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.”

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. 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.

---


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.
Stephen F. Lynch  
Member of Congress

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

Becca Balint  
Member of Congress

Nanette Diaz Barragán  
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
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
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
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