

Congress of the United States

ES162073

Washington, DC 20515

August 7, 2023

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Chair Gensler:

More than a year ago, the Securities and Exchange Commission (SEC) issued a critical proposal to elicit more standardized, reliable climate disclosure from public companies. As climate-related risks continue to grow, investors urgently need access to decision-useful information regarding risks and opportunities that will likely have a material impact on registrants' business, operations, or financial condition. We commend you for initiating this process and we urge you to quickly finalize a strong and durable rule.

The proposed rule is squarely within the Commission's authority and mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate the formation of capital. The SEC has "longstanding and indisputable authority to regulate the disclosure practices of public traded companies" to protect markets and market participants. It "has exercised its disclosure authority consistently—and without legislative override" for over ninety years, and "has now done so once more with the Proposal on climate-related disclosure."¹

Increasingly frequent and severe extreme weather events have affirmed that climate change poses a significant financial risk, and developments in the past year have strengthened the case for finalizing a strong rule. Physical risk is scaling rapidly, accelerating direct damages and supply chain disruptions that impact public companies' bottom lines. Last year, the cost of climate and weather disasters in the United States totaled more than \$165 billion—the third most costly year on record.² These events can materially affect the financial and operational wellbeing of companies around the world, including SEC registrants. The current patchwork of voluntary reporting requirements is inadequate and lacks rigor, consistency, and verifiability.

¹ "Climate Change, West Virginia v. EPA, and the SEC's Distinctive" <https://clsbluesky.law.columbia.edu/2022/09/06/climate-change-west-virginia-v-epa-and-the-secs-distinctive-statutory-mandate/>.

² "Record drought gripped much of the U.S. in 2022." <https://www.noaa.gov/news/record-drought-gripped-much-of-us-in-2022>.

Further, the European Union is currently implementing its Corporate Sustainability Reporting Directive (CSRD), which will increase climate-related reporting requirements on companies within the EU and those that have substantial activity within the EU. Recent estimates show that thousands of U.S. companies will be required to comply with these CSRD standards.³

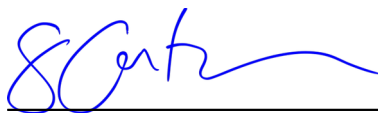
U.S. capital markets are the envy of the world, and the SEC should lead, not follow, in implementing a strong climate-related disclosure rule. Investors need clear, comparable, and standardized disclosures to judge registrants' climate risks. Further, beyond providing comparability for investors, finalizing a strong ruling will allow the SEC to align its requirements with those of other financial regulators around the world, reducing costs to issuers and providing more useful information to all market participants.

We are not naive to the environment that has unfortunately injected politics into requirements that should not be controversial and will better enable investors to analyze investment risk and return, allocate capital efficiently, and prioritize investment stewardship and engagement. However, this should not be a reason for continued delay.

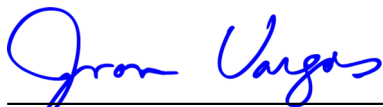
As opponents of climate action and U.S. leadership continue to make your job more difficult, we are grateful for your unwavering commitment to the interests of U.S. investors and ensuring that U.S. corporations have a partner and voice at the table for international reporting standards.

Enhanced climate-related disclosure is the direction of travel for capital markets around the world. You have drafted a well-reasoned proposal that is grounded in financial materiality, aligns with the demands of investors and market participants, and is clearly within the SEC's mission, authorities, long-standing norms, and responsibilities. We urge you to finalize and adopt a credible mandatory disclosure rule as quickly as possible.

Sincerely,



Sean Casten
Member of Congress



Juan Vargas
Member of Congress



Kathy Castor
Member of Congress

³ "At Least 10,000 Foreign Companies to Be Hit by EU Sustainability" <https://www.wsj.com/articles/at-least-10-000-foreign-companies-to-be-hit-by-eu-sustainability-rules-307a1406>.


Congress of the United States

ES162073

Washington, DC 20515



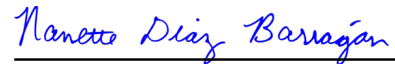
Stephen F. Lynch
Member of Congress



Alma S. Adams, Ph.D.
Member of Congress



Becca Balint
Member of Congress



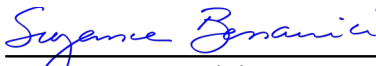
Nanette Diaz Barragan
Member of Congress



