

# Congress of the United States

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."<sup>1</sup>

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.<sup>2</sup> 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.

---

<sup>1</sup> "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/>.

<sup>2</sup> "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.<sup>3</sup>

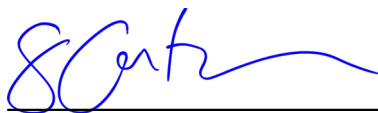
U.S. capital markets are the envy of the world, and the SEC should lead, not follow, in implementing a strong climate-related disclosure rule. Investors need clear, comparable, and standardized disclosures to judge registrants' climate risks. Further, beyond providing comparability for investors, finalizing 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.

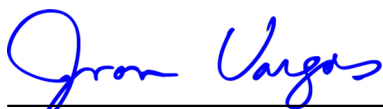
As opponents of climate action and U.S. leadership continue to make your job more difficult, we are grateful for your unwavering commitment to the interests of U.S. investors and ensuring that U.S. corporations have a partner and voice at the table for international reporting standards.

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

<sup>3</sup> "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

Washington, DC 20515



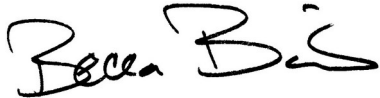
---

Stephen F. Lynch  
Member of Congress



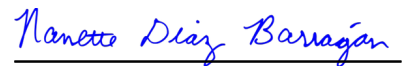
---

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



---

Becca Balint  
Member of Congress



---

Nanette Diaz Barragan  
Member of Congress



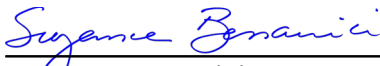
---

Joyce Beatty  
Member of Congress



---

Earl Blumenauer  
Member of Congress



---

Suzanne Bonamici  
Member of Congress



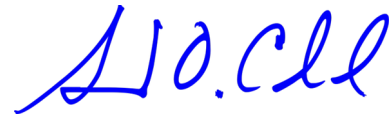
---

Jamaal Bowman, Ed.D.  
Member of Congress



---

Julia Brownley  
Member of Congress



---

Salud Carbajal  
Member of Congress

*Tony Cárdenas*

---

Tony Cárdenas  
Member of Congress

*Troy Carter*

---

Troy Carter  
Member of Congress

*Yvette W. Clarke*

---

Yvette D. Clarke  
Member of Congress

*Steve Cohen*

---

Steve Cohen  
Member of Congress

*Jason Crow*

---

Jason Crow  
Member of Congress

*André Carson*

---

André Carson  
Member of Congress

*Judy Chu*

---

Judy Chu  
Member of Congress

*Emanuel Cleaver*

---

Emanuel Cleaver, II  
Member of Congress

*Jasmine Crockett*

---

Jasmine Crockett  
Member of Congress

*Danny K. Davis*

---

Danny K. Davis  
Member of Congress

# Congress of the United States

Washington, DC 20515



---

Diana DeGette  
Member of Congress



---

Mark DeSaulnier  
Member of Congress



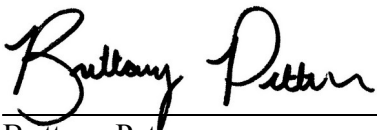
---

Adriano Espaillat  
Member of Congress



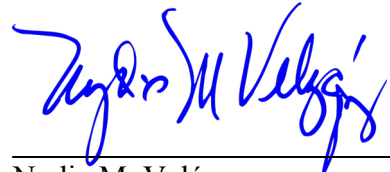
---

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



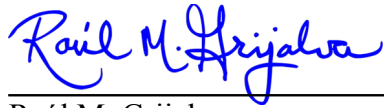
---

Nikema Williams  
Member of Congress



---

Eleanor Holmes Norton  
Member of Congress



---

Raúl M. Grijalva  
Member of Congress



---

Veronica Escobar  
Member of Congress



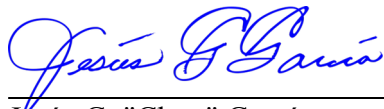
---

Bill Foster  
Member of Congress



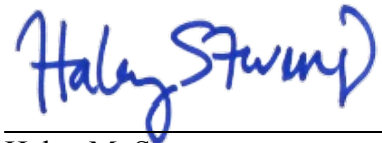
---

John Garamendi  
Member of Congress



---

Jesús G. "Chuy" García  
Member of Congress



---

Haley M. Stevens  
Member of Congress



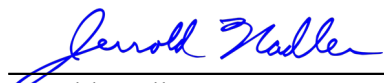
---

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

Washington, DC 20515



---

Katie Porter  
Member of Congress



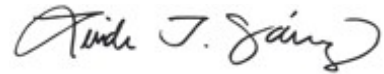
---

Jan Schakowsky  
Member of Congress



---

Jared Huffman  
Member of Congress



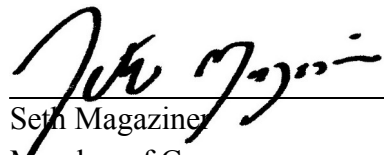
---

Linda T. Sánchez  
Member of Congress



---

Ro Khanna  
Member of Congress



---

Seth Magaziner  
Member of Congress



---

Adam Smith  
Member of Congress



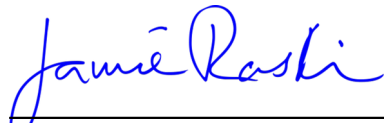
---

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



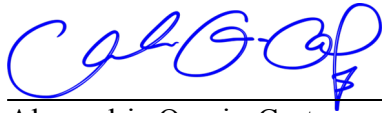
---

Ilhan Omar  
Member of Congress



---

Paul D. Tonko  
Member of Congress



---

Alexandria Ocasio-Cortez  
Member of Congress



---

Lauren Underwood  
Member of Congress



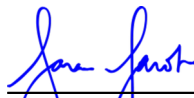
---

Ted W. Lieu  
Member of Congress



---

Betty McCollum  
Member of Congress



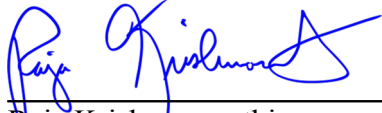
---

Sara Jacobs  
Member of Congress



# Congress of the United States

Washington, DC 20515



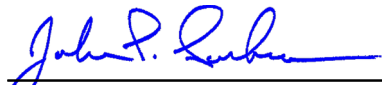
---

Raja Krishnamoorthi  
Member of Congress



---

Mike Levin  
Member of Congress



---

John P. Sarbanes  
Member of Congress



---

Darren Soto  
Member of Congress



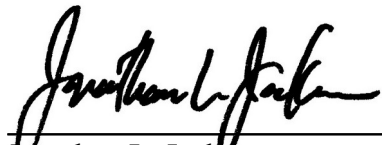
---

David J. Trone  
Member of Congress



---

Ayanna Pressley  
Member of Congress



---

Jonathan L. Jackson  
Member of Congress



---

Barbara Lee  
Member of Congress



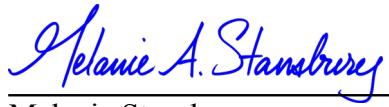
---

Doris Matsui  
Member of Congress



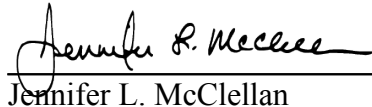
---

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