

Mike Blankenship and Eric Johnson Analyze SEC's New Climate Disclosure Proposal in Law360

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Houston Managing Partner Mike Blankenship and Partner Eric Johnson discussed the SEC's recent climate disclosure proposal and its impact on energy companies in Law360.

The burden of the disclosure requirements will be felt most by smaller companies since many large energy companies already collect and publish climate data as part of voluntary environmental, social, and governance or other sustainability reporting. "But if you're a smaller company and haven't gone down the sustainability path yet," Eric said, "now that you see it, there's a whole bunch of work ahead of you."

The SEC's proposal requires companies to disclose their direct and indirect greenhouse gas (GHG) emissions, known as scope 1 and scope 2 emissions. More significantly, it also requires disclosure of emissions generated from a company's value chain, known as scope 3 emissions.

Attorneys say that's a major undertaking for drillers, refiners, and other oil and gas companies—especially in the case of the disclosure of scope 3 emissions, given the widespread use of their products. Companies face a twofold challenge: Do all their upstream suppliers and downstream customers have GHG data, and if they do, how accurate is it?

"How reliable is that information that you're getting?" Mike asked, adding, "Once it's out there, it's out there, and people can scrutinize whether it's a [liability] safe harbor."

Read the full Law360 article [here](#).

Mike and Eric also co-authored [an article for *Hart Energy*](#) outlining the changes in disclosure requirements since 2020.

Washington D.C. Partner Jonathan Brightbill also commented on the proposal in [Bloomberg Law](#).

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