Joyce Beatty
Member of Congress



Earl Blumenauer
Member of Congress



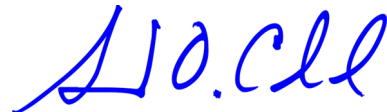
Suzanne Bonamici
Member of Congress



Jamaal Bowman, Ed.D.
Member of Congress



Julia Brownley
Member of Congress



Salud Carbajal
Member of Congress



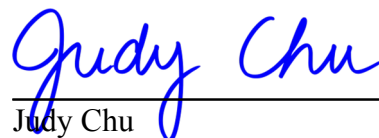
Tony Cárdenas
Member of Congress



André Carson
Member of Congress



Troy Carter
Member of Congress



Judy Chu
Member of Congress



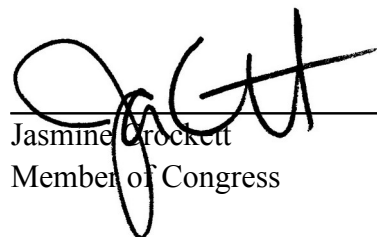
Yvette D. Clarke
Member of Congress



Emanuel Cleaver, II
Member of Congress



Steve Cohen
Member of Congress



Jasmine Crockett
Member of Congress



Jason Crow
Member of Congress



Danny K. Davis
Member of Congress

Congress of the United States

ES162073

Washington, DC 20515



Diana DeGette
Member of Congress



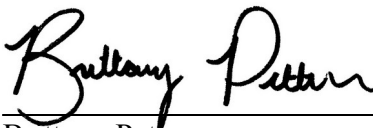
Mark DeSaulnier
Member of Congress



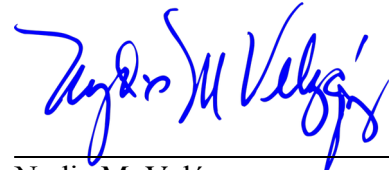
Adriano Espaillat
Member of Congress



Dwight Evans
Member of Congress



Brittany Pettersen
Member of Congress



Nydia M. Velázquez
Member of Congress



Brad Sherman
Member of Congress



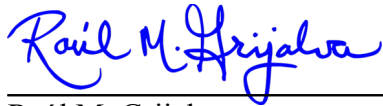
Al Green
Member of Congress



Nikema Williams
Member of Congress



Eleanor Holmes Norton
Member of Congress



Raúl M. Grijalva
Member of Congress



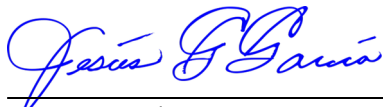
Veronica Escobar
Member of Congress



Bill Foster
Member of Congress



John Garamendi
Member of Congress



Jesús G. "Chuy" García
Member of Congress



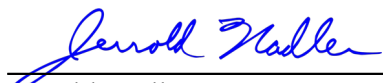
Haley M. Stevens
Member of Congress



Frederica S. Wilson
Member of Congress



Eric Swalwell
Member of Congress



Jerrold Nadler
Member of Congress



Henry C. "Hank" Johnson, Jr.
Member of Congress

Congress of the United States

ES162073

Washington, DC 20515



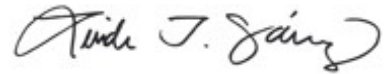
Katie Porter
Member of Congress



Jan Schakowsky
Member of Congress



Jared Huffman
Member of Congress



Linda T. Sánchez
Member of Congress



Ro Khanna
Member of Congress



Seth Magaziner
Member of Congress



Adam Smith
Member of Congress




Deborah K. Ross
Member of Congress



Donald M. Payne, Jr.
Member of Congress



Jamie Raskin
Member of Congress



Mark Pocan
Member of Congress



Adam B. Schiff
Member of Congress



Mike Quigley
Member of Congress



Ilhan Omar
Member of Congress



Paul D. Tonko
Member of Congress



Alexandria Ocasio-Cortez
Member of Congress



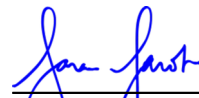
Lauren Underwood
Member of Congress



Ted W. Lieu
Member of Congress



Betty McCollum
Member of Congress

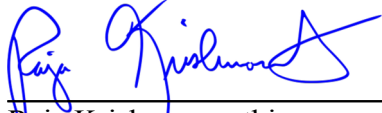


Sara Jacobs
Member of Congress

Congress of the United States

ES162073

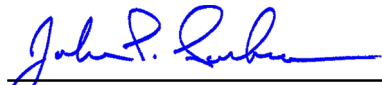
Washington, DC 20515



Raja Krishnamoorthi
Member of Congress



Mike Levin
Member of Congress



John P. Sarbanes
Member of Congress



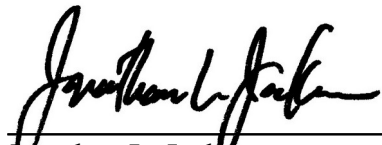
Darren Soto
Member of Congress



David J. Trone
Member of Congress



Ayanna Pressley
Member of Congress



Jonathan L. Jackson
Member of Congress



Barbara Lee
Member of Congress



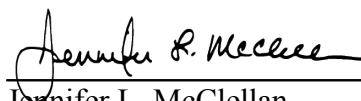
Doris Matsui
Member of Congress



Ritchie Torres
Member of Congress



Melanie Stansbury
Member of Congress



Jennifer L. McClellan
Member of Congress



Lori Trahan
Member of Congress



Mark Takano
Member of Congress



Kevin Mullin
Member of Congress



Val Hoyle
Member of Congress



James P. McGovern
Member of Congress