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# **Warren, Colleagues Unveil Bill to Require Every Public Company to Disclose Climate-Related Risks**

## Legislation Would Reduce Chances of Environmental and Financial Catastrophe

[Letter of support from environmental and investor groups \(PDF\)](#)

[Bill Text | One-Pager](#)

**Washington, DC** - United States Senator Elizabeth Warren (D-Mass.) announced the Climate Risk Disclosure Act to require public companies to disclose critical information about their exposure to climate-related risks. The legislation will help investors appropriately assess climate-related risks, accelerate the transition from fossil fuels to cleaner and more efficient energy sources, and reduce the risks of both environmental and financial catastrophe. It builds on the work of former Vice President Al

Gore, who has warned that ignoring the risks of climate change is producing a "carbon bubble" that will have severe economic consequences. The Climate Risk Disclosure Act is co-sponsored by Senators Brian Schatz (D-Hawaii), Edward J. Markey (D-Mass.), Cory Booker (D-N.J.), Sheldon Whitehouse (D-R.I.), Jeff Merkley (D-Ore.), Kamala Harris (D-Calif.), and Kirsten Gillibrand (D-N.Y.).

"Climate change is a real and present danger - and it will have an enormous effect on the value of company assets. Investors need more information about climate-related risks so they can make the right decisions with their money," **said Senator Warren.** "Climate change can be an economic opportunity if we act boldly and decisively. But if we don't, we will see a global catastrophe that will put the 2008 crisis to shame. Our bill will use market forces to speed up the transition from fossil fuels to cleaner energy - reducing the odds of an environmental and financial disaster without spending a dime of taxpayer money."

"Our addiction to fossil fuels has led to a ballooning sub-prime carbon bubble that threatens to strand assets in every sector of the American economy. Senator Warren clearly understands this and is demonstrating strong leadership by introducing legislation to assess the financial risks of climate change and require that they be disclosed to the public. This is a critical step toward breaking our addiction to fossil fuels and accelerating the

transition to a clean energy economy. This bill highlights the opportunity for the U.S to lead the global sustainability revolution," **said former Vice President Al Gore.**

"Publicly traded companies have an obligation to their shareholders to disclose all material risk, and climate change is no longer a theoretical problem to be contended with some time in the future. It is here, and it is costing companies money. That cost must be analyzed, predicted, and disclosed," **said Senator Schatz.**

"We can protect shareholders and protect the planet at the same time. Climate change is a threat to our economy, to businesses, and to our communities - and everyone needs to know the risks it poses. We will all share in a low-carbon future, and disclosures in our financial system needs to reflect where our energy system is headed," **said Senator Markey.**

"Climate change is one of the greatest threats we face. Rising seas, more intense weather, and warming temperatures will continue to have increasing and significant impacts on our country's infrastructure and economy. Equipping investors with a better understanding of the climate-related risks facing America's public companies will enable smarter and safer investment decisions, provide greater long-term stability to the American economy, and help our nation fight climate change," **said Senator**

**Booker.**

"Climate change is here, it's changing the way we live and do business, and investors ought to know how companies are responding," **said Senator Whitehouse.** "Economists warn that the consequences of climate change could include implosions of coastal property values or stranded fossil fuel assets, and that these risks could be 'systemic.' That's why investors need honest information about climate risks."

"We can see the impacts of climate chaos all around us from wildfires, devastating and more powerful hurricanes and droughts, and displaced communities," **said Senator Merkley.** "While the impacts on the ground are visible, it's much murkier for investors, making it harder to understand clearly the full risks associated with their investments from climate chaos and fossil fuels. This bill is an important step towards bringing more transparency to the markets while also incentivizing a clean energy economy."

"Climate change is a pressing economic issue," **said Senator Harris.** "I'm proud to sponsor this bill to shed light on the financial risks associated with climate change, and to transition toward cleaner energy alternatives. The time is now to ensure a thriving economy and sustainable environment for generations of Americans to come."

"Climate change - from rising sea levels and extreme storms to the rapid transition to new, low-carbon technologies - can pose significant material financial risks to companies across all sectors of the economy. As we join U.S. and global leaders at the Global Climate Action Summit to accelerate climate leadership, we commend Sen. Warren's efforts to scale up action on climate change, pragmatically addressing climate-related financial risks, and ensuring a smooth transition to a low-carbon economy," **said Mindy Lubber, CEO and president of Ceres.**

"The Climate Risk Disclosure Act of 2018 will improve reporting on climate risk which will benefit investors and clarify reporting requirements for corporations," **said Lisa Woll, CEO of US SIF.** [Read full statement here.](#)

"By ensuring that private capital can appropriately assess climate-related risks, the bill will help accelerate the transition away from fossil fuels to cleaner and more efficient energy sources and reduce the risk of financial instability." - **Letter from investor and environment groups.** [Read letter here.](#)

Recent data show that a major climate related disaster could trigger a global financial crisis. Rising sea levels, extreme storms, water shortages directly threaten valuable company assets.

Freddie Mac stated that it appears climate change will likely destroy billions of dollars in property and produce "economic losses and social disruption . . . likely to be greater in total than those experienced in the housing crisis and Great Recession."

Global efforts to reduce greenhouse gas emissions or mitigate the effects of climate change could dramatically affect the value of company assets as well. To reach the goals of the Paris climate accord, energy experts estimate that at least 82% of global coal reserves, 49% of global gas reserves, and 33% of global oil reserves must remain unused over the next 30 years. A recent study projected that "stranding" these booked assets could "amount to a discounted global wealth loss of \$1-4 trillion," with the United States at particular risk of seeing its fossil fuel industry "nearly shut down."

The Climate Risk Disclosure Act directs the SEC, in consultation with climate experts at other federal agencies, to issue rules within one year that require every public company to disclose:

- Its direct and indirect greenhouse gas emissions
- The total amount of fossil-fuel related assets that it owns or manages
- How its valuation would be affected if climate change continues at its current pace or if policymakers successfully restrict

greenhouse gas emissions to meet the Paris accord goal

- Its risk management strategies related to the physical risks and transition risks posed by climate change

The Climate Risk Disclosure Act also directs the SEC to tailor these disclosure requirements to different industries and to impose additional disclosure requirements on companies engaged in the commercial development of fossil fuels. The legislation will help the market appropriately assess the risk of climate change and create pressure on public and private officials to address climate change without costing a single penny of taxpayer money.

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