

# Union Calendar No. 461

116TH CONGRESS  
2D SESSION

# H. R. 3623

**[Report No. 116–563, Part I]**

To amend the Securities Exchange Act of 1934 to require issuers to disclose certain activities relating to climate change, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2019

Mr. CASTEN of Illinois (for himself and Mr. CARTWRIGHT) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

OCTOBER 27, 2020

Additional sponsors: Mr. MCGOVERN, Ms. OCASIO-CORTEZ, Ms. VELÁZQUEZ, Ms. DEAN, Mr. SAN NICOLAS, Ms. BROWNLEY of California, Mr. SOTO, Mr. LAWSON of Florida, Mr. NEGUSE, Mr. HUFFMAN, Ms. PRESSLEY, Mr. TONKO, Mr. FOSTER, Ms. BARRAGÁN, Mr. LOWENTHAL, Mr. GRIJALVA, Mr. CISNEROS, Ms. WILD, Ms. JUDY CHU of California, Mr. LEVIN of California, Ms. BONAMICI, Ms. ESHOO, Mr. DESAULNIER, Mr. TED LIEU of California, Mr. CLEAVER, Mr. BLUMENAUER, Mr. ROUDA, Ms. LOFGREN, Ms. DEGETTE, Mrs. NAPOLITANO, Mr. KIND, Mr. GARCÍA of Illinois, Mr. GONZALEZ of Texas, and Ms. ESCOBAR

OCTOBER 27, 2020

Reported from the Committee on Financial Services with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

OCTOBER 27, 2020

Committee on Energy and Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on July 5, 2019]

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## **A BILL**

To amend the Securities Exchange Act of 1934 to require issuers to disclose certain activities relating to climate change, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Climate Risk Disclosure*  
5 *Act of 2019”.*

6 **SEC. 2. DEFINITIONS.**

7 *In this Act—*

8 *(1) the term “1.5 degree scenario” means a wide-*  
9 *ly recognized, publicly available analysis scenario in*  
10 *which human interventions to combat global climate*  
11 *change are likely to prevent the global average tem-*  
12 *perature from reaching 1.5 degrees Celsius above pre-*  
13 *industrial levels;*

14 *(2) the terms “appropriate climate principals”,*  
15 *“climate change”, and “appropriate congressional*  
16 *committees” have the meanings given those terms in*  
17 *section 13(s) of the Securities Exchange Act of 1934;*

18 *(3) the term “baseline scenario” means a widely-*  
19 *recognized analysis scenario in which levels of green-*  
20 *house gas emissions, as of the date on which the anal-*  
21 *ysis is performed, continue to grow, resulting in—*

22 *(A) an increase in the global average tem-*  
23 *perature of 1.5 degrees Celsius or more above*  
24 *pre-industrial levels; and*

1                   (B) the realization of physical risks relating  
2                   to global climate change;

3                   (4) the term “carbon dioxide equivalent” means  
4                   the number of metric tons of carbon dioxide emissions  
5                   with the same global warming potential as one metric  
6                   ton of another greenhouse gas, as determined under  
7                   table A-1 of subpart A of part 98 of title 40, Code of  
8                   Federal Regulations, as in effect on the date of enact-  
9                   ment of this subsection;

10                  (5) the term “Commission” means the Securities  
11                  and Exchange Commission;

12                  (6) the term “commercial development of fossil  
13                  fuels” includes—

14                         (A) exploration, extraction, processing, ex-  
15                         porting, transporting, and any other significant  
16                         action with respect to oil, natural gas, coal, or  
17                         any byproduct thereof; and

18                         (B) acquiring a license for any activity de-  
19                         scribed in subparagraph (A);

20                  (7) the term “covered issuer” has the meaning  
21                  given the term in section 13(s) of the Securities Ex-  
22                  change Act of 1934;

23                  (8) the term “direct and indirect greenhouse gas  
24                  emissions” includes, with respect to a covered  
25                  issuer—

1           (A) all direct greenhouse gas emissions re-  
2 leased by the covered issuer;

3           (B) all indirect greenhouse gas emissions  
4 with respect to electricity, heat, or steam pur-  
5 chased by the covered issuer;

