurred at the acquisition date and (ii) the amount of the liability can be *reasonably estimated*. In making these determinations, a company must follow the guidance in the FASB standard for contingencies (*i.e.*, the former FAS 5).

Staff Position 141R-1 also eliminates most of the controversial disclosure requirements relating to contingent liabilities set forth in the prior FAS 141R. For contingent liabilities recognized at the acquisition date, companies must disclose (i) the amounts recognized at the acquisition date and the measurement basis applied (*i.e.*, whether measured at fair value or in accordance with the FASB standard for contingencies (former FAS 5)); and (ii) the nature of the contingent liabilities. For contingent liabilities that are not recognized at the acquisition date because they do not meet the criteria in the previous paragraph, companies must provide the disclosures required by the FASB standard for contingencies (former FAS 5), if any.

FASB considers Staff Position 141R-1 to be only a “temporary solution” until it determines whether to address all contingencies by reconsidering the standards set forth in the FASB standard for contingencies (former FAS 5) or by participating in a project with the International Accounting Standards Board (“IASB”) on contingent assets and liabilities.

¹⁹ We note that the provisions of the Codification, including those described in this memorandum and in our 2009 memorandum, need not be applied to immaterial items.

²⁰ As described in detail in our 2009 memorandum, fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

²¹ The “measurement period” is a period of up to one year from the acquisition date.

Disclosure of Loss Contingencies

FASB is currently engaged in redeliberations regarding its draft Statement of Financial Accounting Standards entitled “*Disclosure of Certain Loss Contingencies—an amendment of FASB Statements No. 5 and 141(R)*” (“Proposed Disclosure Statement”), which was released in 2008 and which had been criticized heavily. At its most recent meeting on this topic in August 2009, FASB decided that disclosures regarding litigation contingencies should focus on the contentions of the parties, rather than predictions about the future outcome, and should include publicly available qualitative and quantitative information (such as the amount sought in the claim). FASB also decided at this meeting to retain the requirement in the Proposed Disclosure Statement regarding disclosure of certain loss contingencies that are remote, *i.e.*, contingencies for which the likelihood of loss is slight.²² FASB has not yet issued a revised or final version of the Proposed Disclosure Statement, although its website indicates it will promulgate a final version during the second quarter of 2010.

Other FASB Projects

Consistent with its efforts to converge U.S. and international generally accepted accounting principles, FASB is currently working on a number of joint projects with IASB. Some of these will likely have environmental implications, including projects relating to emissions trading schemes and the definition and measurement of fair value.

Practical Considerations

We summarize below some of the key practical considerations from our 2009 memorandum, as well as some new items companies should consider in light of the developments described above.

General Environmental Considerations

- Companies should consider whether to involve (or increase the involvement of) their Board of Directors in environmental and climate change risk oversight, taking particular note of the proxy-related guidance in SLB 14E and new Item 407(h), both discussed above.
- Companies should consider tasking a group of individuals with responsibility for their environmental and climate change disclosure.
- Companies should review and update regularly their existing, or consider drafting new, environmental and climate change disclosure, particularly in the MD&A section, and periodically review the SEC’s rules and guidance regarding environmental and climate change disclosure.
- Companies should keep abreast of the continual changes to accounting standards that have or may have environmental implications.
- Companies should consider environmental and climate change concerns raised by shareholders, including those raised by competitors’ shareholders.

Climate Change Considerations

- For all companies (regardless of whether or not they have greenhouse gas emissions):
 - Companies should monitor legislative, regulatory and judicial developments related to climate change, both at home and abroad.

²² As noted in our 2009 memorandum, the current standard for loss contingencies (formerly known as FAS 5) does not require disclosure of remote loss contingencies.

- Companies should ensure that there are no indirect climate change impacts (e.g., rising energy costs, weather-related impacts, impacts on suppliers or customers, decreased demand for products or reputational issues) or trends that should be disclosed.
- Companies should ensure that their non-SEC disclosures do not conflict with their SEC filings and any material risks or issues described in these non-SEC filings or documents are also disclosed in their SEC filings.
- Companies should consider whether there are any opportunities or benefits relating to climate change that should be disclosed, while avoiding “greenwashing” (i.e., disclosure that overestimates or misleads investors about positive environmental benefits from products or operations).
- Companies should ensure that they have sufficient information regarding their greenhouse gas emissions to understand whether related regulation could have a material effect.
- Companies should decide in favor of disclosure in instances where there is a close question as to whether information is material.
- Companies should periodically review the Release to confirm that all issues raised in the Release are carefully considered in the disclosure context.
- For significant emitters of greenhouse gases:
 - Significant emitters should consider the settlements described above between the New York State Attorney General and three energy companies regarding climate change disclosure. In particular, significant emitters should focus on the requirements in these settlements that are in addition to those discussed in the Release, such as the requirement to disclose the company’s current position on climate change, the amount of its greenhouse gas emissions, its strategies to reduce greenhouse gas emissions and corporate governance matters related to climate change, in each case, if the company’s greenhouse gas emissions materially affect its financial exposure from climate change risk.
 - Significant emitters should consider how climate change developments could affect them in particular and, if material, specifically disclose those risks and issues as opposed to including boilerplate language or merely describing general developments.

