



**BRIAN E. FROSH, MARYLAND ATTORNEY GENERAL**

# PRESS RELEASE

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## **Attorney General Frosh Calls on SEC to Require U.S. Companies to Disclose Financial Risk from Climate Change**

**BALTIMORE, MD (June 14, 2021)** – Maryland Attorney General Brian E. Frosh today joined a coalition of attorneys general in [urging 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 alone, 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.

“U.S. companies should be fully transparent about the risks they face from the climate crisis,” said Attorney General Frosh. “The SEC has the authority to require these disclosures, as well as companies’ plans to mitigate any impact they may sustain due to the climate crisis.”

Climate change is no longer an abstract challenge to be dealt with at a later date – it is a concrete threat, and one that will have significant impact to the U.S. economy and its financial system. Rising temperatures are expected to decrease the United States’ annual gross domestic product 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’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 letter, 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; and
- Disclose corporate governance and risk management as they pertain to climate change.

Attorney General Frosh joins the attorneys general of California, Connecticut, Delaware, Illinois, Massachusetts, Michigan, Minnesota, New York, Oregon, Vermont, and Wisconsin in sending today's comment letter.

<https://www.marylandattorneygeneral.gov/press/2021/061421a.pdf>