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ATTORNEY GENERAL RAOUL CALLS ON SEC TO REQUIRE U.S. COMPANIES TO DISCLOSE FINANCIAL RISK FROM CLIMATE CHANGE

Chicago — Attorney General Kwame Raoul today, as part of a coalition of 12 attorneys general, urged the Securities and Exchange Commission (SEC) to require U.S. companies to provide detailed and accurate information about the financial risk they face from climate change. The need to mandate such disclosures is urgent and falls squarely within existing SEC authority. In the past five years, climate change-related weather events cost U.S. companies more than \$600 billion in direct economic damages. Mandatory climate change-related disclosures are essential to insulate U.S. and global financial systems from systemic risk associated with climate change and to protect investors, including the many ordinary Americans whose retirement savings are largely investment-based.

“It is imperative that companies are transparent with investors, especially retirees, about the impact of climate change and how it may affect a company’s operations,” Raoul said. “By requiring companies to disclose the risk they face from climate change, the SEC will help insulate investors from the impact of climate-related events and encourage companies to make investments and changes which will address the climate change crisis.”

Climate change will have a significant impact on the U.S. economy and its financial system. Rising temperatures are expected to decrease the United States’ annual gross domestic product by between 1.9% and 10.5%, and the economy is more likely to experience systemic shocks from climate-related events when financial markets lack sufficient, accurate information to price in climate risk. Demand from institutional and retail investors for U.S. companies to respond to the impacts of climate change have grown significantly, as evidenced by the recent election of three new members to Exxon Mobile Corp.’s board who intend to push the company to address climate change, as well as the overwhelming passage of a shareholder resolution demanding that Chevron reduce its carbon emissions.

Currently, the majority of U.S. companies do not make any climate change-related disclosures, and the disclosures that companies do make are often boilerplate, suggesting that the companies are not thoroughly evaluating or disclosing their exposure to climate change-related risks. [In today's comment letter](#), Raoul and the attorneys general urge the SEC to mandate that companies, both public and private, assess climate change-related risks affecting their businesses and disclose that information to investors, arguing that the current disclosure requirements the SEC has in place are insufficient. The coalition specifically suggests that the SEC requires companies to:

- Make annual disclosures of their greenhouse gas emissions and any plans to address their emissions.
- Analyze and disclose the potential impacts of climate change and climate change regulation.
- Disclose corporate governance and risk management as they pertain to climate change.

Joining Raoul in filing the comment letter are the attorneys general of California, Connecticut, Delaware, Maryland, Massachusetts, Michigan, Minnesota, New York, Oregon, Vermont and Wisconsin.