



Comments of the Regulatory Action Center

RE: The Enhancement and Standardization of Climate-Related Disclosures for Investors

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The Regulatory Action Center at FreedomWorks Foundation is dedicated to educating Americans about the impact of government regulations on economic prosperity and individual liberty. FreedomWorks Foundation is committed to lowering the barrier between millions of FreedomWorks citizen activists and the rulemaking process of government agencies to which they are entitled to contribute.

On behalf of our activists nationwide, FreedomWorks Foundation appreciates the opportunity to offer these comments regarding the Securities and Exchange Commission's (SEC) proposal to mandate disclosure of climate risks. We write in strong opposition to this extensive new disclosure scheme, which will serve only to escalate inflation and endanger our national security.

When President Biden took office in 2021, America enjoyed energy independence. That is no longer the case. Biden canceled the Keystone Pipeline, destroying thousands of well-paying jobs in the process. He and his executive branch appointees began a crusade against American energy companies—the so-called “whole of Government” approach.¹ To fill our energy needs, the President has resorted to begging Middle Eastern countries and Venezuela to increase their production. The only logical conclusion is that the President wants Americans to pay more to drive to work and to heat and cool our homes—and prefers foreign-produced energy over U.S. production.

The SEC's proposal represents the latest salvo in Biden's war on American energy. This mind-numbingly complex, 500+ page missive would require public companies to report their various impacts—and that of their suppliers and customers—on “climate change.” This proposal is part of the Biden SEC's crusade to implement the Left's climate agenda, which is stalled in Congress. This complicated legislation-through-regulation scheme will saddle companies with huge new costs and enable the “woke” Environmental, Social, Governance (ESG) crowd to bully America's oil and gas companies.

¹Executive Order 14008, January 27, 2021.

<https://www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad>

Complying with this massive disclosure scheme—if it is even possible to gather all that data—will increase companies’ compliance costs by more than \$10 billion, further increasing energy costs. It will provide a windfall to big accounting firms, who will reap revenue from helping companies comply with these extensive reporting requirements; and enrich the trial bar, giving them new ways to sue productive companies.

And to what end? Public companies are already required to disclose “material” risks—which include climate change, for some companies. And the Environmental Protection Agency already requires companies to report greenhouse gas emissions.²

Evidently the SEC is not content to regulate within its legislative authority—nor focus on its mission, which is to ensure that investors have truthful, relevant information on which to base their investment decisions. These proposed climate disclosures—unless otherwise material under current SEC regulations³—are not an attempt to provide useful information to investors but to drive the Left’s agenda to put U.S. fossil-fuel producers out of business and usher in a fantasy “Green New Deal” utopia without Congress actually providing the authority.

If adopted, these sweeping new disclosures will discourage companies from going public—and will force public companies to shift resources from innovation and job creation to compliance with the Left’s mandates. This will destroy American competitiveness—and make us dependent on foreign governments for cutting-edge products. The SEC’s scheme will further escalate the rapid increase in prices for energy and for all products that use energy, including food. The most vulnerable in our society will be further endangered, and all Americans will suffer as they pay more to Saudi Arabia, Iran, and Venezuela for the energy that could be produced right here at home. Even more frightening are the implications for our national security. If we’re dependent on foreign oligarchs and dictators for our energy needs, we are vulnerable to the whims and demands of those foreign leaders.

If the SEC truly believes that this proposed disclosure scheme is essential to protect investors, it should submit legislation to Congress asking for the authority. The legislative process is designed to weigh competing considerations and balance trade-offs. Use the process enshrined in our Constitution so that the people’s voices have a chance to be heard.

Respectfully submitted,

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² <https://www.govinfo.gov/content/pkg/FR-2009-10-30/pdf/E9-23315.pdf>

³ See, e.g., SEC Rule 10b-5.