

# Congress of the United States

Washington, DC 20515

May 13, 2024

Hon. Gary Gensler, Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair Gensler,

We were encouraged by the recent finalization of the SEC’s climate disclosure rule, which represents an important step in providing investors with the information they need to accurately assess climate-related financial risk. We write now to urge you to finalize an anti-greenwashing rule you proposed in May 2022 titled “Enhanced Disclosures by Certain Investment Advisers and Investment Companies about Environmental, Social, and Governance Investment Practices” (“ESG Disclosures Rule”). Finalizing this rule is critical for addressing greenwashing and other exaggerated or unfounded ESG-related claims amongst funds and investment advisers. This rule is an important complement to “Investment Company Names,” a rule the SEC finalized last September.

As the SEC noted in its proposing release, “[i]nvestor interest in ESG strategies has rapidly increased in recent years with significant inflows of capital to ESG-related services and investment products,” and investment advisers have responded “by creating and marketing funds and strategies that consider ESG factors in their selection process.”<sup>1</sup> However, funds and investment advisers are not currently required to substantiate their ESG strategies and practices through disclosures, which creates opportunities for greenwashing and other exaggerated or unfounded claims. We applaud the steps the SEC has taken to address these issues, including by bringing enforcement cases under current law,<sup>2</sup> and by proposing rules to bring transparency to the market of ESG services and investment products. Investors need disclosures to know whether the ESG-branded and marketed services and investment products align with their investment needs, preferences, and expectations.

We recommend the final ESG Disclosures Rule include several key elements the SEC proposed: 1) only allowing funds for which ESG factors are a significant or main consideration to use ESG language in their names; 2) requiring engagement and proxy voting disclosures for certain funds; and 3) requiring GHG emissions disclosure for certain funds. We also encourage the SEC to consider requiring or allowing disclosure of additional metrics that funds use to implement their ESG strategy, as many commenters recommended.

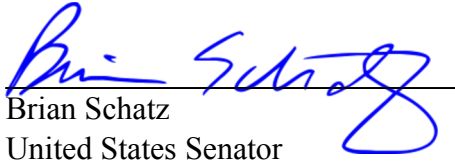
We thank you for your commitment to protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation by requiring climate-risk disclosures by issuers. We hope to see the ESG Disclosures Rule finalized as soon as possible.

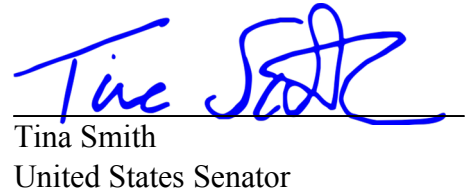
---

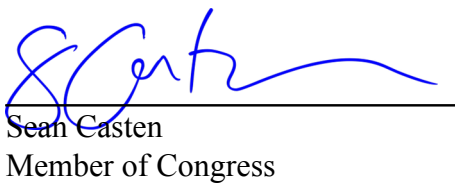
<sup>1</sup> Proposing Release: Enhanced Disclosures by Certain Investment Advisers and Investment Companies about Environmental, Social, and Governance Investment Practices, 7, May 25, 2022, <https://www.sec.gov/files/rules/proposed/2022/ia-6034.pdf>.

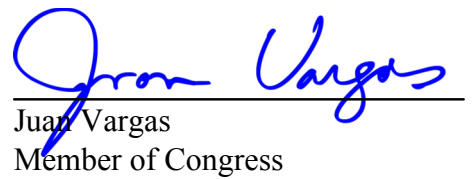
<sup>2</sup> Press Release: SEC Charges BNY Mellon Investment Adviser for Misstatements and Omissions Concerning ESG Considerations, May 23, 2022, <https://www.sec.gov/news/press-release/2022-86>.

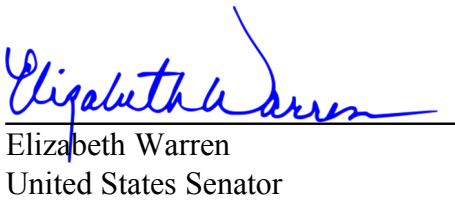
Sincerely,

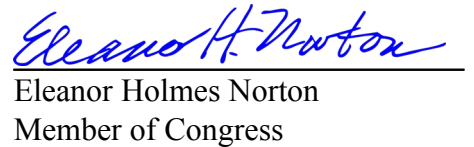
  
Brian Schatz  
United States Senator

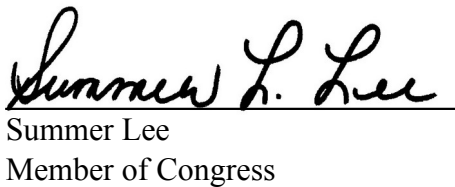
  
Tina Smith  
United States Senator

  
Sean Casten  
Member of Congress

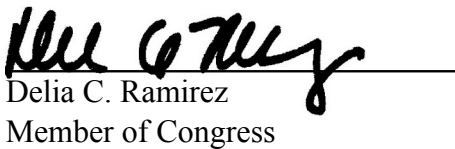
  
Juan Vargas  
Member of Congress

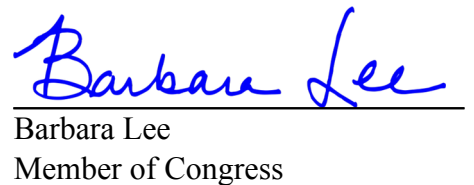
  
Elizabeth Warren  
United States Senator

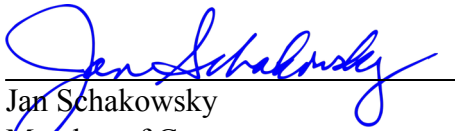
  
Eleanor Holmes Norton  
Member of Congress

  
Summer Lee  
Member of Congress

  
Katie Porter  
Member of Congress


  
Delia C. Ramirez  
Member of Congress

  
Barbara Lee  
Member of Congress



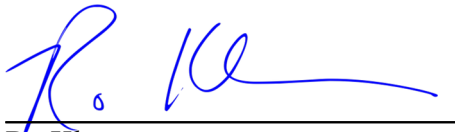
---

Jan Schakowsky  
Member of Congress




---

Jared Huffman  
Member of Congress



---

Ro Khanna  
Member of Congress




---

Rashida Tlaib  
Member of Congress



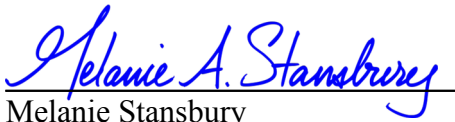
---

Kevin Mullin  
Member of Congress




---

Sheldon Whitehouse  
United States Senator



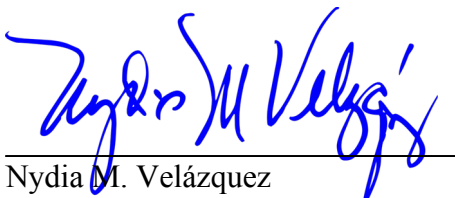
---

Melanie Stansbury  
Member of Congress




---

Sydney Kamlager-Dove  
Member of Congress



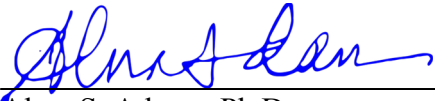
---

Nydia M. Velázquez  
Member of Congress



---

Nikema Williams  
Member of Congress



---

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