6           (C) significant indirect emissions, other  
7 than the emissions described in subparagraph  
8 (B), that occur in the value chain of the covered  
9 issuer; and

10          (D) all indirect greenhouse gas emissions  
11 that are attributable to assets owned or man-  
12 aged, including assets that are partially owned  
13 or managed, by the covered issuer;

14          (9) the term “fossil fuel reserves” means all pro-  
15 ducing assets, proved reserves, unproved resources,  
16 and any other ownership stake in sources of fossil  
17 fuels;

18          (10) the term “greenhouse gas”—

19               (A) means carbon dioxide,  
20 hydrofluorocarbons, methane, nitrous oxide,  
21 perfluorocarbons, sulfur hexafluoride, nitrogen  
22 trifluoride, and chlorofluorocarbons; and

23               (B) includes any other anthropogenically-  
24 emitted gas or particulate that the Adminis-  
25 trator of the Environmental Protection Agency

1           *determines, after notice and comment, to con-*  
2           *tribute to climate change;*

3           *(11) the term “greenhouse gas emissions” means*  
4           *the emissions of greenhouse gas, expressed in terms of*  
5           *metric tons of carbon dioxide equivalent;*

6           *(12) the term “physical risks” has meaning*  
7           *given the term in section 13(s) of the Securities Ex-*  
8           *change Act of 1934;*

9           *(13) the term “social cost of carbon” means the*  
10          *monetized present value, discounted at a 3 percent or*  
11          *lower discount rate, in dollars, per metric ton of car-*  
12          *bon dioxide (or carbon dioxide equivalent), of the net*  
13          *global costs over 300 years caused by the emission of*  
14          *carbon dioxide (or carbon dioxide equivalent, as ap-*  
15          *plicable) that result from—*

16                 *(A) changes in net agricultural produc-*  
17                 *tivity;*

18                 *(B) decreases in capital and labor produc-*  
19                 *tivity;*

20                 *(C) effects on human health;*

21                 *(D) property damage from increased sea*  
22                 *level rise, flooding, wildfires, and frequency and*  
23                 *severity of extreme weather events;*

24                 *(E) the value of ecosystem services; and*

1           (F) any other type of economic, social, po-  
2           litical, or natural disruption;

3           (14) the term “transition risks” has meaning  
4           given the term in section 13(s) of the Securities Ex-  
5           change Act of 1934.

6           (15) the term “value chain”—

7           (A) means the total lifecycle of a product or  
8           service, both before and after production of the  
9           product or service, as applicable; and

10          (B) may include the sourcing of materials,  
11          production, and disposal with respect to the  
12          product or service described in subparagraph  
13          (A); and

14          (16) the term “well below 1.5 degrees scenario”  
15          means a widely-recognized, publicly-available anal-  
16          ysis scenario in which human interventions to combat  
17          global climate change are likely to prevent the global  
18          average temperature from reaching 1.5 degrees Celsius  
19          above pre-industrial levels.

20 **SEC. 3. SENSE OF CONGRESS.**

21          It is the sense of Congress that—

22          (1) climate change poses a significant and in-  
23          creasing threat to the growth and stability of the  
24          economy of the United States;

1           (2) *many sectors of the economy of the United*  
2 *States and many American businesses are exposed to*  
3 *multiple channels of climate-related risk, which may*  
4 *include exposure to—*

5                   (A) *the physical impacts of climate change,*  
6 *including the rise of the average global tempera-*  
7 *ture, accelerating sea-level rise, desertification,*  
8 *ocean acidification, intensification of storms, in-*  
9 *crease in heavy precipitation, more frequent and*  
10 *intense temperature extremes, more severe*  
11 *droughts, and longer wildfire seasons;*

12                   (B) *the economic disruptions and security*  
13 *threats that result from the physical impacts de-*  
14 *scribed in subparagraph (A) including conflicts*  
15 *over scarce resources, conditions conducive to*  
16 *violent extremism, the spread of infectious dis-*  
17 *eases, and forced migration; and*