Conclusion

Binding U.S. federal regulation of greenhouse gas emissions of some form appears to be on the horizon, but the what and the when of any such final regulation are still unknown. In the absence of U.S. Congressional action, EPA regulation, litigation and state and regional activity are shaping the regulatory landscape. These developments, together with evolving SEC guidance and accounting requirements, may increase the need for more focus on climate change and environmental disclosure, thorough analysis of relevant legal and SEC requirements and possibly more comprehensive disclosure of direct and indirect climate change related risks and opportunities affecting your business and operations.



If you have any questions regarding the matters covered in this publication, please contact Betty Moy Huber at 212 450 4764 (betty.huber@davispolk.com), Brianne M. Lucyk at 212 450 4861 (brianne.lucyk@davispolk.com), any of the other lawyers listed below or your regular Davis Polk contact.

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FASB Accounting Standards Codification™ Cross-Reference Table

Selected Guidance from the Financial Accounting Standards Board (“FASB”) & the American Institute of Certified Public Accountants (“AICPA”)

FORMER FASB/AICPA GUIDANCE		FASB ACCOUNTING STANDARDS CODIFICATION™	
<i>Standard and Number</i>	<i>Paragraph</i>	<i>Topic/Subtopic/Section</i>	<i>Paragraph</i>
FAS 5 (Loss Contingencies)	1	450-10-20	Glossary
	3.a	730-20-20	Glossary
	3.b	450-20-20	Glossary
	8	450-20-25 450-20-50	25-6 50-9
	9	450-20-50	50-1
	10	450-20-50	50-3
FAS 143 (Asset Retirement Obligations)	1	410-20-05 410-10-20	05-1 Glossary
	2	410-20-15 450-20-60 410-10-20	15-1, 15-2, 15-3 60-7 Glossary
	3	410-20-25	25-4
	22	410-20-50	50-1, 50-2
	A8	410-20-55	55-5
	A13	410-20-05 410-20-15 410-20-55	05-1 15-2, 15-3 55-8
FAS 157 (Fair Value)	1	820-10-05	05-1
	2	820-10-15	15-1, 15-2, 15-3
	3	820-10-15	15-2
	5	820-10-20	Glossary
	21	820-10-35 820-10-20	35-36 Glossary
	24	820-10-35 820-10-20	35-41 Glossary
	28	820-10-35 820-10-20	35-48 Glossary
	30	820-10-35 820-10-20	35-15A, 35-53, 35-55 Glossary
	32	270-10-60	60-1

FORMER FASB/AICPA GUIDANCE		FASB ACCOUNTING STANDARDS CODIFICATION™	
<i>Standard and Number</i>	<i>Paragraph</i>	<i>Topic/Subtopic/Section</i>	<i>Paragraph</i>
		820-10-50	50-1, 50-2, 50-3, 50-5
	33	820-10-50	50-5
FIN 14 (Loss Estimation)	3	450-20-05	05-5
FIN 45 (Guarantees/Indemnities)	3	460-10-15	15-4
		460-10-55	55-2, 55-5, 55-12, 55-13
		840-10-25	25-34
		460-10-20	Glossary
	7	460-10-15	15-9, 15-10
		460-10-25	25-1
		460-10-30	30-1
		460-10-20	Glossary
	8	460-10-25	25-1
	9	460-10-25	25-3, 25-4
		460-10-30	30-2
		460-10-55	55-15
	10	460-10-30	30-3, 30-4
	12	460-10-35	35-1, 35-2, 35-4
	13	460-10-50	50-4
FIN 47 (Conditional Asset Retirement Obligations)	4	410-20-25	25-6, 25-7
	5	410-20-25	25-8, 25-9, 25-11
	6	410-20-50	50-1, 50-2
FSP 143-1 (Asset Retirement Obligations)	4	410-20-15	15-2
		410-20-55	55-25, 55-26
AICPA SOP 94-6 (Disclosure of Significant Risks and Uncertainties)	7	275-10-20	Glossary
	12	275-10-50	50-7
	13	275-10-50	50-7
		275-10-50	50-8
	14	275-10-50	50-9
AICPA SOP 96-1 (Environmental Remediation Estimates)	99	410-30-05	05-5
	101	410-30-15	15-3
	119	410-30-25	25-15
	124	410-30-30	30-10
	132	410-30-35	35-12