[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION
H. R. _____

To amend the Securities Exchange Act of 1934 to require disclosures related to the Paris Climate Agreement, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Ms. Velázquez introduced the following bill; which was referred to the Committee on ______________________

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A BILL

To amend the Securities Exchange Act of 1934 to require disclosures related to the Paris Climate Agreement, 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 “Paris Climate Agree-
5 ment Disclosure Act”.

6 SEC. 2. FINDINGS.

7 Congress finds the following:
(1) 197 parties, including the United States, are parties to the United Nations Framework Convention on Climate Change (UNFCCC), the principal framework to stabilize greenhouse gas concentrations at a level that would prevent dangerous human-induced interference with the climate system.

(2) On December 12, 2015, parties of the UNFCCC adopted the Paris Agreement, the first comprehensive agreement among all nations to keep global warming below 2 degrees Celsius.

(3) The Paris Agreement aims to strengthen the global response to the threat of climate change by holding the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.

(4) The “Special Report on Global Warming of 1.5 °C” by the Intergovernmental Panel on Climate Change found that at 1.5 degrees Celsius warming, climate-related risks to human health, livelihoods, food security, human security, water supply, and
economic growth will all increase, and will increase even more at 2 degrees Celsius warming.

(5) In 2017, the World Economic Forum issued the Compact for Responsive and Responsible Leadership with 140 CEOs pledging to align their corporate values and strategies with the United Nation’s Sustainable Development Goals.

(6) In September 2020, the World Economic Forum and its International Business Council released Stakeholder Capitalism Metrics—a set of environmental, social and governance metrics and disclosures which measure the long-term enterprise value creation for all stakeholders.

(7) The September 2020 World Economic Forum report recognizes that there is an emerging consensus among companies that long-term value is most effectively created by serving the interests of all stakeholders.

(8) On January 26, 2021, 61 CEOs of some of the world’s largest companies publicly endorsed the Stakeholder Capitalism Metrics.

(9) One of the core metrics and disclosures defined in the Stakeholder Capitalism Metrics is for companies to disclose whether they have set, or have committed to set, greenhouse gas emissions targets.
that are in line with the goals of the Paris Agreement.

SEC. 3. DISCLOSURES RELATED TO GREENHOUSE GAS EMISSIONS.

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

“(s) DISCLOSURES RELATED TO THE PARIS CLIMATE AGREEMENT.—

“(1) IN GENERAL.—Each issuer required to file an annual report under subsection (a) shall include in such report the following:

“(A) Whether the issuer has set, or has committed to achieve, targets that are a balance between greenhouse gas emissions and removals, at a pace consistent with limiting global warming to well below 2 degrees Celsius and pursuing efforts to limit it to 1.5 degrees Celsius.

“(B) If the issuer is committed to setting such greenhouse gas emission targets in the future, but not at the present—

“(i) by which year the issuer plans to commit to such greenhouse gas emission targets; and
“(ii) a detailed explanation for such position.

“(C) Actions and steps the issuer has taken over the preceding year to achieve such greenhouse gas emission targets.

“(D) Actions and steps the issuer plans to pursue in the forthcoming year to achieve such greenhouse gas emission targets.

“(E) If the issuer has not set, and does not plan on committing to set, such greenhouse gas emission targets—

“(i) a statement to that effect; and

“(ii) a detailed explanation of—

“(I) why the issuer is not planning on pursuing such greenhouse gas emission targets; and

“(II) whether the issuer supports the temperature goals outlined in sub-paragraph (A) of this section.

“(2) DEFINITIONS.—In this subsection:

“(A) GREENHOUSE GAS.—The term ‘greenhouse gas’ means carbon dioxide, hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, sulfur hexafluoride, nitrogen, trifluoride, and chlorofluorocarbons.
“(B) GREENHOUSE GAS EMISSIONS.—The term ‘greenhouse gas emissions’ means the emissions of greenhouse gases expressed in terms of metric tons of carbon dioxide equivalent.

“(C) PARIS CLIMATE AGREEMENT.—The term ‘Paris Climate Agreement’ means the international agreement adopted by 196 parties, including the United States, at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change in Paris, France on December 12, 2015.

“(D) TEMPERATURE GOALS OF THE PARIS CLIMATE AGREEMENT.—The term ‘temperature goals of the Paris Climate Agreement’ means—

“(i) a collective, long-term objective to hold the greenhouse gas emissions-induced increase in temperature to well below 2 degree Celsius;

“(ii) a goal to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above the pre-industrial level;

“(iii) a goal to achieve net-zero emissions before 2050.
“(E) REMOVALS.—The term ‘removals’ means anthropogenic removals from the atmosphere by any process, activity or mechanism of greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere.”.

(b) RULEMAKING.—Not later than the end of the 1-year period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall issue final rules to carry out the amendment made by subsection (a).

(c) EFFECTIVE DATE.—Section 13(s) of the Securities Exchange Act of 1934, as added by subsection (a), shall take effect on the effective date of the rules issued pursuant to subsection (b).