18                   (C) *the transition impacts that result as the*  
19 *global economy transitions to a clean and renew-*  
20 *able energy, low-emissions economy, including fi-*  
21 *nancial impacts as fossil fuel assets risk becom-*  
22 *ing stranded and it becomes uneconomic for com-*  
23 *panies to develop fossil fuel assets as policy-*  
24 *makers act to limit the worst impacts of climate*  
25 *change by keeping the rise in average global tem-*



1            *perature to 1.5 degrees Celsius above pre-indus-*  
2            *trial levels;*

3            *(3) assessing the potential impact of climate-re-*  
4            *lated risks on national and international financial*  
5            *systems is an urgent concern;*

6            *(4) companies have a duty to disclose financial*  
7            *risks that climate change presents to their investors,*  
8            *lenders, and insurers;*

9            *(5) the Commission has a duty to promote a*  
10           *risk-informed securities market that is worthy of the*  
11           *trust of the public as families invest for their futures;*

12           *(6) investors, lenders, and insurers are increas-*  
13           *ingly demanding climate risk information that is*  
14           *consistent, comparable, reliable, and clear;*

15           *(7) including standardized, material climate*  
16           *change risk and opportunity disclosure that is useful*  
17           *for decision makers in annual reports to the Commis-*  
18           *sion will increase transparency with respect to risk*  
19           *accumulation and exposure in financial markets;*

20           *(8) requiring companies to disclose climate-re-*  
21           *lated risk exposure and risk management strategies*  
22           *will encourage a smoother transition to a clean and*  
23           *renewable energy, low-emissions economy and guide*  
24           *capital allocation to mitigate, and adapt to, the ef-*

1        *fects of climate change and limit damages associated*  
2        *with climate-related events and disasters; and*

3                *(9) a critical component in fighting climate*  
4        *change is a transparent accounting of the risks that*  
5        *climate change presents and the implications of con-*  
6        *tinued inaction with respect to climate change.*

7        **SEC. 4. FINDINGS.**

8        *Congress finds that—*

9                *(1) short-, medium-, and long-term financial*  
10        *and economic risks and opportunities relating to cli-*  
11        *mate change, and the national and global reduction*  
12        *of greenhouse gas emissions, constitute information*  
13        *that issuers—*

14                        *(A) may reasonably expect to affect share-*  
15                        *holder decision making; and*

16                        *(B) should regularly identify, evaluate, and*  
17                        *disclose; and*

18                *(2) the disclosure of information described in*  
19        *paragraph (1) should—*

20                        *(A) identify, and evaluate—*

21                                *(i) material physical and transition*  
22                                *risks posed by climate change; and*

23                                *(ii) the potential financial impact of*  
24                                *such risks;*

1           (B) detail any implications such risks have  
2 on corporate strategy;

3           (C) detail any board-level oversight of mate-  
4 rial climate related risks and opportunities;

5           (D) allow for intra- and cross-industry  
6 comparison, to the extent practicable, of climate-  
7 related risk exposure through the inclusion of  
8 standardized industry-specific and sector-specific  
9 disclosure metrics, as identified by the Commis-  
10 sion, in consultation with the appropriate cli-  
11 mate principals;

12           (E) allow for tracking of performance over  
13 time with respect to mitigating climate risk ex-  
14 posure; and

15           (F) incorporate a price on greenhouse gas  
16 emissions in financial analyses that reflects, at  
17 minimum, the social cost of carbon that is at-  
18 tributable to issuers.

19 **SEC. 5. DISCLOSURES RELATING TO CLIMATE CHANGE.**

20           Section 13 of the Securities Exchange Act of 1934 (15  
21 U.S.C. 78m) is amended by adding at the end the following:

22           “(s) **DISCLOSURES RELATING TO CLIMATE CHANGE.**—

23           “(1) **DEFINITIONS.**—In this subsection—

24           “(A) the term ‘appropriate climate prin-  
25 cipals’ means—

1                   “(i) *the Administrator of the Environ-*  
2                   *mental Protection Agency;*

3                   “(ii) *the Secretary of Energy;*

4                   “(iii) *the Administrator of the Na-*  
5                   *tional Oceanic and Atmospheric Adminis-*  
6                   *tration;*

7                   “(iv) *the Director of the Office of Man-*  
8                   *agement and Budget; and*

9                   “(v) *the head of any other Federal*  
10                  *agency determined appropriate by the Com-*  
11                  *mission;*

