

June 16, 2022

The Honorable Gary Gensler
Chair
Securities Exchange Commission
100 F Street NE
Washington, D.C. 20549

Dear Chair Gensler,

The Association of Young Americans (AYA) welcomes the opportunity to respond to the request for public comment on the proposed rule on the enhancement and standardization of climate-related disclosures for investors (S7-10-22).

AYA is a nonprofit, nonpartisan membership organization advocating at the federal level on behalf of young people, with over 22,000 members across all 50 states. We work to advance the policies and legislation important to younger generations. Climate change is a central concern for our membership: 71% of AYA members surveyed last year reported that climate change has impacted their major life decisions, and 84% agreed climate should be a top priority for the federal government.

AYA supports the SEC's proposed rule, as it is likely to increase public trust in the Biden Administration among younger generations, and is financially and socially beneficial for future investors. However, we urge the SEC to strengthen the rule by requiring disclosure of corporate climate impacts on communities and environmental justice metrics.

The SEC's proposed rule that would require public companies to make annual climate-related financial disclosures is much needed, as the current practice of relying on companies' voluntary climate disclosures is inconsistent, inefficient, and costly. Smaller investors, many of which are young Americans, especially lack easy access to reliable information on companies' vulnerability to climate disasters, their current level of greenhouse gas emissions, and strategies to address their climate-related financial risks.

Currently, we cannot trust companies' disclosures of climate-related risk to be consistent. As you have noted, about one-third of public companies made voluntary climate disclosures in 2019 and 2020 in required reports to the SEC. Others did so outside the SEC's jurisdiction, usually in standalone sustainability reports posted on corporate websites.¹ If there are no rules to this end, how can we trust private reporting to be accurate or fair? We should be concerned about companies, organizations, and individuals that oppose this rulemaking. The proposed rule will finally give us a framework for companies' disclosures.

¹ Gary Gensler, 'Statement on Proposed Mandatory Climate Risk Disclosures,' U.S. Securities and Exchange Commission (2020), <https://www.sec.gov/news/statement/gensler-climate-disclosure-20220321>

The proposed rule is likely to increase public trust in the Biden Administration among younger generations.

Our generation has directly experienced the impacts of climate change, and will face its worst consequences into the future if action is not taken immediately.² Young people have long been calling on our leaders to take accountability for the climate crisis at all levels of the government; if enacted, the SEC's rule requiring public companies to make climate change disclosures would demonstrate to our generation that the Biden Administration is committed to building a climate-resilient economy.

The proposed rule is financially and socially beneficial for investors moving forward.

According to Gallup, 56% of Americans own stock.³ As young Americans gain wealth, ownership of stocks is diversifying in age and race.⁴ As the SEC explained at the proposal of this rule, greenhouse gas (GHG) emissions can be directly correlated with the business risks posed by climate change, and therefore that reporting is important to shareholders.⁵

The proposal should be strengthened with a requirement to disclose corporate climate impacts on communities and environmental justice metrics.

Corporations have actively contributed to displacement⁶, public health crises⁷, loss of local culture⁸, and human rights violations⁹ within the communities in which young people live – particularly Black, Brown, and Indigenous communities. These abuses weaken networks and increase vulnerability, further exposing young people to the impacts of climate change. Investors must be informed of the business risks stemming from possible public defamation, local protests, regulatory action and more in response to community disruption, particularly within communities of color.

² IPCC, 2022: 'Climate Change 2022: Impacts, Adaptation, and Vulnerability,' Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change
https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_FinalDraft_FullReport.pdf

³ Lydia Saad and Jeffrey M. Jones, 'What Percentage of Americans Owns Stock?' *Gallup* (2021),
<https://news.gallup.com/poll/266807/percentage-americans-owns-stock.aspx>

⁴ Aaron Brown, 'Stock Investors Are Younger and More Racially Diverse,' *Bloomberg* (2020),
<https://www.bloomberg.com/opinion/articles/2020-09-21/stock-investors-are-younger-and-more-racially-diverse>

⁵ J.T. Ho, 'SEC's Proposed Climate Change Rules: A Sea Change in U.S. Disclosure Requirements and Climate Policy,' *Orrick* (2022),
<https://www.orrick.com/en/Insights/2022/03/SECs-Proposed-Climate-Change-Rules-A-Sea-Change-in-US-Disclosure-Requirements-and-Climate-Policy>

⁶ Vicente Vera, 'Facing Displacement by Google, San Jose Businesses Seek Financial Help,' *San Jose Spotlight* (2021) <https://sanjosespotlight.com/facing-displacement-by-google-san-jose-businesses-seek-financial-help/>

⁷ Lesley Fleischman and Marcus Franklin 'Fumes Across the Fenceline: the Health Impacts of Air Pollution from Oil and Gas Facilities on African American Communities,' *CATF and NAACP* (2017)
https://www.catf.us/wp-content/uploads/2017/11/CATF_Pub_FumesAcrossTheFenceLine.pdf

⁸ Brentin Mock, 'When a Tech Company Tries to Be a Good Neighbor,' *Bloomberg* (2022)
<https://www.bloomberg.com/news/features/2022-03-18/amid-gentrification-a-tech-company-aims-to-soothe-tensions>

⁹ Wright, Michael, 'Corporations and Human Rights: a Survey of the Scope and Patterns of Alleged Corporate-Related Human Rights Abuse,' *Corporate Social Responsibility Initiative Working Paper No. 44* (2008)
https://media.business-humanrights.org/media/documents/2021_Renewable_Energy_Benchmark_v4.pdf

AYA agrees with the SEC's Investor Advisory Committee's contention that using ESG-related disclosures, 'has gone from a fringe concept to a mainstream, global investment and geopolitical priority.'¹⁰ To protect young shareholders, promote accountability among corporations, and stimulate competition and capital formation,¹¹ this proposed rule must be implemented, with an amendment to require the disclosure of impacts on communities and environmental justice metrics.

We are grateful to the SEC for the development of this proposed rule, and look forward to working with you further.

Sincerely,

Lisa Giordano

Executive Director
Association of Young Americans (AYA)

¹⁰ SEC Investor Advisory Committee, Recommendation of the SEC Investor Advisory Committee Relating to ESG Disclosure, *U.S. Securities and Exchange Commission (2020)*, <https://www.sec.gov/spotlight/investor-advisory-committee-2012/esg-disclosure.pdf>

¹¹ Sara Dewey, What to know about the SEC Proposed Climate Risk Disclosure Rule, *Harvard Law School Environmental & Energy Law Program (2022)*, <https://eelp.law.harvard.edu/2022/04/what-to-know-about-the-sec-proposed-climate-risk-disclosure-rule/>