12                  “(B) *the term ‘climate change’ means a*  
13                  *change of climate that is—*

14                   “(i) *attributed directly or indirectly to*  
15                   *human activity that alters the composition*  
16                   *of the global atmosphere; and*

17                   “(ii) *in addition to natural climate*  
18                   *variability observed over comparable time*  
19                   *periods;*

20                  “(C) *the term ‘covered issuer’ means an*  
21                  *issuer that is required to file an annual report*  
22                  *under subsection (a) or section 15(d);*

23                  “(D) *the term ‘physical risks’ means finan-*  
24                  *cial risks to long-lived fixed assets, locations, op-*  
25                  *erations, or value chains that result from expo-*

1           *sure to physical climate-related effects, includ-*  
2           *ing—*

3                   “(i) *increased average global tempera-*  
4                   *tures and increased frequency of tempera-*  
5                   *ture extremes;*

6                   “(ii) *increased severity and frequency*  
7                   *of extreme weather events;*

8                   “(iii) *increased flooding;*

9                   “(iv) *sea level rise;*

10                  “(v) *ocean acidification;*

11                  “(vi) *increased frequency of wildfires;*

12                  “(vii) *decreased arability of farmland;*

13                  “(viii) *decreased availability of fresh*  
14                  *water; and*

15                  “(ix) *any other financial risks to long-*  
16                  *lived fixed assets, locations, operations, or*  
17                  *value chains determined appropriate by the*  
18                  *Commission, in consultation with appro-*  
19                  *priate climate principals;*

20                  “(E) *the term ‘transition risks’ means fi-*  
21                  *nancial risks that are attributable to climate*  
22                  *change mitigation and adaptation, including ef-*  
23                  *forts to reduce greenhouse gas emissions and*  
24                  *strengthen resilience to the impacts of climate*  
25                  *change, including—*

1           “(i) costs relating to—  
2                   “(I) international treaties and  
3                   agreements;  
4                   “(II) Federal, State, and local  
5                   policy;  
6                   “(III) new technologies;  
7                   “(IV) changing markets;  
8                   “(V) reputational impacts rel-  
9                   evant to changing consumer behavior;  
10                  and  
11                  “(VI) litigation; and  
12                  “(ii) assets that may lose value or be-  
13                  come stranded due to any of the costs de-  
14                  scribed in subclauses (I) through (VI) of  
15                  clause (i).

16           “(2) DISCLOSURE.—Each covered issuer, in any  
17           annual report filed by the covered issuer under sub-  
18           section (a) or section 15(d), shall, in accordance with  
19           any rules issued by the Commission pursuant to the  
20           Climate Risk Disclosure Act of 2019, include in each  
21           such report information regarding—  
22                   “(A) the identification of, the evaluation of  
23                   potential financial impacts of, and any risk-  
24                   management strategies relating to—

1                   “(i) *physical risks posed to the covered*  
2                   *issuer by climate change; and*

3                   “(ii) *transition risks posed to the cov-*  
4                   *ered issuer by climate change;*

5                   “(B) *a description of any established cor-*  
6                   *porate governance processes and structures to*  
7                   *identify, assess, and manage climate-related*  
8                   *risks;*

9                   “(C) *a description of specific actions that*  
10                  *the covered issuer is taking to mitigate identified*  
11                  *risks;*

12                  “(D) *a description of the resilience of any*  
13                  *strategy the covered issuer has for addressing cli-*  
14                  *mate risks when differing climate scenarios are*  
15                  *taken into consideration; and*

16                  “(E) *a description of how climate risk is in-*  
17                  *corporated into the overall risk management*  
18                  *strategy of the covered issuer.*

19                  “(3) *RULE OF CONSTRUCTION.—Nothing in*  
20                  *paragraph (2) may be construed as precluding a cov-*  
21                  *ered issuer from including, in an annual report sub-*  
22                  *mitted under subsection (a) or section 15(d), any in-*  
23                  *formation not explicitly referenced in such para-*  
24                  *graph.”.*

1 **SEC. 6. RULEMAKING.**

2       (a) *CLIMATE RISK DISCLOSURE RULES.*—*The Com-*  
3 *mission, in consultation with the appropriate climate prin-*  
4 *cipals, shall not later than 2 years after the date of the*  
5 *enactment of this Act, issue rules with respect to the infor-*  
6 *mation that a covered issuer is required to disclose pursu-*  
7 *ant to section 13(s) of the Securities Exchange Act of 1934*  
8 *and such rules shall—*

9           (1) *establish, in consultation with the appro-*  
10 *priate climate principals, climate-related risk disclo-*  
11 *sure rules, which shall—*

12           (A) *be, to the extent practicable, specialized*  
13 *for industries within specific sectors of the econ-*  
14 *omy, which shall include—*

15           (i) *the sectors of finance, insurance,*  
16 *transportation, electric power, mining, and*  
17 *non-renewable energy; and*

18           (ii) *any other sector determined appro-*  
19 *priate by the Commission, in consultation*  
20 *with the appropriate climate principals;*

21           (B) *include reporting standards for esti-*  
22 *mating and disclosing direct and indirect green-*  
23 *house gas emissions by a covered issuer, and any*  
24 *affiliates of the covered issuer, which shall—*



1           (i) separate, to the extent practicable,  
2           total emissions of each specified greenhouse  
3           gas by the covered issuer; and

4           (ii) include greenhouse gas emissions  
5           by the covered issuer during the period cov-  
6           ered by the disclosure;

7           (C) include reporting standards for dis-  
8           closing, with respect to a covered issuer—

9           (i) the total amount of fossil fuel-re-  
10          lated assets owned or managed by the cov-  
11          ered issuer; and

12          (ii) the percentage of fossil fuel-related  
13          assets as a percentage of total assets owned  
14          or managed by the covered issuer;

15          (D) establish a minimum social cost of car-  
16          bon, which—

17          (i) shall be considered a minimum  
18          price with respect to costs associated with  
19          carbon emissions;

20          (ii) a covered issuer shall use in pre-  
21          paring climate-related disclosure statements;  
22          and

23          (iii) the Commission shall make pub-  
24          licly available all assumptions and methods  
25          used in the calculations;

1           (E) not preclude a covered issuer from  
2 using and disclosing, as compared with the price  
3 established under subparagraph (D), a higher  
4 price of greenhouse gas emissions;

5           (F) specify requirements for, and the disclo-  
6 sure of, input parameters, assumptions, and an-  
7 alytical choices to be used in climate scenario  
8 analyses required under paragraph (2)(A), in-  
9 cluding—

10                 (i) present value discount rates;

11                 (ii) time frames to consider, including  
12 5, 10, and 20 year time frames; and

13                 (iii) minimum pricing of greenhouse  
14 gas emissions, as established under subpara-  
15 graph (D) and subject to subparagraph (E);

16                 and

17           (G) include, after consultation with the Ad-  
18 ministrator of the Environmental Protection  
19 Agency, the Secretary of Energy, the Secretary of  
20 the Interior, the Secretary of Agriculture, the  
21 Secretary of Transportation, the Chair of the  
22 Council on Environmental Quality, and the Di-  
23 rector of the Office of Science and Technology  
24 Policy documentation standards and guidance

1           *with respect to the information required under*  
2           *paragraph (2)(C);*

3           *(2) require that a covered issuer, with respect to*  
4           *a disclosure required under section 13(s) of the Secu-*  
5           *rities Exchange Act of 1934—*

6           *(A) incorporate into such disclosure—*

7                   *(i) quantitative analysis to support*  
8                   *any qualitative statement made by the cov-*  
9                   *ered issuer;*

10                   *(ii) the rules established under para-*  
11                   *graph (1);*

12                   *(iii) industry-specific metrics that*  
13                   *comply with the requirements under para-*  
14                   *graph (1)(A);*

15                   *(iv) specific risk management actions*  
16                   *that the covered issuer is taking to address*  
17                   *identified risks;*

18                   *(v) a discussion of the short-, medium-*  
19                   *, and long-term resilience of any risk man-*  
20                   *agement strategy, and the evolution of ap-*  
21                   *plicable risk metrics, of the covered issuer*  
22                   *under each scenario described in paragraph*  
23                   *(1)(B); and*

24                   *(vi) the total cost of carbon attributable*  
25                   *to the direct and indirect greenhouse gas*

1                   *emissions of the covered issuer, using, at*  
2                   *minimum, the social cost of carbon;*

3                   *(B) consider, when preparing any quali-*  
4                   *tative or quantitative risk analysis statement*  
5                   *contained in the disclosure—*

6                   (i) *a baseline scenario that includes*  
7                   *physical impacts of climate change;*

8                   (ii) *a well below 1.5 degrees scenario;*  
9                   *and*

10                  (iii) *any additional climate analysis*  
11                  *scenario considered appropriate by the*  
12                  *Commission, in consultation with the ap-*  
13                  *propriate climate principals;*

14                  *(C) if the covered issuer engages in the com-*  
15                  *mmercial development of fossil fuels, include in the*  
16                  *disclosure—*

17                  (i) *an estimate of the total and a*  
18                  *disaggregated amount of direct and indirect*  
19                  *greenhouse gas emissions of the covered*  
20                  *issuer that are attributable to—*

21                                (I) *combustion;*

22                                (II) *flared hydrocarbons;*

23                                (III) *process emissions;*

24                                (IV) *directly vented emissions;*

1 (V) *fugitive emissions or leaks;*

2 *and*

3 (VI) *land use changes;*

4 (ii) *a description of—*

5 (I) *the sensitivity of fossil fuel re-*  
6 *serve levels to future price projection*  
7 *scenarios that incorporate the social*  
8 *cost of carbon into hydrocarbon pric-*  
9 *ing;*

10 (II) *the percentage of the reserves*  
11 *of the covered issuer that will be devel-*  
12 *oped under the scenarios established in*  
13 *subparagraph (B), as well as a forecast*  
14 *for the development prospects of each*  
15 *reserve under the scenarios established*  
16 *in subparagraph (B);*

17 (III) *the potential amount of di-*  
18 *rect and indirect greenhouse gas emis-*  
19 *sions that are embedded in proved and*  
20 *probable hydrocarbon reserves, with*  
21 *each such calculation presented as a*  
22 *total and in subdivided categories by*  
23 *the type of reserve;*

24 (IV) *the methodology of the cov-*  
25 *ered issuer for detecting and miti-*

1            *gating fugitive methane emissions,*  
2            *which shall include the frequency with*  
3            *which applicable assets of the covered*  
4            *issuer are observed for methane leaks,*  
5            *the processes and technology that the*  
6            *covered issuer uses to detect methane*  
7            *leaks, the percentage of assets of the*  
8            *covered issuer that the covered issuer*  
9            *inspects under that methodology, and*  
10           *quantitative and time-bound reduction*  
11           *goals of the issuer with respect to meth-*  
12           *ane leaks;*

13                    *(V) the amount of water that the*  
14                    *covered issuer withdraws from fresh-*  
15                    *water sources for use and consumption*  
16                    *in operations of the covered issuer; and*

17                    *(VI) the percentage of the water*  
18                    *described in subclause (V) that comes*  
19                    *from regions of water stress or that*  
20                    *face wastewater management chal-*  
21                    *lenges; and*

22                    *(iii) any other information that the*  
23                    *Commission, in consultation with the ap-*  
24                    *propriate climate principals and the Ad-*  
25                    *ministrator of the Environmental Protec-*

1            *tion Agency, the Secretary of Energy, the*  
2            *Secretary of the Interior, the Secretary of*  
3            *Agriculture determines is—*

4                            *(I) necessary;*

5                            *(II) appropriate to safeguard the*  
6            *public interest; or*

7                            *(III) directed at ensuring that in-*  
8            *vestors are informed in accordance*  
9            *with the findings described in section*  
10           *4;*

11            *(3) with respect to a disclosure required under*  
12            *section 13(s) of the Securities Exchange Act of 1934,*  
13            *require that a covered issuer include in such disclo-*  
14            *sure any other information, or use any climate-re-*  
15            *lated or greenhouse gas emissions metric, that the*  
16            *Commission, in consultation with the appropriate cli-*  
17            *mate principals, determines is—*

18                            *(A) necessary;*

19                            *(B) appropriate to safeguard the public in-*  
20            *terest; or*

21                            *(C) directed at ensuring that investors are*  
22            *informed in accordance with the findings de-*  
23            *scribed in section 4; and*

24            *(4) with respect to a disclosure required under*  
25            *section 13(s) of the Securities Exchange Act of 1934,*

1        *establish how and where the required disclosures shall*  
2        *be addressed in the covered issuer's annual financial*  
3        *filing.*

4        (b) *FORMATTING.*—*The Commission shall require*  
5        *issuers to disclose information in an interactive data for-*  
6        *mat and shall develop standards for such format, which*  
7        *shall include electronic tags for information that the Com-*  
8        *mission determines is—*

9                (1) *necessary;*

10               (2) *appropriate to safeguard the public interest;*

11        *or*

12               (3) *directed at ensuring that investors are in-*  
13        *formed in accordance with the findings described in*  
14        *section 4.*

15        (c) *PERIODIC UPDATE OF RULES.*—*The Commission*  
16        *shall periodically update the rules issued under this section*  
17        *to ensure that such rules further the findings in section 4(2).*

18        **SEC. 7. COMPILATION OF INFORMATION DISCLOSED.**

19        *The Commission shall, to the maximum extent prac-*  
20        *ticable make a compilation of the information disclosed by*  
21        *issuers pursuant to section 13(s) of the Securities Exchange*  
22        *Act of 1934 publicly available on the website of the Commis-*  
23        *sion and update such compilation at least once each year.*



1 **SEC. 8. BACKSTOP.**

2 *If, 2 years after the date of the enactment of this Act,*  
3 *the Commission has not issued rules pursuant to section*  
4 *6, and until such rules are issued, a covered issuer shall*  
5 *be deemed in compliance with section 13(s) of the Securities*  
6 *Exchange Act of 1934 if disclosures set forth in the annual*  
7 *report of such issuer satisfy the recommendations of the*  
8 *Task Force on Climate-related Financial Disclosures of the*  
9 *Financial Stability Board as reported in June, 2017, or*  
10 *any successor report, and as supplemented or adjusted by*  
11 *such rules, guidance, or other comments from the Commis-*  
12 *sion.*

13 **SEC. 9. REPORTS.**

14 *(a) SECURITIES AND EXCHANGE COMMISSION.—The*  
15 *Commission shall—*

16 *(1) conduct an annual assessment regarding the*  
17 *compliance of covered issuers with the requirements of*  
18 *section 13(s) of the Securities Exchange Act of 1934,*  
19 *as added by section 5;*

20 *(2) submit to the appropriate congressional com-*  
21 *mittees a report that contains the results of each as-*  
22 *essment conducted under paragraph (1); and*

23 *(3) make each report submitted under paragraph*  
24 *(2) accessible to the public.*

25 *(b) GOVERNMENT ACCOUNTABILITY OFFICE.—The*  
26 *Comptroller General of the United States shall periodically*

1 *evaluate, and report to the appropriate congressional com-*  
2 *mittees on, the effectiveness of the Commission in carrying*  
3 *out and enforcing section 13(s) of the Securities Exchange*  
4 *Act of 1934, as added by section 5.*

5 **SEC. 10. SEVERABILITY.**

6 *If any provision of this Act, an amendment made by*  
7 *this Act, or the application of this Act (or an amendment*  
8 *made by this Act) to any person or circumstance is held*  
9 *to be invalid, that holding shall have no effect with respect*  
10 *to—*

11 *(1) the remainder of this Act; and*

12 *(2) the application of the provision or amend-*  
13 *ment, as applicable, to any other person or cir-*  
14 *cumstance.*

15 **SEC. 11. AUTHORIZATION OF APPROPRIATIONS.**

16 *There are authorized to be appropriated to the Com-*  
17 *mission such sums as may be necessary to carry out this*  
18 *Act.*



Union Calendar No. 461

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 3623**

[Report No. 116-563, Part I]

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## **A BILL**

To amend the Securities Exchange Act of 1934 to require issuers to disclose certain activities relating to climate change, and for other purposes.

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OCTOBER 27, 2020

Reported from the Committee on Financial Services with  
an amendment

OCTOBER 27, 2020

Committee on Energy and Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed