LIFESCAPE HELPS FAMILIES

(Mrs. BUSTOS asked and was given permission to address the House for 1 minute.)

Mrs. BUSTOS. Mr. Speaker, I rise in support of efforts to build back our care economy. I recently toured a place called Lifescape in Rockford, Illinois, where I met a woman named Miss Selma.

Miss Selma lives with her daughter and her granddaughter, and she has three generations under one roof. Three generations where she was the major caretaker for many years.

About a decade ago she had a stroke, and so now her daughter has to take care of her. But she has to go to work also. So it is places like Lifescape that help families get back to work so they can make sure that their loved ones are cared for while they also make a living.

The global pandemic put a spotlight on the need to invest in our care economy and places like Lifescape. Because of the CARES Act, Lifescape expanded their home meal delivery service by 800 meals every single day and allowed for the care of people like Miss Selma.

As we continue to negotiate an infrastructure package, we need to invest in our care economy in order to get our national economy back in place.

THE TERRITORIES HEALTH EQUITY ACT

(Ms. PLASKETT asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. PLASKETT. Mr. Speaker, today I rise in support of my bill, H.R. 3434, the Territories Health Equity Act of 2021.

This bill will address the existing inequalities the territories face under Medicaid, Medicare, and other Federal health programs. Importantly, regarding Medicaid, it would provide us with the equitable share of Federal funding for Medicaid beyond the upcoming fiscal cliff when much of the existing funding for the territories is scheduled to expire at the end of September 2021.

In the midst of a global pandemic, with more Federal attention on how healthcare funding disparities have had a deleterious impact on the finances of local governments and hospitals throughout the country, we believe this is an opportune time to press for equity in Medicaid and Medicare.

The inequities in Federal funding provided to the territories for Medicaid and Medicare have put access to affordable healthcare out of reach for too many in the Virgin Islands and the other territories, making our hospitals' emergency rooms the primary healthcare provider for one-third of our population without health insurance, which contributes to unmanageable costs. Please support H.R. 3434.

□ 1230

CONGRESS MUST INVEST IN AN INCLUSIVE CARE ECONOMY

(Ms. GARCIA of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. GARCIA of Texas. Mr. Speaker, I rise today to urge my colleagues to invest in an inclusive care economy to help our families recover from the devastating effects of this pandemic.

As the price of childcare and eldercare increases, many mothers and women in my district had to leave the workforce. In a country like ours, this is totally unacceptable. Mothers are the backbone of our society and the pillar of my district.

This is why, during our week of action last week, I visited a childcare center run by a constituent in Deer Park servicing children with special needs; and I also visited an eldercare center in Pasadena, in my district.

I witnessed firsthand the lifesaving, life-changing benefits out of an inclusive care economy for our children and our seniors.

Investing in an inclusive care economy could benefit my district and communities of color that lack resources to overcome the impacts of this pandemic.

Let's invest in our most vulnerable with the American Families Plan.

We can recover. ''We can do it,'' ''Si se puede.''

ESG DISCLOSURE SIMPLIFICATION ACT OF 2021

Ms. WATERS. Mr. Speaker, pursuant to House Resolution 473, I call up the bill (H.R. 1187) to provide for disclosure of additional material information about public companies and establish a Sustainable Finance Advisory Committee, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. CUELLAR). Pursuant to House Resolution 473, in lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 117–5 is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Corporate Governance Improvement and Investor Protection Act''.

TITLE I—ESG DISCLOSURE SIMPLIFICATION

SEC. 101. SHORT TITLE.

This title may be cited as the ''ESG Disclosure Simplification Act of 2021''.

SEC. 102. FINDINGS.

Congress finds the following:

(1) The Securities and Exchange Commission has broad authority to require the disclosure of information if such information is in the interest of, or is material to investors.

(2) The Commission does not require companies to disclose information related to environmental, social, and governance (''ESG'') matters, and does not require companies to adhere to standards for disclosing such information.

(3) Investors have reported that voluntary disclosures of ESG metrics are inadequate.

(4) A rule requiring reporting and standardization of ESG disclosures is in the interest of investors.

(5) ESG matters are material to investors, and the Commission must establish standards for disclosure of such matters.

SEC. 103. ESG DISCLOSURES.

(a) IN GENERAL.—Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:

''(k) ESG DISCLOSURES.—

''(1) IN GENERAL.—Each issuer the securities of which are registered under section 12 or that is required to file annual reports under section 15(d) shall disclose in any proxy or consent solicitation material for an annual meeting of the shareholders—

''(A) a clear description of the views of the issuer about the link between ESG metrics and the long-term business strategy of the issuer; and

''(B) a description of any process the issuer uses to determine the impact of ESG metrics on the long-term business strategy of the issuer.

''(2) ESG METRICS DEFINED.—In this subsection, the term 'ESG metrics' has the meaning given the term in part 210 of title 17, Code of Federal Regulations as amended pursuant to section 3(b) of the ESG Disclosure Simplification Act of 2021.''.

(b) RULEMAKING.—

(1) IN GENERAL.—The Securities and Exchange Commission (in this Act referred to as the ''Commission'') shall amend part 210 of title 17, Code of Federal Regulations (or any successor thereto) to—

(A) require each issuer, in any filing of the issuer described in such part that requires audited financial statements, to disclose environmental, social, and governance metrics (in this title referred to as ESG metrics); and

(B) define ESG metrics.

(2) SUSTAINABLE FINANCE ADVISORY COMMITTEE.—The Sustainable Finance Advisory Committee established pursuant to section 4(k) of the Securities and Exchange Act of 1934 shall, not later than 180 days after the date of the first meeting of such Committee, submit to the Commission recommendations about what ESG metrics the Commission should require issuers to disclose.

(3) MATERIALITY.—It is the sense of Congress that ESG metrics, as such term is defined by the Commission pursuant to paragraph (1), are de facto material for the purposes of disclosures under the Securities Exchange Act of 1934 and the Securities Act of 1933.

(4) INCORPORATION OF INTERNATIONAL STANDARDS.—When amending part 210 of title 17, Code of Federal Regulations (or any successor thereto) pursuant to paragraph (1), the Commission may, as the Commission determines appropriate, incorporate any internationally recognized, independent, multi-stakeholder environmental, social, and governance disclosure standards.

(5) LOCATION OF DISCLOSURE.—Any disclosure required by paragraph (1) may be included in a notes section of the filing.

(6) DELAY FOR SMALL ISSUERS.—The Commission may use a phased approach when applying any amendments made pursuant to paragraph (1) to small issuers and may determine the criteria by which an issuer qualifies as a small issuer for purposes of such phased approach.

SEC. 104. SUSTAINABLE FINANCE ADVISORY COMMITTEE.

Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

''(k) SUSTAINABLE FINANCE ADVISORY COMMITTEE.—

''(1) ESTABLISHMENT.—The Commission shall establish a permanent advisory committee to be called the 'Sustainable Finance Advisory Committee' (in this subsection referred to as the 'Committee').

''(2) DUTIES OF COMMITTEE.—The Committee shall—

''(A) submit a report to the Commission not later than 18 months after the date of the first meeting of the Committee that—

''(i) identifies the challenges and opportunities for investors associated with sustainable finance; and

''(ii) recommends policy changes to facilitate the flow of capital towards sustainable investments, in particular environmentally sustainable investments;

''(B) when solicited, advise the Commission on sustainable finance; and

''(C) communicate with individuals and entities with an interest in sustainable finance.

''(3) MEMBERSHIP.—

''(A) MEMBERS.—

''(i) IN GENERAL.—The Committee shall consist of no more than 20 members who shall each serve for one four-year term.

''(ii) REPRESENTATION.—Each member shall represent individuals and entities with an interest in sustainable finance, such as—

''(I) experts on sustainable finance;

''(II) operators of financial infrastructure;

''(III) entities that provide analysis, data, or methodologies that facilitate sustainable finance;

''(IV) insurance companies, pension funds, asset managers, depository institutions, or credit unions; or

''(V) other financial institutions that intermediate investments in sustainable finance or manage risks related to sustainable development.

''(iii) REPRESENTATION OF INTERESTS.—A member may not represent a single individual or entity and shall represent types of individuals and entities with similar interests in sustainable finance.

''(B) SELECTION.—

''(i) IN GENERAL.—The Commission shall—

''(I) publish criteria for selection of members on the website of the Commission and in the Federal Register; and

''(II) solicit applications for membership on the website of the Commission and in the Federal Register.

''(ii) EQUAL SHARE.—From the individuals who submit applications for membership, each Commissioner of the Commission shall select an equal number of the members of the Committee.

''(C) PAY.—Members may not receive pay by reason of their service on the Committee but may receive travel or transportation expenses in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

''(D) MEMBER TRANSPARENCY.—The name of each member and the types of individuals and entities that such member represents shall be published on the website of the Commission.

''(E) STAFF.—The Committee shall be supported by staff from the Office of the Investor Advocate of the Commission that are dedicated to environmental, social and governance (in this subsection referred to as 'ESG') issues.

''(F) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated such sums as are necessary to finance costs associated with staff dedicated to ESG issues in the Office of the Investor Advocate of the Commission.

''(4) SUSTAINABLE FINANCE.—For the purposes of this subsection, the term 'sustainable finance' means the provision of finance with respect to investments taking into account environmental, social, and governance considerations.

''(5) SEC RESPONSE.—The Commission shall, not later than 6 months after the date on which the Committee submits a report to the Commission pursuant to paragraph (2)(A), publish a response to such report.''.

TITLE II—SHAREHOLDER POLITICAL TRANSPARENCY

SEC. 201. SHORT TITLE.

This title may be cited as the ''Shareholder Political Transparency Act of 2021''.

SEC. 202. FINDINGS.

Congress finds that—

(1) corporations make significant political contributions and expenditures that directly or indirectly influence the election of candidates and support or oppose political causes;

(2) decisions to use corporate funds for political contributions and expenditures are usually made by corporate boards and executives, rather than shareholders;

(3) corporations, acting through boards and executives, are obligated to conduct business for the best interests of their owners, the shareholders;

(4) historically, shareholders have not had a way to know, or to influence, the political activities of corporations they own;

(5) shareholders and the public have a right to know how corporate managers are spending company funds to make political contributions and expenditures benefitting candidates, political parties, and political causes; and

(6) corporations should be accountable to shareholders in making political contributions or expenditures affecting Federal governance and public policy.

SEC. 203. REPORTING REQUIREMENTS.

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

''(s) REPORTING REQUIREMENTS RELATING TO CERTAIN POLITICAL EXPENDITURES.—

''(1) DEFINITIONS.—In this subsection:

''(A) EXPENDITURE FOR POLITICAL ACTIVITIES.—The term 'expenditure for political activities'—

''(i) means—

''(I) an independent expenditure (as defined in section 301(17) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(17)));

''(II) an electioneering communication (as defined in section 304(f)(3) of that Act (52 U.S.C. 30104(f)(3))) and any other public communication (as defined in section 301(22) of that Act (52 U.S.C. 30101(22))) that would be an electioneering communication if it were a broadcast, cable, or satellite communication; or

''(III) dues or other payments to trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code that are, or could reasonably be anticipated to be, used or transferred to another association or organization for the purposes described in subclause (I) or (II); and

''(ii) does not include—

''(I) direct lobbying efforts through registered lobbyists employed or hired by the issuer;

''(II) communications by an issuer to its shareholders and executive or administrative personnel and their families; or

''(III) the establishment and administration of contributions to a separate segregated fund to be utilized for political purposes by a corporation.

''(B) ISSUER.—The term 'issuer' does not include an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8).

''(2) QUARTERLY REPORTS.—

''(A) REPORTS REQUIRED.—Not later than 180 days after the date of enactment of this subsection, the Commission shall amend the reporting rules under this section to require each issuer with a class of equity securities registered under section 12 of this title to submit to the Commission and the shareholders of the issuer a quarterly report containing—

''(i) a description of any expenditure for political activities made during the preceding quarter;

''(ii) the date of each expenditure for political activities;

''(iii) the amount of each expenditure for political activities;

''(iv) if the expenditure for political activities was made in support of or in opposition to a candidate, the name of the candidate and the office sought by, and the political party affiliation of, the candidate; and

''(v) the name or identity of trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code which receive dues or other payments as described in paragraph (1)(A)(i)(III).

''(B) PUBLIC AVAILABILITY.—The Commission shall ensure that the quarterly reports required under this paragraph are publicly available through the Internet website of the Commission and through the EDGAR system in a manner that is searchable, sortable, and downloadable, consistent with the requirements under section 24.

''(3) ANNUAL REPORTS.—Not later than 180 days after the date of enactment of this subsection, the Commission shall, by rule, require each issuer to include in the annual report of the issuer to shareholders—

''(A) a summary of each expenditure for political activities made during the preceding year in excess of $10,000, and each expenditure for political activities for a particular election if the total amount of such expenditures for that election is in excess of $10,000;

''(B) a description of the specific nature of any expenditure for political activities the issuer intends to make for the forthcoming fiscal year, to the extent the specific nature is known to the issuer; and

''(C) the total amount of expenditures for political activities intended to be made by the issuer for the forthcoming fiscal year.''.

SEC. 204. REPORTS.

(a) SECURITIES AND EXCHANGE COMMISSION.—The Securities and Exchange Commission shall—

(1) conduct an annual assessment of the compliance of issuers with section 13(s) of the Securities Exchange Act of 1934, as added by section 203; and

(2) submit to Congress an annual report containing the results of the assessment under paragraph (1).

(b) GOVERNMENT ACCOUNTABILITY OFFICE.—The Comptroller General of the United States shall periodically evaluate and report to Congress on the effectiveness of the oversight by the Securities and Exchange Commission of the reporting and disclosure requirements under section 13(s) of the Securities Exchange Act of 1934, as added by section 203.

TITLE III—GREATER ACCOUNTABILITY IN PAY

SEC. 301. SHORT TITLE.

This title may be cited as the ''Greater Accountability in Pay Act of 2021''.

SEC. 302. PAY RAISE DISCLOSURES.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 203, is further amended by adding at the end the following:

''(t) PAY RAISE DISCLOSURES.—An issuer required to file an annual report under this section or section 15(d), that is not an emerging growth company, shall include in such report—

''(1) the percentage increase in the median of the annual total compensation of all executive officers (as such term is defined in section 240.3b–7 of title 17, Code of Federal Regulations) of the issuer over the last completed fiscal year;

''(2) the percentage increase in the median of the annual total compensation of all employees of the issuer, excluding executive officers, over the last completed fiscal year;

''(3) the ratio of the percentage described in paragraph (1) to the percentage described in paragraph (2);

''(4) a comparison of the percentage described in paragraph (1) to the percentage change over the same period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor; and

''(5) a comparison of the percentage described in paragraph (2) to the percentage change over the same period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.''.

TITLE IV—CLIMATE RISK DISCLOSURE

SEC. 401. SHORT TITLE.

This title may be cited as the ''Climate Risk Disclosure Act of 2021''.

SEC. 402. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) climate change poses a significant and increasing threat to the growth and stability of the economy of the United States;

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

(A) the physical impacts of climate change, including the rise of the average global temperature, accelerating sea-level rise, desertification, ocean acidification, intensification of storms, increase in heavy precipitation, more frequent and intense temperature extremes, more severe droughts, and longer wildfire seasons;

(B) the economic disruptions and security threats that result from the physical impacts described in subparagraph (A) including conflicts over scarce resources, conditions conducive to violent extremism, the spread of infectious diseases, and forced migration;

(C) the transition impacts that result as the global economy transitions to a clean and renewable energy, low-emissions economy, including financial impacts as climate change fossil fuel assets becoming stranded and it becomes uneconomic for companies to develop fossil fuel assets as policymakers act to limit the worst impacts of climate change by keeping the rise in average global temperature to 1.5 degrees Celsius above pre-industrial levels; and

(D) actions by Federal, State, Tribal, territorial, and local governments to limit the worst effects of climate change by enacting policies that keep the global average surface temperature rise to 1.5 degrees Celsius above pre-industrial levels;

(3) assessing the potential impact of climate-related risks on national and international financial systems is an urgent concern;

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

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

(6) investors, lenders, and insurers are increasingly demanding climate risk information that is consistent, comparable, reliable, and clear;

(7) including standardized, material climate change risk and opportunity disclosure that is useful for decision makers in annual reports to the Commission will increase transparency with respect to risk accumulation and exposure in financial markets;

(8) requiring companies to disclose climate-related risk exposure and risk management strategies will encourage a smoother transition to a clean and renewable energy, low-emissions economy and guide capital allocation to mitigate, and adapt to, the effects of climate change and limit damages associated with climate-related events and disasters; and

(9) a critical component in fighting climate change is a transparent accounting of the risks that climate change presents and the implications of continued inaction with respect to climate change.

SEC. 403. DISCLOSURES RELATING TO CLIMATE CHANGE.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 302, is further amended by adding at the end the following:

''(u) DISCLOSURES RELATING TO CLIMATE CHANGE.—

''(1) DEFINITIONS.—In this subsection:

''(A) 1.5 DEGREE SCENARIO.—The term '1.5 degree scenario' means a scenario that aligns with greenhouse gas emissions pathways that aim to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

''(B) APPROPRIATE CLIMATE PRINCIPALS.—The term 'appropriate climate principals' means—

''(i) the Administrator of the Environmental Protection Agency;

''(ii) the Administrator of the National Oceanic and Atmospheric Administration;

''(iii) the Director of the Office of Management and Budget;

''(iv) the Secretary of the Interior;

''(v) the Secretary of Energy; and

''(vi) the head of any other Federal agency, as determined appropriate by the Commission.

''(C) BASELINE SCENARIO.—The term 'baseline scenario' means a widely-recognized analysis scenario in which levels of greenhouse gas emissions, as of the date on which the analysis is performed, continue to grow, resulting in an increase in the global average temperature of 1.5 degrees Celsius or more above pre-industrial levels.

''(D) CARBON DIOXIDE EQUIVALENT.—The term 'carbon dioxide equivalent' means the number of metric tons of carbon dioxide emissions with the same global warming potential as one metric ton of another greenhouse gas, as determined under table A–1 of subpart A of part 98 of title 40, Code of Federal Regulations, as in effect on the date of enactment of this subsection.

''(E) CLIMATE CHANGE.—The term 'climate change' means a change of climate that is—

''(i) attributed directly or indirectly to human activity that alters the composition of the global atmosphere; and

''(ii) in addition to natural climate variability observed over comparable time periods.

''(F) COMMERCIAL DEVELOPMENT OF FOSSIL FUELS.—The term 'commercial development of fossil fuels' includes—

''(i) exploration, extraction, processing, exporting, transporting, refining, and any other significant action with respect to oil, natural gas, coal, or any byproduct thereof or any other solid or liquid hydrocarbons that are commercially produced; and

''(ii) acquiring a license for any activity described in clause (i).

''(G) COVERED ISSUER.—The term 'covered issuer' means an issuer that is required to file an annual report under subsection (a) or section 15(d).

''(H) DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS.—The term 'direct and indirect greenhouse gas emissions' includes, with respect to a covered issuer—

''(i) all direct greenhouse gas emissions released by the covered issuer;

''(ii) all indirect greenhouse gas emissions with respect to electricity, heat, or steam purchased by the covered issuer;

''(iii) significant indirect emissions, other than the emissions described in clause (ii), emitted in the value chain of the covered issuer; and

''(iv) all indirect greenhouse gas emissions that are attributable to assets owned or managed, including assets that are partially owned or managed, by the covered issuer.

''(I) FOSSIL FUEL RESERVES.—The term 'fossil fuel reserves' has the meaning given the term 'reserves' under the final rule of the Commission titled 'Modernization of Oil and Gas Reporting' (74 Fed. Reg. 2158; published January 14, 2009).

''(J) GREENHOUSE GAS.—The term 'greenhouse gas'—

''(i) means carbon dioxide, hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, sulfur hexafluoride, nitrogen triflouride, and chlorofluorocarbons;

''(ii) includes any other anthropogenically-emitted gas that the Administrator of the Environmental Protection Agency determines, after notice and comment, to contribute to climate change; and

''(iii) includes any other anthropogenically-emitted gas that the Intergovernmental Panel on Climate Change determines to contribute to climate change.

''(K) GREENHOUSE GAS EMISSIONS.—The term 'greenhouse gas emissions' means the emissions of greenhouse gas, expressed in terms of metric tons of carbon dioxide equivalent.

''(L) PHYSICAL RISKS.—The term 'physical risks' means financial risks to long-lived fixed assets, locations, operations, or value chains that result from exposure to physical climate-related effects, including—

''(i) increased average global temperatures and increased frequency of temperature extremes;

''(ii) increased severity and frequency of extreme weather events;

''(iii) increased flooding;

''(iv) sea level rise;

''(v) ocean acidification;

''(vi) increased frequency of wildfires;

''(vii) decreased arability of farmland;

''(viii) decreased availability of fresh water; and

''(ix) any other financial risks to long-lived fixed assets, locations, operations, or value chains determined appropriate by the Commission, in consultation with appropriate climate principals.

''(M) SOCIAL COST OF CARBON.—The term 'social cost of carbon' means the social cost of carbon, as described in the technical support document entitled 'Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866', published by the Interagency Working Group on Social Cost of Greenhouse Gases, United States Government, in August 2016 or any successor or substantially related estimate of the monetized damages associated with an incremental increase in carbon dioxide emissions in a given year.

''(N) TRANSITION RISKS.—The term 'transition risks' means financial risks that are attributable to climate change mitigation and adaptation, including efforts to reduce greenhouse gas emissions and strengthen resilience to the impacts of climate change, including—

''(i) costs relating to—

''(I) international treaties and agreements;

''(II) Federal, State, and local policy;

''(III) new technologies;

''(IV) changing markets;

''(V) reputational impacts relevant to changing consumer behavior; and

''(VI) litigation; and

''(ii) assets that may lose value or become stranded due to any of the costs described in subclauses (I) through (VI) of clause (i).

''(O) VALUE CHAIN.—The term 'value chain'—

''(i) means the total lifecycle of a product or service, both before and after production of the product or service, as applicable; and

''(ii) may include the sourcing of materials, production, transportation, and disposal with respect to the product or service described in clause (i).

''(2) FINDINGS.—Congress finds that—

''(A) short-, medium-, and long-term financial and economic risks and opportunities relating to climate change, and the national and global reduction of greenhouse gas emissions, constitute information that issuers—

''(i) may reasonably expect to affect shareholder decision making; and

''(ii) should regularly identify, evaluate, and disclose; and

''(B) the disclosure of information described in subparagraph (A) should—

''(i) identify, and evaluate—

''(I) material physical and transition risks posed by climate change; and

''(II) the potential financial impact of such risks;

''(ii) detail any implications such risks have on corporate strategy;

''(iii) detail any board-level oversight of material climate related risks and opportunities;

''(iv) allow for intra- and cross-industry comparison, to the extent practicable, of climate-related risk exposure through the inclusion of standardized industry-specific and sector-specific disclosure metrics, as identified by the Commission, in consultation with the appropriate climate principals;

''(v) allow for tracking of performance over time with respect to mitigating climate risk exposure; and

''(vi) incorporate a price on greenhouse gas emissions in financial analyses that reflects, at minimum, the social cost of carbon that is attributable to issuers.

''(3) DISCLOSURE.—Each covered issuer, in any annual report filed by the covered issuer under subsection (a) or section 15(d), shall, in accordance with any rules issued by the Commission pursuant to this subsection, include in each such report information regarding—

''(A) the identification of, the evaluation of potential financial impacts of, and any risk-management strategies relating to—

''(i) physical risks posed to the covered issuer by climate change; and

''(ii) transition risks posed to the covered issuer by climate change;

''(B) a description of any established corporate governance processes and structures to identify, assess, and manage climate-related risks;

''(C) a description of specific actions that the covered issuer is taking to mitigate identified risks;

''(D) a description of the resilience of any strategy the covered issuer has for addressing climate risks when differing climate scenarios are taken into consideration; and

''(E) a description of how climate risk is incorporated into the overall risk management strategy of the covered issuer.

''(4) RULE OF CONSTRUCTION.—Nothing in paragraph (3) may be construed as precluding a covered issuer from including, in an annual report submitted under subsection (a) or section 15(d), any information not explicitly referenced in such paragraph.

''(5) RULEMAKING.—The Commission, in consultation with the appropriate climate principals, shall, not later than 2 years after the date of the enactment of this subsection, issue rules with respect to the information that a covered issuer is required to disclose pursuant to this subsection and such rules shall—

''(A) establish climate-related risk disclosure rules, which shall—

''(i) be, to the extent practicable, specialized for industries within specific sectors of the economy, which shall include—

''(I) the sectors of finance, insurance, transportation, electric power, mining, and non-renewable energy; and

''(II) any other sector determined appropriate by the Commission, in consultation with the appropriate climate principals;

''(ii) include reporting standards for estimating and disclosing direct and indirect greenhouse gas emissions by a covered issuer, and any affiliates of the covered issuer, which shall—

''(I) disaggregate, to the extent practicable, total emissions of each specified greenhouse gas by the covered issuer; and

''(II) include greenhouse gas emissions by the covered issuer during the period covered by the disclosure;

''(iii) include reporting standards for disclosing, with respect to a covered issuer—

''(I) the total amount of fossil fuel-related assets owned or managed by the covered issuer; and

''(II) the percentage of fossil fuel-related assets as a percentage of total assets owned or managed by the covered issuer;

''(iv) specify requirements for, and the disclosure of, input parameters, assumptions, and analytical choices to be used in climate scenario analyses required under subparagraph (B)(i), including—

''(I) present value discount rates; and

''(II) time frames to consider, including 5, 10, and 20 year time frames; and

''(v) include reporting standards and guidance with respect to the information required under subparagraph (B)(iii);

''(B) require that a covered issuer, with respect to a disclosure required under this subsection—

''(i) incorporate into such disclosure—

''(I) quantitative analysis to support any qualitative statement made by the covered issuer;

''(II) the rules established under subparagraph (A);

''(III) industry-specific metrics that comply with the requirements under subparagraph (A)(i);

''(IV) specific risk management actions that the covered issuer is taking to address identified risks;

''(V) a discussion of the short-, medium-, and long-term resilience of any risk management strategy, and the evolution of applicable risk metrics, of the covered issuer under each scenario described in clause (ii); and

''(VI) the total cost attributable to the direct and indirect greenhouse gas emissions of the covered issuer, using, at minimum, the social cost of carbon;

''(ii) consider, when preparing any qualitative or quantitative risk analysis statement contained in the disclosure—

''(I) a baseline scenario that includes physical impacts of climate change;

''(II) a 1.5 degrees scenario; and

''(III) any additional climate analysis scenario considered appropriate by the Commission, in consultation with the appropriate climate principals;

''(iii) if the covered issuer engages in the commercial development of fossil fuels, include in the disclosure—

''(I) an estimate of the total and a disaggregated amount of direct and indirect greenhouse gas emissions of the covered issuer that are attributable to—

''(aa) combustion;

''(bb) flared hydrocarbons;

''(cc) process emissions;

''(dd) directly vented emissions;

''(ee) fugitive emissions or leaks; and

''(ff) land use changes;

''(II) a description of—

''(aa) the sensitivity of fossil fuel reserve levels to future price projection scenarios that incorporate the social cost of carbon;

''(bb) the percentage of the reserves of the covered issuer that will be developed under the scenarios established in clause (ii), as well as a forecast for the development prospects of each reserve under the scenarios established in clause (ii);

''(cc) the potential amount of direct and indirect greenhouse gas emissions that are embedded in proved and probable reserves, with each such calculation presented as a total and in subdivided categories by the type of reserve;

''(dd) the methodology of the covered issuer for detecting and mitigating fugitive methane emissions, which shall include the frequency with which applicable assets of the covered issuer are observed for methane leaks, the processes and technology that the covered issuer uses to detect methane leaks, the percentage of assets of the covered issuer that the covered issuer inspects under that methodology, and quantitative and time-bound reduction goals of the issuer with respect to methane leaks;

''(ee) the amount of water that the covered issuer withdraws from freshwater sources for use and consumption in operations of the covered issuer; and

''(ff) the percentage of the water described in item (ee) that comes from regions of water stress or that face wastewater management challenges; and

''(III) any other information that the Commission determines is—

''(aa) necessary;

''(bb) appropriate to safeguard the public interest; or

''(cc) directed at ensuring that investors are informed in accordance with the findings described in paragraph (2);

''(C) with respect to a disclosure required under section 13(s) of the Securities Exchange Act of 1934, require that a covered issuer include in such disclosure any other information, or use any climate-related or greenhouse gas emissions metric, that the Commission, in consultation with the appropriate climate principals, determines is—

''(i) necessary;

''(ii) appropriate to safeguard the public interest; or

''(iii) directed at ensuring that investors are informed in accordance with the findings described in paragraph (2); and

''(D) with respect to a disclosure required under section 13(s) of the Securities Exchange Act of 1934, establish how and where the required disclosures shall be addressed in the covered issuer's annual financial filing.

''(6) FORMATTING.—The Commission shall require issuers to disclose information in an interactive data format and shall develop standards for such format, which shall include electronic tags for information that the Commission determines is—

''(A) necessary;

''(B) appropriate to safeguard the public interest; or

''(C) directed at ensuring that investors are informed in accordance with the findings described in paragraph (2).

''(7) PERIODIC UPDATE OF RULES.—The Commission shall periodically update the rules issued under this subsection.

''(8) COMPILATION OF INFORMATION DISCLOSED.—The Commission shall, to the maximum extent practicable make a compilation of the information disclosed by issuers under this subsection publicly available on the website of the Commission and update such compilation at least once each year.

''(9) REPORTS.—

''(A) REPORT TO CONGRESS.—The Commission shall—

''(i) conduct an annual assessment regarding the compliance of covered issuers with the requirements of this subsection;

''(ii) submit to the appropriate congressional committees a report that contains the results of each assessment conducted under clause (i); and

''(iii) make each report submitted under clause (ii) accessible to the public.

''(B) GAO REPORT.—The Comptroller General of the United States shall periodically evaluate, and report to the appropriate congressional committees on, the effectiveness of the Commission in carrying out and enforcing this subsection.''.

SEC. 404. BACKSTOP.

If, 2 years after the date of the enactment of this Act, the Securities and Exchange Commission has not issued the rules required under section 13(u) of the Securities Exchange Act of 1934, and until such rules are issued, a covered *issuer (as defined in such section 13(u)) shall be deemed in compliance with such section 13(u) if disclosures set forth in the annual report of such issuer satisfy the recommendations of the Task Force on Climate-related Financial Disclosures of the Financial Stability Board as reported in June, 2017, or any successor report, and as supplemented or adjusted by such rules, guidance, or other comments from the Commission.*

SEC. 405. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Securities and Exchange Commission such sums as may be necessary to carry out this title and the amendments made by this title.

TITLE V—DISCLOSURE OF TAX HAVENS AND OFFSHORING

SEC. 501. SHORT TITLE.

This title may be cited as the ''Disclosure of Tax Havens and Offshoring Act''.

SEC. 502. COUNTRY-BY-COUNTRY REPORTING.

(a) COUNTRY-BY-COUNTRY REPORTING.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 403, is further amended by adding at the end the following new subsection:

''(v) DISCLOSURE OF FINANCIAL PERFORMANCE ON A COUNTRY-BY-COUNTRY BASIS.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'constituent entity' means, with respect to a covered issuer, any separate business entity of the covered issuer;

''(B) the term 'covered issuer' means an issuer who—

''(i) is a member of a multinational enterprise group; and

''(ii) the multinational enterprise group of which the issuer is a member has annual revenue for the preceding calendar year of not less than an amount determined by the Commission to conform to United States or international standards for country-by-country reporting; and

''(C) the term 'tax jurisdiction'—

''(i) means a country or a jurisdiction that is not a country but that has fiscal autonomy; and

''(ii) includes a territory or possession of the United States that has fiscal autonomy.

''(2) DISCLOSURE.—

''(A) IN GENERAL.—Each covered issuer shall file a report with the Commission that includes information described in subparagraph (B), and any other information required by the Commission, with respect to the reporting period described in subparagraph (C).

''(B) INFORMATION REQUIRED.—The information described in this subparagraph is as follows:

''(i) CONSTITUENT ENTITY INFORMATION.—Information on the constituent entity, including the following:

''(I) The complete legal name of the constituent entity.

''(II) The tax jurisdiction, if any, in which the constituent entity is resident for tax purposes.

''(III) The tax jurisdiction in which the constituent entity is organized or incorporated (if different from the tax jurisdiction of residence).

''(IV) The tax identification number, if any, used for the constituent entity by the tax administration of the constituent entity's tax jurisdiction of residence.

''(V) The main business activity or activities of the constituent entity.

''(ii) TAX JURISDICTION.—Information on each tax jurisdiction in which one or more constituent entities is resident, presented as an aggregated or consolidated form of the information for the constituent entities resident in each tax jurisdiction, including the following:

''(I) Revenues generated from transactions with other constituent entities.

''(II) Revenues not generated from transactions with other constituent entities.

''(III) Profit or loss before income tax.

''(IV) Total income tax paid on a cash basis to all tax jurisdictions.

''(V) Total accrued tax expense recorded on taxable profits or losses.

''(VI) Stated capital.

''(VII) Total accumulated earnings.

''(VIII) Total number of employees on a full-time equivalent basis.

''(IX) Net book value of tangible assets, which, for purposes of this section, does not include cash or cash equivalents, intangibles, or financial assets.

''(iii) SPECIAL RULES.—The information listed in clause (ii) shall be provided, in aggregated or consolidated form, for any constituent entity or entities that have no tax jurisdiction of residence. In addition, if a constituent entity is an owner of a constituent entity that does not have a jurisdiction of tax residence, then the owner's share of such entity's revenues and profits will be aggregated or consolidated with the information for the owner's tax jurisdiction of residence.

''(C) REPORTING PERIOD.—The reporting period covered by this paragraph is the period of the covered entity's applicable financial statement prepared for the 12-month period that ends with or within the taxable year of the covered issuer. If the covered issuer does not prepare an annual applicable financial statement, then the reporting period covered by this paragraph is the 12-month period that ends on the last day of the taxable year of the covered issuer.

''(D) FILING DEADLINE.—Each covered issuer shall submit to the Commission a report required under this section on or before the due date (including extensions) for filing that covered issuer's tax return in the tax jurisdiction in which the covered issuer's multinational enterprise group is resident.

''(E) REGULATION.—The Commission shall, in consultation with the Commissioner of the Internal Revenue Service and Secretary of the Treasury—

''(i) promulgate regulations carrying out this subsection that conform to United States or international standards for country-by-country reporting, including regulations promulgated by the Internal Revenue Service; and

''(ii) require disclosure of the accounting methods used in calculating the information contained in each report filed pursuant to this subsection.''.

(b) RULEMAKING.—

(1) DEADLINES.—The Securities and Exchange Commission (in this section referred to as the ''Commission'') shall—

(A) not later than 1 year after the date of enactment of this Act, issue a proposed rule to carry out this section and the amendment made by this section; and

(B) not later than 18 months after the date of enactment of this Act, issue a final rule to carry out this section and the amendment made by this section.

(2) DATA FORMAT.—The information required to be provided by this section shall be provided by the issuer in a report in a machine readable format prescribed by the Commission, and such report shall be made available to the public online, in such machine readable format as the Commission shall prescribe.

(3) EFFECTIVE DATE.—Subsection (v) of section 13 of the Securities Exchange Act of 1934, as added by this section, shall become effective 1 year after the date on which the Commission issues a final rule under this section.

The SPEAKER pro tempore. The bill, as amended, is debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services.

The gentlewoman from California (Ms. WATERS) and the gentleman from Michigan (Mr. HUIZENGA) each will control 30 minutes.

The Chair recognizes the gentlewoman from California.

GENERAL LEAVE

Ms. WATERS. Mr. Speaker, I ask unanimous consent that all Member may have 5 legislative days within which to revise and extend their remarks on H.R. 1187 and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1187, the Corporate Governance Improvement and Investor Protection Act.

H.R. 1187 is a package of bills designed to strengthen investor protections and require companies to provide environmental, social, and governance disclosures, known as ESG. I thank my colleague, Representative JUAN VARGAS, for his leadership on this package.

This bill provides investors with critical information on ESG matters by requiring public companies to disclose key information to shareholders regarding corporate political spending, worker pay, CEO compensation, climate risk, and country-by-country tax reporting; and provides issuers with clear, consistent standards to disclose this information.

This is key information that investors have been demanding in order to make the best decisions on the short- and long-term viability of the companies they are investing in.

It is surprising that, to this day, there are no explicit ESG requirements and investors are left to piece together the story of a company's material risk with insufficient information. This is unacceptable.

So I am pleased that this package of bills will improve investor protections by holding public companies accountable and providing greater transparency.

This package includes a number of bills authored by several hardworking members of the Financial Services Committee, specifically: Representative JUAN VARGAS, Representative BILL FOSTER, Representative Nydia Velazquez, Representative SEAN CASTEN, and Representative CINDY AXNE.

Specifically, Mr. VARGAS' bill, the ESG Disclosure Simplification Act, requires public companies to disclose certain ESG information to shareholders, as well as the impact of the ESG policies on their strategies.

Mr. FOSTER's bill, the Shareholder Political Transparency Act, requires public companies to submit quarterly reports to the SEC on any and all political expenditures, including dark money.

Ms. VELÁZQUEZ's bill, the Greater Accountability in Pay Act, sheds light on pay disparities, helping to close the gender and racial pay gap.

Ms. AXNE's bill, the Disclosure of Tax Havens and Offshoring Act, requires disclosures that discourage companies' use of tax havens and encourages repatriation of taxes to the United States.

Mr. CASTEN's bill, the Climate Risk Disclosure Act, requires disclosures that encourages companies to plan for the impact of climate change on their company.

Each of these bills passed the Financial Services Committee with unanimous Democratic support. I thank all these Members for their work on these bills, their contributions to the legislative package, and their leadership on these important reforms to protect investors and hold corporations accountable.

This package is the right thing to do for investors and our markets. It is past time that Congress make ESG requirements explicit. For these reasons, I urge my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I yield myself such time as I may consume.

I am opposed to this bill, and I rise in opposition to H.R. 1187.

Mr. Speaker, today, my Democrat colleagues, once again, are seeking to hijack our securities laws to push left-wing political and social agendas, despite dressing it up as investor protection.

Make no mistake, this bill will increase costs on publicly owned companies, discourage private companies from going public; and, frankly, could encourage not only private companies to stay private, but even have and entice public companies to go back to being private companies.

This is going to result in fewer investment opportunities for everyday American investors, also known as our constituents, who are saving for retirement, a college education or simply looking to just build a better life.

In short, this bill will increase the number of government-directed, mandatory disclosure requirements on publicly traded companies, which will increase compliance costs on companies and divert company resources that could have been used to create more jobs.

Now, to be fair, this is a job-creation bill. However, the only jobs created by this bill will be for a special tranche of attorneys, corporate compliance coordinators, and the occasional scientist; not exactly what an economist would call productive-types of jobs.

Under this bill, public companies would be required to disclose:

Environmental, social, and governance issues, as well as climate risk. These metrics would be set by the Securities and Exchange Commission, not Congress;

Descriptions of any expenditure for political activities and donations to political candidates or trade organizations by executives, these are duplicative of existing requirements, for example;

The ratio between the pay raise percentage of the company's executives and the pay raise percentage of the company's median employee. This is, in some ways, duplicative of the mandatory CEO pay ratio disclosure that Democrats put into the Dodd-Frank Act, which itself is an especially useless metric; country-by-country tax and financial reports from multinational enterprises. This will upend the current country-by-country tax reporting rules overseen by the IRS.

Mr. Speaker, let's be clear. My friends across the aisle are using the Federal securities laws to implement their partisan wish list of social policy priorities. They are doing it through mandatory disclosure regimes that are, at best, tangentially related to actual investment decisions.

To be clear, if information presents a material investment risk to a publicly traded company, the company is—wait for this—already required to disclose it. That information is out there for those companies that have material risk.

Materiality has been, and continues to be, the touchstone of our public company disclosure regime for more than eight decades and has actually even been affirmed by the U.S. Supreme Court. It has held the test of time, and we simply cannot just discard it to appeal to the Democrats' progressive agenda.

Our capital markets are the best in the world in no small part because materiality is the basis of our disclosure regime here in the United States, yet my Democrat friends, apparently, want to throw it all away for the sake of appealing to leftwing stakeholders.

Additionally, H.R. 1187 will greatly expand the SEC's jurisdiction by requiring the SEC to promulgate disclosures on environmental, climate change, political spending, tax reporting, and foreign policy issues, among others.

This is not the sweet spot for the SEC. It does not have the experience in any of these issues, and is not the appropriate entity for determining these metrics or industry standards, nor is the Securities and Exchange Commission the appropriate entity to review and enforce such disclosures.

The SEC knows how to regulate materiality. That is their expertise. They are not climatologists or climate scientists. They are not election law experts. And they most certainly do not know international tax law. That is the purview of the EPA, NOAA, the FEC, and the IRS.

Furthermore, smaller public companies will bear the burden of additional compliance costs. This bill fails to account for the impact it will have on smaller businesses and companies, especially those who are looking to go public. Or maybe I should say, were looking to go public. They certainly do not have the infrastructure or resources to spend on fixed costs of compliance like this.

H.R. 1187 will result in fewer investment opportunities for American investors. It will discourage private companies from going public and encourage public companies to go private to avoid these burdensome new nonmaterial and useless disclosure requirements.

Sadly, this will hurt the everyday investors, our constituents, that the Democrats claim they want to help. In other words, this bill stands to harm everyone saving for retirement, a college education, or just looking to build a better life.

This is just a bad bill, and I urge a ''no'' vote on H.R. 1187.

Mr. Speaker, I reserve the balance of my time.

□ 1245

Ms. WATERS. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. VARGAS), our leader and the real sponsor on this legislation.

Mr. VARGAS. Mr. Speaker, I rise today to support the Corporate Governance Improvement and Investor Protection Act. I particularly thank Chairwoman WATERS for her support of the environmental, social, and governance metrics. Her efforts have been heroic, and I appreciate it very, very much.

Mr. Speaker, when we talk about investors, we are not only talking about large, wealthy institutions. We are talking about teachers. We are talking about people who are working hard for their money. We are also talking about nonprofessional investors who have found in the stock market a way to build their savings toward, for example, homeownership, college tuition, and retirement. When we are talking about investors, we are also talking about pension funds that hold many hardworking Americans' retirement savings.

When a company engages in practices that put its business at risk, it also risks the funds these investors have entrusted with it.

That is why the SEC requires public companies to disclose material information, meaning information that a reasonable investor needs in order to make a voting decision or decide whether to continue investing in that company. Mandated and standard disclosures of environmental, social, and governance, or ESG, metrics would provide improved insight into long-term business performance and areas of potential future risks.

These metrics are material to investors and central to their protection. Together, I and my colleagues have worked to write legislation that would ensure such protection. My bill—the first in the package—requires the SEC to mandate standard ESG disclosures.

My colleagues' bills require reporting on specific ESG metrics that investors have been advocating for over many years. I applaud Representatives FOSTER, VELAZQUEZ, CASTEN, and AXNE for their legislation.

Additionally, I thank Chair Gensler for his advocacy that investors' voices are central to materiality.

I have to say, climate change is real, and we have to take it seriously. It is not a Member of this House or the other House taking a snowball, throwing it, and saying: See, there is no climate change.

Climate change is real. Look at what happened in Texas this summer. They were begging for energy because they were not prepared because of climate change. They were melting snow in their bathtubs so they could flush their toilets.

If you take a look at what is happening out in the West today: drought, the unfortunate reality that we face the risk of catastrophic fires.

All of this is climate change, and it is about time that we take this very, very seriously as a country.

Some companies already do this. They already disclose the ESG metrics. That is why it is important to have an equal playing field where all companies disclose.

Again, I thank Chairwoman WATERS for her heroic efforts here. I also thank my colleagues.

I urge my colleagues on the other side: Take climate change for real. Accept that it is happening. It is real, and it is catastrophic. And we must take it seriously.

Mr. HUIZENGA. Mr. Speaker, I yield 4 minutes to the gentleman from Arkansas (Mr. HILL), a leader on this issue.

Mr. HILL. Mr. Speaker, I thank Ranking Member HUIZENGA for the time on the floor today.

Mr. Speaker, I would say to my friends on the other side of the aisle: We are not debating climate change here. We are debating the proper way to financially disclose risks on financial statements of companies that may or may not experience impact from climate change.

No one is over here denying about climate. We are here talking about what the right way is to do this. And H.R. 1187 is not the right way to do climate disclosure on behalf of taxpayers, shareholders, and employees of public companies.

I have spent the better part of four decades in leadership in both public and private companies, and I have been engaged throughout those years in calling for quality corporate governance practices. I can say with absolute authority that mandating these disclosures as outlined in H.R. 1187 is not only not necessary but would be expensive and lead to increased litigation costs.

As my colleagues have already said, the information is already to be disclosed if it meets the materiality standard. The idea of materiality has been refined over many decades, and it is what makes our capital markets the envy of the world.

As Justice Marshall stated in the Supreme Court opinion from 1976: ''Some information is of such dubious significance that insistence on its disclosure may accomplish more harm than good. . . . If the standard of materiality is unnecessarily low . . . management's fear of exposing itself to substantial liability may cause it simply to bury the shareholders in an avalanche of trivial information, a result that is hardly conducive to informed decision-making.''

We articulated this in a letter to the SEC that my colleagues and I sent regarding their plans for financial disclosure. In that letter, signed by 22 of my Republican colleagues in the House, we outline our concerns about the SEC going far afield of its statutory mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

We also warn that the nature and scope of climate change disclosure rightfully depends on a particular company's business line and their carbon footprint. One-size-fits-all, uniform mandates would be deeply misguided for an issue as complex as the impact of the climate over many, many years on individual businesses.

This rings more true here in Congress. Congress does not know what is best for a public company. These decisions are best left up to the board that already has a fiduciary obligation to its shareholders to manage this kind of issue.

Our publicly traded companies are responsive to shareholder engagement. Over the last two decades, they have dramatically improved their governance practices by increasing diverse, independent directors and increasing their boards' attention to the business judgment rule and fiduciary duty of care.

Look at Procter & Gamble as just one U.S. iconic company. In 2000, their annual proxy statement was 56 pages. Today, it is 111 pages.

Like the vast majority of public companies in the S&P 500, P&G has significant disclosures of ESG initiatives, their political contributions, and their sales around the world.

Let's not make it more difficult for public companies. As policymakers, we should be promoting policies that bolster investment options for Americans, not limit them. This bill limits that.

Mr. Speaker, I encourage my colleagues to vote against the legislation.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CASTEN).

Mr. CASTEN. Mr. Speaker, I rise in support of my legislation, the Climate Risk Disclosure Act, H.R. 1187.

I would like us all to imagine for a moment that you had all of your wealth tied up in a single company, and you knew that that company was on track to lose nearly 20 percent of its value thanks to a known and avoidable threat. You call the CEO, and the CEO responded by saying: We have it taken care of, but I am not going to explain how.

That is the reality that the climate crisis is creating for our global economy.

Swiss Re recently found that global GDP will decrease by 4 percent if we meet the Paris climate accords, and if we stay with business as usual, 18 percent.

Domestically, the CFTC has come to roughly the same conclusion, estimating that for every 1 degree Celsius rise in temperature, we can expect a 1.2 percent reduction in annual GDP growth.

Mr. Speaker, I say to my friends that that is material. It is a big deal.

Those economic losses are due to the wildfires, droughts, blackouts, and superstorms that have already caused $500 billion of damages in the past 4 years, and investors understand this.

The fossil fuel industry has spent 10 years slashing prices. And do you know what? They are still losing market share to lower-cost renewables and efficiency.

ExxonMobil didn't write down $20 billion because they are woke. They wrote down $20 billion because the free market is beating them.

Investors want to know how to reallocate their capital in response to that risk. They want to know how to allocate it to more productive uses. That is why there were over 140 climate-related shareholder proposals at U.S. companies during the 2020 proxy season. But we, in this body, have not done our job to protect those investors.

Let us be very clear. When we talk about investor protection, every company in the world would like to have asymmetry of information. Our job is to make sure that if you love free markets as much as I do, as much as those of us on this side of the aisle do, then you have to make sure that they have full transparency of information. Right now, public companies have no obligation to disclose their exposure to climate-related risks, nor is there a consistent format for those disclosures. This bill would fix that.

It directs the SEC to issue a rule requiring every public company to disclose its direct and indirect greenhouse gas emissions, the total amount of fossil fuel-related assets that it owns or manages, how its valuation would be affected if climate change continues at its current pace or if policymakers successfully restrict greenhouse gas emissions to meet the Paris goals, and its risk management strategies related to the physical and transitional risks of the climate crisis.

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Illinois.

Mr. CASTEN. Mr. Speaker, I want to reassure my friend from Arkansas that the bill does direct the SEC to tailor those disclosure requirements to different industries to make sure that the burden is borne most heavily by those companies with the greatest contribution to that risk.

When it comes to making this transition, markets are some of the most powerful tools we have, but efficient markets depend on transparent information. It is on us to provide that efficiency, to unleash the power of our entrepreneurs and our capitalists to create jobs and economic growth, and to leave a better planet than the one we inherited—but only if we act.

This is a win for capitalism, a win for consumers, and a win for the planet that we will pass on to our grandchildren.

Mr. Speaker, I urge my colleagues to vote in support of this legislation.

Mr. HUIZENGA. Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky (Mr. BARR), who has been an outstanding voice on these particular issues.

Mr. BARR. Mr. Speaker, I thank my friend from Michigan.

Mr. Speaker, I rise today in opposition to H.R. 1187, with all due respect to my good friends from California and Illinois. We have enjoyed a robust discussion and debate on this, which I would argue is a very important topic.

Mr. Speaker, the statutory mission of the Securities and Exchange Commission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. Its mission, though, is not to reduce carbon emissions. Its mission is not to solve climate change.

Now, those may be laudable public policy objectives, but they are best handled by the Congress or other Federal agencies. This is simply not the job of the SEC.

This bill is, unfortunately, the next episode in the Democrats' saga to weaponize financial regulation to achieve partisan social and environmental goals. Congressional Democrats and the Biden administration know that they cannot pass the Green New Deal and other extreme far-left policy priorities through a Democrat-majority Congress, so they are corrupting an independent Federal financial regulator to do their bidding.

The majority claims that this bill is an effort to improve corporate governance when, in reality, it is a thinly veiled attempt to open a back door to achieve their socialist wish list and cut off financing to legal but politically unfashionable industries that they despise.

The result will be higher energy costs for the American people, a regressive energy tax on the people in this country who can the least afford it.

As always, the Democrats think that the government knows best and is better equipped than the private market to meet demand. They give no consideration to the impacts of significant cost increases, the bill's effect on retail investors, or the actual utility of the information they are requesting and its materiality for informing investment decisions.

My friend from Arkansas (Mr. HILL) made this point. But the seminal Supreme Court case that defines the materiality standard was TSC Industries v. Northway. In that majority opinion, Justice Thurgood Marshall wrote, and it bears repeating: ''If the standard of materiality is unnecessarily low, not only may the corporation and its management be subjected to liability for insignificant omissions or misstatements, but also management's fear of exposing itself to substantial liability may cause it simply to bury the shareholders in an avalanche of trivial information, a result that is hardly conducive to informed decision-making.''

So, this is not about investor protection. This is about weaponizing Federal securities law to discriminate against law-abiding American energy companies. This is an effort to pick winners and losers in the marketplace by the government. It is an effort for central planning of our economy. It is not about markets. This is about market distortion by the Federal Government.

In committee, I tried to make a commonsense change to ensure the bill covers only material information so that investors aren't buried by that avalanche. The majority rejected my amendment. This shows they are more interested in naming and shaming companies than providing useful information to investors.

□ 1300

Mr. Speaker, my last point is this: the job of the SEC is to protect investors, but this bill would compromise investor returns by elevating nonpecuniary factors above and ahead of financial performance.

How do we know this? Because fees of ESG funds are 43 percent higher than non-ESG funds. And many low-ranked ESG stocks not only outperformed top-ranked ESG stocks, they outperformed the market overall.

We must not harm American investors. We must not harm American retirement savers by subordinating investor returns to promote nonpecuniary policy objectives like social justice, diversity quotas, and lower carbon emissions.

Financial regulations should not be a tool for social change.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Iowa (Mrs. AXNE).

Mrs. AXNE. Mr. Speaker, I thank Chairwoman WATERS for putting together such an important set of corporate governance reforms, one that absolutely supports investors in this country, like our teachers who are involved in institutional investment for their safety and a dignified retirement.

Mr. Speaker, this package will absolutely give everyone more information about how companies are investing for the long term, and that includes my bill, the Disclosure of Tax Havens and Offshoring Act.

Last year, 55 profitable U.S. corporations paid no Federal corporate income taxes. Let me repeat that. Last year, 55 profitable U.S. corporations paid no corporate income taxes—I can tell you, that is not what happened on Main Street back in my district in Iowa. They paid their taxes—and many more paid far below the statutory rate of 21 percent.

It is not hard to see why this happens. In 2018, U.S. multinationals booked hundreds of billions of dollars of tax havens where they basically paid no taxes, including $100 billion alone in Bermuda.

This costs the U.S. more than $50 billion per year in taxes. And beyond the damage that that does, which is extensive, it hurts all of the businesses who are doing the right thing, those that are on Main Street in all of our communities, including many small businesses across this country who don't have a subsidiary in Barbados just to avoid taxes.

That is why last weekend, seven of the world's largest economies agreed to end the race to the bottom and require a global minimum tax rate of 15 percent for our corporations. That is going to have a big impact on the corporations who have been using tax havens, but the investors and the public don't know which corporations are using these loopholes and where they are booking their profits.

My bill will fix that, by requiring disclosure of very basic information about a company's operations on a country-by-country basis, including revenue, profit, taxes paid, and number of employees they have. This would take information large multinational corporations already have and give us much-needed transparency into the international tax avoidance strategies companies use if they are shipping jobs overseas. It gives us the information that we need, and I urge a ''yes'' vote.

Mr. HUIZENGA. Mr. Speaker, I include in the RECORD the following letters, a June 14 letter from the National Association of Manufacturers, a June 15 letter from the U.S. Chamber of Commerce, and a June 16 letter from the American Securities Association, all in opposition to this bill.

NATIONAL ASSOCIATION OF MANUFACTURERS,
June 14, 2021

HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the National Association of Manufacturers, I write to express opposition to H.R. 1187, the Corporate Governance Improvement and Investor Protection Act.

Manufacturers are taking the lead in innovating solutions to climate change, ensuring clean air and water, and enhancing diversity and inclusion—and, importantly, in providing information about this critical work to their investors. Public company reporting related to climate change and other environmental, social, and governance topics should allow for principles-based disclosure of financially material information relevant to these efforts. The NAM is concerned that the ESG Disclosure Simplification Act, the Shareholder Political Transparency Act, the Greater Accountability in Pay Act, and the Climate Risk Disclosure Act would impose disclosure mandates that focus on costly one-size-fits-all metrics rather than material, decision-useful information for investors.

Similarly, the Disclosure of Tax Havens and Offshoring Act would impose a significant compliance burden—while also risking exposure of valuable and proprietary data—by requiring public reporting of country-by-country tax information by U.S. companies. The United States' support for Action 13 of the OECD/G20's BEPS country-by-country reporting initiative was based on the requirement that these reports, which are exchanged between the IRS and other tax authorities, would remain confidential.

The NAM is engaging with the Securities and Exchange Commission as it considers ways to enhance the comparability of climate and ESG information disclosed by publicly traded companies. Manufacturers are hopeful that any new climate or ESG reporting framework will be flexible, principles-based, and materiality-driven while providing clarity to publicly traded companies and supporting their efforts to furnish material information to investors in a comparable manner. We encourage Congress to provide appropriate oversight of the SEC's ongoing work without mandating a one-size-fits-all approach.

Sincerely,

CHRIS NETRAM,
Vice President, Tax and Domestic Economic Policy.

U.S. CHAMBER OF COMMERCE,
Washington, DC, June 15, 2021.

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: The U.S. Chamber of Commerce strongly opposes H.R. 1187, the ''Corporate Governance Improvement and Investor Protection Act.'' While some of the underlying goals of H.R. 1187 are laudable, the bill would likely result in significant costs for Main Street investors and it would fail to achieve its stated objectives. The Chamber will consider including votes on this legislation in our ''How They Voted'' scorecard.

Over the last several years, the Chamber has worked closely with stakeholders to promote a corporate disclosure framework for environmental, social, and governance (ESG) factors. This framework acknowledges the inherently complex nature of these issues and allows companies to disclose industry specific information. We believe this approach would help ensure investors receive material, decision-useful information while eliminating the cost of burdensome and impractical mandates.

By contrast, H.R. 1187 would result in an unworkable, one-size-fits-all disclosure regime for public companies on ESG issues including climate change, executive compensation, and pay practices. This misguided approach would impose enormous compliance costs on public companies. It would be especially harmful to small issuers and emerging growth companies (EGCs) without the same compliance resources as large companies. H.R. 1187 would create yet another barrier to going public in the United States, thus removing opportunities for retail investors to build wealth and contribute to the economy.

Pursuant to the Supreme Court's landmark decision on materiality in 1976 (TSC Industries, Inc. v. Northway, Inc.), companies today are already required to disclose material information related to climate change and ESG. H.R. 1187 could veer away from this traditional standard for disclosure that has served as a centerpiece of America's well-functioning capital markets for decades. In that decision, the Court rejected the idea that a fact is material if it ''might'' be important to an investor, and explained that in formulating a materiality standard, it sought to avoid a scenario in which investors would be overwhelmed ''in an avalanche of trivial information—a result that is hardly conducive to informed decision making.'' This legislation is incompatible with Justice Marshall's opinion on materiality—a standard that is recognized by SEC Chair Gary Gensler.

In addition, the Chamber has supported previous versions of legislation introduced by Representative Gregory Meeks on disclosure of corporate board diversity, which have garnered bipartisan support. The Chamber believes this legislation should be considered separately. It is regrettable that Representative Meek's thoughtful legislation has been included in this flawed H.R. 1187.

The Chamber opposes H.R. 1187, the ''Corporate Governance Improvement and Investor Protection Act,'' and urges you to vote against this legislation.

Sincerely,

JACK HOWARD.

AMERICAN SECURITIES ASSOCIATION,
Washington, DC, June 16, 2021.

Re H.R. 1187, the Corporate Governance Improvement and Investor Protection Act of 2021.

Hon. NANCY PELOSI,
Speaker, House of Representatives, Washington, DC.
Hon. KEVIN MCCARTHY,
Minority Leader, House of Representatives, Washington, DC.

DEAR SPEAKER PELOSI, LEADER MCCARTHY, AND MEMBERS OF THE HOUSE OF REPRESENTATIVES: The American Securities Association (ASA) provides this letter regarding H.R. 1187, the ''Corporate Governance Improvement and Investor Protection Act of 2021,'' which is scheduled to be considered by the House of Representatives this week. For multiple reasons set forth below, ASA must oppose H.R. 1187 and we urge members to vote against the bill.

POLITICAL SPENDING

H.R. 1187 includes a section that would force corporations to disclose their political activities. Moving forward with a policy intended to stifle protected speech suggests this bill is less about providing investors with useful information, and more about silencing political opponents. Enacting policies to erect barriers for companies to engage in the political process on policy issues that are fundamental to their business violates the First Amendment.

The ASA strongly opposes this legislation.

Given that companies are already required to disclose their political contributions and lobbying activity, we fail to see what value duplicative regulation in this instance would add. We also question how the information required by this bill could possibly meet the test of ''materiality'' when comparing the actual dollar amounts associated with a public company's political activities to the total revenue of the company.

We note that a study found the market's perception of a company's value based on its stock prices is not related to a corporation's decision to either engage in or refrain from corporate political speech. Shareholders of public companies also seem to understand this as large majorities have consistently rejected activist shareholder proposals in this area. In short, the owners of the company do not believe management's political spending impacts a company's value or its financial performance. While these facts may be inconvenient, they should not be dismissed lightly.

As important, this section of the bill seems to run afoul of the First Amendment because some provisions could have a chilling effect on free speech. Certain politicians have already made it clear that this disclosure will be used to target companies who engage in the political process or choose to support certain organizations. This would allow the securities laws to be used as a public relations tool to silence political opposition. Congress should respect the First Amendment rights of all Americans and vote this bill down.

IMPROVING CORPORATE GOVERNANCE THROUGH DIVERSITY AMENDMENT

The ASA appreciates that Congress will be considering, as an amendment to H.R. 1187, this bipartisan legislation to inform investors about the diversity of public company directors. ASA members have long recognized the benefits of workforce inclusion and have taken actionable steps to hire and train individuals of all backgrounds. The boards and workforce of ASA members reflect this view. We believe the best way to build a sustainable economy is though inclusion.

While ASA supports the Improving Corporate Governance Through Diversity Act, in April we recommended a number of changes to strengthen the bill prior to its markup by the Financial Services Committee. We continue to believe the diversity criteria should be expanded to include individuals of diverse viewpoints and diverse professional/educational backgrounds. The inclusion of individuals of different genders, races, ethnicities, viewpoints, and experiences is necessary to achieve the policy goals Congress rightly seeks to achieve.

Congress should refrain from adopting policies that would promote boards composed of a club of individuals whose experience tracks a certain managerial/educational path or requires adherence to a particular point of view. Today, more than ever, public companies need the benefit of hearing from individuals with different experiences who will question and engage with executives about the appropriate direction and decision-making of public companies. Unfortunately, changes to reflect this important priority have not been made to the underlying legislation.

REP. HILL AMENDMENT—SEC STUDY

The ASA supports the approach taken by Representative Hill's amendment, which would require the SEC to study the inconsistencies and differences between ESG reporting frameworks prior to mandating new disclosures for public companies.

To date, the SEC has failed to conduct such a study. As a result, the Commission has no way to know how current ESG disclosure practices already inform investors, or what specific areas could be improved upon to ensure companies only disclose material information. This study would lead to a more targeted approach that would mitigate unnecessary compliance costs and protect investors from unworkable mandates.

MANDATORY ESG DISCLOSURES

The ASA letter to the Financial Services Committee in April outlined a number of recommendations and concerns we had with a series of ESG-related bills that were marked up by the Committee. Unfortunately, none of those concerns or questions have been answered.

In that letter, we noted the following:

ESG disclosure mandates would create an unequal and unfair playing field for American businesses vis-à-vis Chinese companies;

Businesses would spend an enormous amount of time and resources reorienting their compliance systems to comply with ESG mandates at a time when policymakers should want companies to be focused on hiring to help the American economy recover;

Company management should be permitted to determine what is 'material' to its business using its own business judgment—just as management is now permitted to do for other risks that companies face;

Judgements about material disclosure can be challenged by investors or the SEC in court, which provides an important check that incentivizes companies to provide accurate and full disclosure. This process is not broken, and we see no reason to change it in this instance;

The costs of one-size-fits-all disclosure cannot be justified;

The beneficiaries of a prescriptive one-size-fits-all ESG disclosure regime would be an entrenched professional class on Wall Street of well-heeled corporate attorneys, auditors, mega-asset managers, proxy advisors, index providers, standard setters and investment banks. This begs the question: why is Congress using climate change as a reason to adopt policies that will transfer money from the public companies owned by America's mom-and-pop investors directly to the Wall Street-industrial-complex? Retirees, working families, and those investing for a better future should have an answer to that question before the bill moves forward;

The bill imposes a significant cost burden on small companies and undermines capital formation, which is one part of the SEC's three-part mission. Imposing these costs on small, emerging growth, and mid-sized companies will only serve to further entrench the large and mega-cap companies in our markets who can easily absorb them. We question why Congress would adopt a policy that tips the scales in favor of the same companies that many in this body believe are using their market power to harm consumers and distort our political economy; and

An unintended loophole will exempt Chinese companies in indexes from this disclosure. This will unfairly disadvantage American companies and deprive mom-and-pop investors of disclosure about Communist China's emission of greenhouse gases, or whether any CCP-controlled Chinese company is involved in commission of crimes against humanity and genocide that Congress.

CONCLUSION

While ASA opposes this bill, we will continue to engage with members and the SEC to preserve our current disclosure system which ensures investors are provided with material information, including information that falls into the bucket of ESG. H.R. 1187 frustrates this goal, and therefore, we urge members to oppose it.

Sincerely,

CHRISTOPHER A. IACOVELLA,
Chief Executive Officer,
American Securities Association.

Mr. HUIZENGA. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. DONALDS), who is a new Member to this House Chamber and an outstanding Member.

Mr. DONALDS. Mr. Speaker, full disclosure, I actually do not sit on the Financial Services Committee, but my career has actually been in financial services. I spent the last 17 years of my life working in banking, insurance, and financial services.

I understand the importance of protecting investors and ensuring fairness in the market, which is part of the mission of the SEC. In fact, it was so important to me that during my time in the Florida legislature, I introduced legislation that was designed to protect vulnerable investors, and that legislation has actually become law in the State of Florida.

H.R. 1187 is inconsistent with the mission of the SEC. It does not protect investors; it is not fair or efficient. It is the exact opposite. It is nothing more than a government-run litmus test that politicizes the SEC and contradicts the very important mission of the SEC.

Mandating public companies to disclose details that are not financially relevant or material is an abuse of power. Not to mention, we see companies who are willing to disclose this information on their own, and they are taking steps to address some of the issues that my friends on the other side of the aisle might want to mandate. Just the other day, Ralph Lauren came out and they said they were going to publicly disclose this information. It is good for them to do, if they choose to do so, but this puts companies in a position to compete for capital based off of virtue signaling rather than the metrics that are relevant in capital markets.

I ask my friends on the other side of the aisle: How does this move the needle for everyday Americans? Does disclosing diversity quotas and carbon emissions impacts, does that promote efficiency in the market? I know it does not. And it also doesn't promote capital formation in these markets.

This mandate only promotes what we have seen from this Congress and the administration, an out-of-touch and misguided political agenda. This is nothing more than liberal fascism, yet another way to push a social agenda in our capital markets. This bill will essentially create good companies and bad companies, and have their future be based off the opinions of the mob and not their business success.

Just last year, we saw a company like Goya Foods come under fire for its president's affiliation with the Republican Party.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HUIZENGA. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Florida (Mr. DONALDS).

Mr. DONALDS. Mr. Speaker, the attempt to cancel Goya Foods failed, but it exposed the underbelly of the left's attempt to coerce companies into bending the knee to the extremists in the court of public opinion.

In short, Mr. Speaker, this is a bad bill. It does not promote efficient markets, it destroys them. And it sends our financial markets into a place where we should not go in the United States of America.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. HIMES).

Mr. HIMES. Mr. Speaker, I thank my colleagues, Mr. VARGAS and Chairwoman WATERS, for leading on these important issues.

Mr. Speaker, I rise in support of this bill and my amendment that we will be considering later today.

My colleague from Florida just accused us of being out of touch. I wonder if he remembers that 2 weeks ago the Nation was out of gas. We were out of gas because of a successful cyberattack on Colonial Pipeline. And it is a daily thing, JBS Foods, ferry services, metropolitan transit authority, and the list goes on and on and on and on. So we were out of gas, not out of touch.

And my amendment is simple, it just requires a straightforward, relatively moderate, disclosure of corporations. Do you have a board member that understands cybersecurity? And if you don't, tell us how you are thinking about it. Tell us what your plan is.

I am hearing a lot about pecuniary interest. Let's ask Colonial Pipeline whether there was a pecuniary interest in not having what happened to them happen. If you care about addressing this problem, we are giving companies a choice, either tell us where your expertise lies or how you are going to deal with it.

Mr. Speaker, if you care about it, vote in favor of this amendment and vote in favor of this legislation.

Mr. HUIZENGA. Mr. Speaker, I include in the RECORD an article from The Wall Street Journal dated from 2018, "California Public Employees Vote Against Pension-Fund Activism."

[From the Wall Street Journal, Oct. 18, 2018]

CALIFORNIA PUBLIC EMPLOYEES VOTE AGAINST PENSION-FUND ACTIVISM

(By Paul S. Atkins)

Playing politics with other people's savings is never popular.

The California Public Employees' Retirement System this month said no thank you to pension-fund activism. Government workers unseated Priya Mathur, the sitting Calpers president. She was defeated by Jason Perez, a police-union official who criticized Ms. Mathur's focus on environmental, social and governance investing, or ESG. Mr. Perez emphasizes the agency's fiduciary duty to maximize investor returns.

Calpers represents almost two million California public employees, retirees and families. Yet it mostly makes headlines for its activism, such as divestiture from the tobacco industry. "It's been used more as a political-action committee than a retirement fund," said Mr. Perez. "I think the public agency [employees] are just sick of the shenanigans."

Americans have always invested to achieve personal goals, such as saving for a house or their kids' college tuition. Some find that an ESG or issue-specific approach to investing accords with their personal philosophies. There is nothing wrong with people investing their own money however they like. But Calpers has a fiduciary duty to California public employees, who rely on it for retirement security.

Hester Peirce, a commissioner of the Securities and Exchange Commission, recently observed, "When a pension-fund manager is making the decision to pursue her moral goals at the risk of financial return, the manager is putting other people's retirements at risk." The danger for Calpers is real: In 2016 a consultant found that the fund's beneficiaries missed up to $3 billion in investment gains from 2001–14. The reason? A divestiture from tobacco holdings for political purposes.

All this happens as Calpers remain underfunded. Worse, its beneficiaries are stuck. They are locked into the system and cannot vote with their feet.

While Calpers beneficiaries are demanding a renewed focus on returns, activists continue to work other channels to impose agenda-driven requirements on public companies. Sen. Elizabeth Warren last month unveiled a bill that would direct the SEC to mandate that all public companies disclose fossil-fuel use and greenhouse-gas emissions. This month a petition signed by 17 law professors and institutional investors, including Calpers, asked the SEC to develop mandatory rules for public companies to disclose ESG information.

The petition argues that since there are already so many requests to the SEC for issue-specific disclosures human-capital management, climate, tax, human rights, pay ratios by sex, and political spending—the agency should impose a broader ESG disclosure framework. The laundry list of possible disclosures underscores the problem. Requiring companies to account for an ever-changing list of hard-to-quantify social issues distracts from disclosure's real, statutory purpose: giving the reasonable investor material information he needs to make investing decisions.

These proposals always tout purported benefits to investors, but mandatory disclosure of additional immaterial information would be harmful. In a 2013 speech, former SEC Chairman Mary Jo White decried the ''information overload'' in already bloated annual reports that obscures pertinent disclosures for investors amid a sea of extraneous information. She summarized: ''What some investors might want may not be what reasonable investors need.'' Translation: More information is not necessarily better information.

Mandating politicized corporate disclosures doesn't align with the SEC's mission to protect investors and facilitate capital formation. Instead, it would divert resources away from business operations and growth. It is simply an attempt to shame public companies into compliance with activists' demands.

As Mr. Perez put it, criticizing a proposal to divest from some gun retailers earlier this year: ''This is nothing more than a political ploy.'' His push to prioritize performance over politics clearly resonated with California public employees; lawmakers and pension-fund managers should take note.

Mr. HUIZENGA. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. ROSE), and I thank him for his work on the Financial Services Committee.

Mr. ROSE. Mr. Speaker, I rise in opposition to H.R. 1187. This legislation is just the latest attempt by my colleagues on the other side of the aisle to implement a far-left social agenda, this time through our securities laws.

Contrary to the principles-based disclosure standard that is typical of most material risk disclosures, President Biden and the Democrat-led Securities and Exchange Commission have advocated for a separate standardized set of disclosure requirements related to climate risk and environmental, social, and governance or ESG, concerns. This legislation would impose disclosure mandates that focus on costly one-size-fits-all metrics rather than material, decision-useful information for investors.

During the markup process, several of my colleagues submitted commonsense amendments that would have added an important materiality standard. These amendments would have required disclosure of ESG, climate change, or compensation metrics where there is a substantial likelihood that a reasonable shareholder would consider such a disclosure important with respect to making an investment decision. However, my colleagues on the other side of the aisle refuse to support them, including this simple standard.

By adding these additional disclosure requirements to the already substantial list of mandatory disclosures for public companies, H.R. 1187 would also increase the cost of compliance for public companies, thereby discouraging private companies from going public.

Further, I think it is important to point out that this legislation misses an opportunity to address China and its daily human rights atrocities. If we were serious about disclosure, not just a political agenda, we would be looking at security and democracy threats like those that the Chinese Communist Party and their state-owned enterprises pose.

Bottom line, this legislation would add even more costly and confusing disclosure requirements, hurting everyday investors, and discouraging initial public offerings, all while failing to include important national security protections.

Mr. Speaker, I urge a ''no'' vote on the legislation.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Ms. UNDERWOOD).

Ms. UNDERWOOD. Mr. Speaker, I rise in support of this legislation and my amendment with Representatives FRANKEL, NADLER, SPEIER, and BLUNT ROCHESTER, which would require public companies to report on workplace harassment settlements in their SEC filings.

The amendment is pulled from the EMPOWER Act, a bipartisan bill I am proud to co-lead alongside Congresswoman FRANKEL and my Republican and Democratic colleagues.

For too long, many employers have tolerated, and even encouraged, a culture of secrecy surrounding workplace harassment, writing settlements off as a cost of doing business.

This amendment would shine a light on major employers that fail to protect their employees, improve transparency for shareholders, and encourage companies to ensure a safe, healthy, and productive workplace.

This is an important bipartisan policy, and I urge my colleagues to vote ''yes'' on the amendment and the underlying bill.

Mr. HUIZENGA. Mr. Speaker, could I inquire as to the remaining time on each side?

The SPEAKER pro tempore. The gentleman from Michigan has 11½ minutes remaining. The gentlewoman from California has 16½ minutes remaining.

Mr. HUIZENGA. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. FITZGERALD).

Mr. FITZGERALD. Mr. Speaker, I rise today in opposition to H.R. 1187. This legislation would impose unnecessary and expensive compliance costs on publicly traded companies.

Publicly traded companies are already subject to extensive disclosures regarding various risk factors under Federal law. These existing disclosures must already reflect material climate change information, such as compliance with greenhouse gas emissions and carbon offsets.

I am concerned this bill would do little to provide information on how climate change would affect a particular investment, but would instead be used by activist shareholders with no real duty to a company or its shareholders to impose progressive political views on that company.

The burden of these costs would fall largely on smaller public companies with fewer resources. The burden of these costs would, again, I think, put this entire issue off in a different direction than where it should be.

Mr. Speaker, I urge a ''no'' vote on the bill. It would only benefit large incumbent corporations while others may avoid going public altogether, limiting their growth.

□ 1315

Ms. WATERS. Mr. Speaker, I include in the RECORD letters from California Public Employees' Retirement System, Public Citizen, the North American Securities Administrators Association, and Principles for Responsible Investment.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, EXECUTIVE OFFICE,

June 14, 2021.

Subject: H.R. 1187, The Corporate Governance Improvement and Investor Protection Act.

Hon. NANCY PELOSI
Speaker, House of Representatives,
Washington, DC.
Hon. KEVIN MCCARTHY,
Minority Leader, House of Representatives,
Washington, DC

DEAR SPEAKER PELOSI AND MINORITY LEADER MCCARTHY: On behalf of the California Public Employees' Retirement System, I write to express support for the overall direction of H.R. 1187, the ''Corporate Governance Improvement and Investor Protection Act,'' which would require public companies to disclose material information on the link between environmental, social, and governance (ESG) metrics and their long-term business strategy, as well as political expenditures, compensation practices, climate-related risk and tax expenditures, among other issues. This bill will improve and enhance corporate disclosures essential to maintaining the competitiveness of U.S. financial markets.

As the largest public defined benefit pension fund in the United States, we manage approximately $465 billion in global assets on behalf of more than two million members. Our fiduciary duty requires that we take a long-term view in assessing whether the companies that we hold in our portfolio are effectively managed and able to provide the sustainable, risk-adjusted returns that allow us to meet our commitments to pay benefits earned by these dedicated active and retired public servants for decades to come.

We fundamentally depend on the integrity and efficiency of financial markets to meet these commitments and rely upon financial reporting to provide transparent and relevant information about the economic performance, conditions, and operations of the companies in which we invest. We believe corporate disclosure of material financial information is a precondition to maintaining effective and consistent corporate accountability and sustainable economic growth. As the Securities and Exchange Commission (''SEC'') has said in the past:

''Only through the steady flow of timely, comprehensive, and accurate information can people make sound investment decisions. The result of this information flow is a far more active, efficient, and transparent capital market that facilitates the capital formation so important to our nation's economy.''

Critically, CalPERS and other pension funds are inhibited from adequately exercising their fiduciary duty without such disclosures. Disclosure of material financial information is necessary to close the information gap that occurs when management of a company is aware or should be aware of certain risks, yet such information is not available to shareowners. We believe H.R. 1187 will address critical areas in which more high-quality, consistent, and comparable disclosures by public issuers are necessary, and build a more robust reporting regime that enhances shareowner value over the long-term. We are pleased that the following measures, which CalPERS has been on the record in supporting, are included in the Corporate Governance Improvement and Investor Protection Act:

H.R. 1187, the ESG Disclosure Simplification Act, which would, among other things, require issuers to disclose certain ESG metrics to shareholders, the connection between those metrics and the issuer's long-term business strategy, and the method by which the issuer determines how ESG metrics impact its long-term strategy. We believe the current quality and quantity of relevant ESG reporting does not meet investors' needs and support the SEC playing a prominent role in standardizing and assuring the accuracy of ESG data reporting, and that it is reflected in company financials.

H.R. 1087, the Shareholder Political Transparency Act, which would require public companies to disclose detailed information about their political spending to the SEC and shareholders in specified quarterly and annual reports. The CalPERS Governance & Sustainability Principles call for responsible board oversight, including disclosures of corporate charitable and political activity to ensure alignment with business strategy and to protect assets on behalf of shareowners. As fiduciaries, we need to know how our capital is being used, including if and when political expenditures are made. SEC rulemaking would bring clarity and consistency in the format and scope of disclosures and provide a cost-effective alternative to private ordering. Furthermore, political expenditure disclosure is consistent with the SEC's requirement for public companies to disclose meaningful financial information and would encourage prudent use of corporate shareowner resources for political activities.

H.R. 2570, the Climate Risk Disclosure Act, which would require public companies to report financial risks posed to them by climate change, the processes they use to identify those risks, and the actions they take to mitigate those risks. Our investment strategy is to make sure our portfolio is resilient to short-term and long-term risks, both of which include some dimension of climate change. We seek to find the investment opportunities that the energy transition brings, and to bring down emissions that contribute to global warming. We believe it is vital that companies identify, manage, and disclose material environmental risks and opportunities relevant to their short-term and long-term success. We support the establishment of a uniform reporting regime for climate change risk disclosures that would address key issues that impact shareowner value, including minimizing risk, maximizing returns, and ensuring accountability from all those involved.

H.R. 3007, the Disclosure of Tax Havens and Offshoring Act, which would require public companies to annually disclose information on their subsidiaries and specified country-by-country financial information including total pre-tax profits, total amounts paid in State, Federal, and foreign taxes, employees, and tangible assets. As an investor in many of the largest public companies in the world, we are acutely aware of the complexities of international taxes, and the increasingly important role that taxes play in corporate profitability. However, current tax disclosures in the United States do not provide investors with sufficient tax-related information to adequately assess companies' valuations and risks. We believe increasing transparency and requiring the disclosure of overly aggressive international tax planning arrangements helps to reduce systemic risk that threatens global markets and ensure stronger long-term outcomes.

In addition, we are supportive of including additional provisions in the Corporate Governance Improvement and Investor Protection Act, such as the following disclosures related to human capital management, board diversity, and cybersecurity:

H.R. 3471, the Workforce Investment Disclosure Act, which would require public companies to disclose information about their Human Capital Management (HCM) policies, practices, and performance in their annual reports. CalPERS expects fair, accurate, and timely reporting on how companies identify and manage risks related to the three forms of capital: financial, physical, and human. The fact that there are few standards for measuring and reporting on human capital topics makes it difficult for investors to truly understand related risks and opportunities when assessing individual companies. We believe that rules-based disclosures with numeric metrics provide crucial information to long-term investors, like CalPERS, who are concerned about sustainability over time. We have made recommendations in our comment letter on the SEC's proposed rulemaking under Regulation S-K for metrics that should be disclosed by all registrants, including the number of full-time, part-time, and contingent workers; employee turnover rates; health and safety, employee engagement and diversity statistics.

H.R. 1277, the Improving Corporate Governance Through Diversity Act, which would require public companies to annually disclose the voluntary, self-identified racial, ethnic, gender, and veteran status of their board of directors, nominees, and senior executives, and establishes an advisory group to recommend strategies to increase diversity in these leadership positions. We support initiatives that promote talent diversity—including a broad range of education, experience, thoughts, perspectives, and competencies—to help enable effective board leadership. We view board diversity in terms of skill sets, sex, age, nationality, race, sexual orientation, gender identity, disability, and historically underrepresented groups, and believe requiring public companies to annually disclose the self-identified racial, ethnic, gender, and veteran status of their board of directors, nominees, and senior executives is an important step toward challenging ''group think'' in corporate boardrooms and C-suites, which can severely limit companies' ability to innovate and effectively engage with shareowners and other stakeholders.

H.R. ____, the Cybersecurity Disclosure Act, which would require companies to disclose in their annual reports to the SEC, or in their annual proxy statements, whether any member of their board of directors, or similar governing body, has expertise or experience in cybersecurity and the nature of such expertise or experience. If there are no members of a company's governing body that have experience or expertise in cybersecurity, it would require the company to describe what other cybersecurity aspects were taken into account by persons responsible for identifying and evaluating nominees for the company's governing body. We believe requiring the disclosure of cybersecurity expertise—or lack thereof—on corporate boards will increase transparency for investors and help to ensure that public companies are appropriately prioritizing cybersecurity and data privacy matters. It represents a reasonable and timely response to the increasing prominence of cybersecurity threats in our financial markets and the broader economy.

In sum, CalPERS believes that clear, consistent, and substantive disclosures of climate risk, charitable and political expenditures, human capital management, and board diversity are critical to the long-term success of capital markets and, more critically, of investors. Disclosures of such information will help investors allocate capital and exercise stewardship at companies to ensure long term sustainable value creation. Such disclosures will also encourage corporations to be more mindful of these risks that could impact their financial success over the long term, and will provide for greater transparency regarding cash flow, corporate expenditures, and public policy engagement.

Thank you for considering our views. We look forward to working with Congress to advance initiatives that will improve corporate disclosures in both the public and private markets. Please do not hesitate to contact me directly, or your staff can contact Danny Brown, Chief of our Legislative Affairs Division, if we can be of any assistance as this measure proceeds.

Sincerely,

MARCIE FROST,
Chief Executive Officer.

PUBLIC CITIZEN,
Washington, D.C., June 14, 2021.

Re Public Citizen urges a YES vote on H.R.s 1187, 1087, 1188, 2570, 3007 and amendments.

House of Representatives,
Washington, DC.

DEAR HONORABLE REPRESENTATIVES, On behalf of more than 500,000 members and supporters of Public Citizen across the country, we ask you to vote yes on a suite of bills designed to improve corporate disclosures regarding climate, compensation, political spending, taxes, human capital and other important issues. These bills were approved by the House Financial Services Committee and arc expected to come before the full House shortly.

H.R. 1087, THE SHAREHOLDER POLITICAL TRANSPARENCY ACT (FOSTER)

This bill requires firms that are traded on public exchanges to disclose in quarterly public reports filed with the Securities and Exchange Commission (SEC) the amount, date, and nature of the company's expenditures for political activities. Importantly, this includes indirect political spending, or money given to trade associations or nonprofits that play in politics.

In Citizens United v. the Federal Elections Commission in 2010, the U.S. Supreme Court found that political spending is protected speech and therefore corporations, unions, and other groups are permitted to make unlimited political expenditures, as long as they are not directly given to candidates or parties. The Court assumed, however, that this spending would be disclosed to investors so they could have input. Not addressed by the Court, however, was the fact that shareholders might not be aware of this spending or specific details of where the money might be going. In response, a bipartisan group of securities law experts filed a petition with the SEC to require corporations to disclose their political spending activities, and drew more than 1.2 million comments, the most in SEC history. The SEC has not yet addressed this decade-old petition, and passage of this legislation would jumpstart the rulemaking.

Public Citizen has long championed this important disclosure requirement. Political spending exposes a company to reputational risk when it involves itself controversial issues. Many corporations recognize this problem. For example, a number of companies ceased campaign contributions to certain lawmakers associated with the January 6; 2021 insurrection at the Capitol and in connection to the voter suppression bills moving through statehouses.

While some corporate political spending is already voluntarily disclosed, a considerable amount is funneled through trade associations such as the U.S. Chamber of Commerce, which deploys large numbers of agents to meet with members of Congress. Often, the Chamber advances or promotes policies that an individual company may find uncomfortable were they associated with it openly, such as opposition to climate reform or worker safety measures. If companies' spending on backward issues became known to the public, it could lead to material, reputational harm and ultimately subtract from shareholder value.

Public Citizen heartily endorses this measure.

H.R. 1188, THE GREATER ACCOUNTABILITY IN PAY ACT (VELÁZQUEZ)

This bill would require public companies, excluding emerging growth companies, to disclose certain employee pay raise information, comparing the CEO with the median-paid employee at the firm. This measure builds on a reform in the Dodd-Frank Wall Street Reform and Consumer Protection Act that first required identification of the median-paid worker at a firm. This requirement meant that firms were required to add one more item regarding employees to the sole requirement existing, namely, the number of employees.

For a half-century, the fruits of productivity gains have clotted in the C-suite, with average workers receiving little or no increase in real compensation. This has led to income and wealth inequality. During the pandemic, this played out in the need for trillions of dollars in emergency relief, as average people lacked the savings to survive a temporary loss of employment. Disclosures of these pay gaps can help lawmakers devise more ambitious reforms to address the widening gap between those workers who truly drive the economy and elites.

Public Citizen urges you to support this bill.

H.R. 2570, THE CLIMATE RISK DISCLOSURE ACT (CASTEN) AND H.R. 1187, THE ESG DISCLOSURE SIMPLIFICATION ACT (VARGAS)

Both of these bills deal with the increasing demand from investors and the public for information related to environmental, social and governance (ESG) issues. H.R. 2570 would require public companies to disclose in their annual reports information relating to the financial and business risks associated with climate change. The bill also requires the SEC to establish, in consultation with other relevant financial agencies, climate-related risk disclosure metrics and guidance, which will be industry-specific, and will require companies to make both quantitative and qualitative disclosures. H.R. 1187 requires the SEC to define what ESG metrics means and requires firms to disclose those metrics along with how ESG metrics accord with a firm 's long-term strategy. It also requires the SEC to establish a committee that would provide advice to the commission on sustainable finance issues.

Given the physical and transition risks inherent to the ongoing climate crisis and the shift away from fossil fuels and carbon-intensive industry, investors need more information about companies' growing climate financial risk, their contribution to climate change, and their plans for remaining viable in a low-carbon future economy. Requiring the SEC to establish climate-related risk disclosure metrics falls squarely within the agency's mission to protect investors; ensure fair, orderly, and efficient markets; and facilitate capital formation. Indeed, the agency has expressed its intention to explore a climate disclosure rule. Adopting this legislation would explicitly clarify the SEC's authority to adopt such a rule in the face of potential legal challenges from issuers and ideological opponents alike.

At the same time, it is important to remember that climate change is not just an environmental crisis, but one of social justice, wealth distribution, equity and human rights. It is vitally important that disclosures from issuers include elements of environmental and climate justice, as well as other ESG issues like political spending; tax; lobbying; diversity, equity, and inclusion; and human capital management practices to allow investors to make a holistic assessment of an issuer's overall sustainability and make more informed investment decisions.

Despite many firms reporting some ESG data, the available information has not satisfied the needs of investors because it essentially allows firms to self-determine and report which climate risks are material. Many firms provide only vague, boilerplate disclosures or do not address climate risk at all. Management is often overly optimistic about a firm's climate resilience, may not fully understand what investors actually believe is material or want to know, and may have an interest in obscuring parts of the picture, leading to drastic under-reporting of risks. The provisions in this bill represent a major step forward in terms of the quality of information that would be available to investors.

We strongly encourage you to support these bills.

H.R. 3007, THE DISCLOSURE OF TAX HAVENS AND OFFSHORING ACT (AXNE)

This bill would require public companies to disclose their total pre-tax profits, and total amounts paid in state, federal, and foreign taxes on a country-by-country basis. The bill would also require companies to disclose a number of specific tax-related items for each of its subsidiaries, as well as on a consolidated basis, such as total accrued tax expenses, stated capital, and total accumulated earnings. This legislation would ensure investors and the public at large are provided with enough information to discern if the companies they are invested in are participating in risky behavior like corporate tax avoidance. Many U.S. multinational companies use accounting maneuvers to book their profits in low- or no-tax jurisdictions, or ''tax havens.'' This legislation to mandate public country-by-country reporting would indeed aim to discourage and curb the trend of corporations' profit shifting to tax havens as these public reports would shed light on corporations that aggressively use avoidance practices to shirk their tax responsibilities, which creates both reputational and financial risk.

We urge you to approve this bill.

We also ask your support for amendments expected to be offered to this suite of bills, including:

H.R. 3471, the Workforce Investment Disclosure Act (Axne): this bill would require the SEC to implement petitioned rulemaking that would require public companies to disclose human capital management policies, practices, and performance. While corporations often claim that employees are their most valuable asset, shareholders know too little about investments in these assets.

H.R. 1277, the Improving Corporate Governance Through Diversity Act (Meeks): This bill would require public companies to annually disclose the voluntarily, self-identified gender, race, ethnicity and veteran status of their board directors. This measure helps corporations better identify how they are promoting diversity in the highest ranks.

H.R. ____, the Cybersecurity Disclosure Act (Himes): This bill would require the SEC to issue rules to require companies in their annual reports to the SEC or in their annual proxy statements to disclose whether any member of their board of directors, or similar governing body, has expertise or experience in cybersecurity and the nature of such expertise or experience. If there are no members of a company's governing body that have experience or expertise in cybersecurity, the bill would require the company to describe what other cybersecurity aspects were taken into account by persons responsible for identifying and evaluating nominees for the company's governing body.

With high-level hacks recently grinding important companies to a halt and cybersecurity affecting all walks of life, investors should be aware of how well corporations are prepared to defend themselves against attack.

Public Citizen strongly urges you to vote yes on these important pieces of legislation and amendments to provide greater information to investors, watchdog organizations, and the public at large.

For questions, please contact Bartlett Naylor.

Sincerely,

PUBLIC CITIZEN.

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.,
Washington, DC, June 15, 2021.

Re H.R. 1187, the Corporate Governance and Investor Protection Act of 2021.

Hon. NANCY PELOSI,
Speaker, House of Representatives,
Washington, DC.
Hon. KEVIN MCCARTHY,
Minority Leader, House of Representatives,
Washington, DC.

DEAR SPEAKER PELOSI AND LEADER MCCARTHY: On behalf of the North American Securities Administrators Association, Inc. (''NASAA''), I am writing to express NASAA's support for several provisions of H.R. 1187, the Corporate Governance and Investor Protection Act, which the House is scheduled to consider this week, as amended and favorably reported by the House Committee on Rules on June 14, 2020. As further detailed below, NASAA also strongly supports two amendments to H.R. 1187 that were made in order by the Committee on Rules. The first such amendment addresses disclosure of information related to the diversity on the boards of directors of U.S. public companies, while the second amendment addresses disclosure of cybersecurity expertise at the leadership level of such companies. I sincerely appreciate your attention to NASAA's views.

(1) THE ESG DISCLOSURE SIMPLIFICATION ACT (TITLE I)

Increasingly, investors view a company's environmental, social, and governance, or ''ESG'' practices, as a material metric for determining whether to invest. To date, however, there are no uniform standards for the reporting of environmental and certain other ESG factors in the United States. In the absence of such standards, public companies lack clarity when making disclosures relating to ESG considerations. In some cases, they may have incentives to make selective or potentially misleading disclosures about the benefits of their practices, products, or services. Title I of H.R. 1187, the Corporate Governance and Investor Protect Act, seeks to remedy that problem.

The ESG Disclosure Simplification Act, as embodied in Title I, would require public companies to disclose in filings with the U.S. Securities and Exchange Commission (''SEC'') and any proxy or solicitation materials that describe the ''views of the issuer regarding links between ESG metrics and the long-term strategy of the issuer'' and any process the issuer uses to determine the long-term business strategy of the issuer. Further, the bill would express the non-binding ''Sense of Congress'' that ''environmental, social, and governance [ESG] metrics'' are ''de-facto material'' for the purposes of disclosure under the Securities Exchange Act of 1934. The bill would also create a new permanent ''Sustainable Finance Advisory Committee'' within the SEC, that would, within 18 months of its first meeting, be required to submit ''recommendations about what ESG metrics'' the SEC should require to be disclosed.

The time has come to provide investors seeking to understand factors relating to a company's ESG profile with the ability to accurately understand and weigh ESG risks in their investment decisions, and Congress can play an important role in this regard. NASAA has previously called for Congress to enact legislation that would direct the SEC to develop a uniform standard for ESG reporting by public companies so that investors can understand companies' real practices and impact, and ''make 'head-to-head' comparisons between competing investments.'' NASAA has also urged that Congress consider legislation that would direct the SEC to establish a task force to consolidate, to the extent possible, themes from existing reporting frameworks and standards in order to catalyze faster progress toward standardization.'' Title I of H.R. 1187 marks an opportunity to ''move the ball forward'' on both of these recommendations; therefore, NASAA is pleased to support its passage.

(2) THE CYBERSECURITY DISCLOSURE ACT (AMENDMENT #1)

The Cybersecurity Disclosure Act, as filed as an amendment to H.R. 1187, is identical to stand-alone legislation recently introduced in the Senate as S. 808. NASAA was pleased to support this important legislation at the time of its introduction, and we are pleased to support its inclusion in H.R. 1187.

The Cybersecurity Disclosure Act would require publicly traded companies to include in their annual disclosure filings with the SEC information detailing whether any member of their governing body, such as their board of directors or general partner, possesses expertise or experience in cybersecurity. If no member has such expertise or experience, companies would be required to detail what, if any, other cybersecurity considerations were considered by the persons responsible for identifying and evaluating nominees for the governing body.

For nearly a decade, the list of public companies and financial institutions targeted by organized cyber-attacks has continued to grow with ever-increasing frequency. Over the past year, moreover, this threat has accelerated further due in part to the COVID–19 pandemic. Because many millions of Americans are conducting much or most of their lives online—and because an unprecedented number of U.S. employees arc working remotely—cybercriminals and scammers have an abundance of opportunities to infiltrate business security networks to install malware, steal personally identifiable information (''PII'') of customers and clients, and create other problems.

Incentivizing publicly traded companies to consider whether they have appropriate cybersecurity expertise on their governing body is a common-sense way to promote greater attention to cybersecurity risk by public corporations. Investors and customers are well-served by policies that encourage companies to consider such risks proactively, as opposed to after a data breach has already occurred when investors and customers have already been harmed. Importantly, the Cybersecurity Disclosure Act does not require companies to do anything beyond disclosing information; the bill encourages companies to act in their own best interests by creating an incentive for them to prioritize cybcrsecurity expertise at the senior levels of leadership.

NASAA shares Congress's interest in addressing the threat cybersecurity risk has on public companies and investors. We are pleased to support Amendment #1, and we urge its passage.

(3) THE IMPROVING CORPORATE GOVERNANCE THROUGH DIVERSITY ACT (AMENDMENT #11)

The Improving Corporate Governance Through Diversity Act, as filed as an amendment to H.R. 1187, is identical to stand-alone legislation entitled H.R. 1277, the Improving Corporate Governance Through Diversity Act. NASAA was pleased to support H.R. 1277 was it was considered and approved by the House Financial Services Committee in April 2020 and is pleased to again support the bill as an amendment to H.R. 1187.

The Improving Corporate Governance Through Diversity Act would require public companies to disclose annual information on the voluntary self-identified racial, ethnic, gender, and veteran composition of their boards of directors and executive officers. The bill would also require that such companies disclose whether their boards of directors have adopted any ''policy, plan or strategy'' to promote diversity among these bodies, and would instruct the SEC's Office of Minority and Women Inclusion to develop and publish ''best practices,'' in order to help public companies comply with the new diversity reporting requirements. In addition, the Act would establish a new ''Diversity Advisory Group'' within the SEC, which would be exempt from the Federal Advisory Committee Act, and be comprised of representatives from the Federal government, state and local governments, academia, and the private sector. Under the Act, the Advisory Group would be tasked with identifying strategies to ''increase gender, racial and ethnic diversity among members of the board of directors of the issuer,'' and be required to report periodically to Congress and the public.

NASAA has repeatedly called for Congress to examine the current state of corporate board composition with an eye toward encouraging greater diversity. In doing so, NASAA has noted that leading research indicates that greater board diversity correlates with sound corporate governance and enhances the performance of public companies. We have also noted evidence that shows that investors themselves increasingly regard corporate board diversity to be an indication of good governance, which improves both corporate performance and investor relations. Most recently, in NASAA's Legislative Agenda for the 117th Congress, state securities regulators called for Congress to pass legislation ''to require public companies to disclose information that demonstrates the diversity on their boards, or the lack thereof, as well as information regarding the diversity of their corporate operations.''

NASAA congratulates the House for its decision to consider including the Improving Corporate Governance Through Diversity Act as an amendment to H.R. 1187, and we urge its passage.

Thank you for your consideration of NASAA's views. If we may be of further assistance, please do not hesitate to contact me or Michael Canning, NASAA's Director of Policy and Government Affairs.

Sincerely,

LISA HOPKINS,
NASAA President, General Counsel and Senior Deputy Commissioner of Securities, West Virginia.

Ms. WATERS. Mr. Speaker, I have no further speakers, and I am prepared to close. I reserve the balance of my time until the gentleman from Michigan yields back.

Mr. HUIZENGA. Mr. Speaker, just a point of information for the chair from California: We have one more speaker, and I will be prepared to close.

Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky (Mr. BARR).

Mr. BARR. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, once again, the bill we have been considering today is puzzling for Republicans, as it probably is for a large number of my Democratic friends as well.

On the one hand, the far left seeks to blame so much of what is bad in the world on large public companies. But then they turn around and claim that these same companies will see the light and embrace extreme leftwing policies if only they disclose more of their activities in obscure SEC reports. Mind you, these are perfectly legal activities, too.

But no serious Member of the House can believe the world works like this. The far left wants to claim they are heroes using the Securities and Exchange Commission to fight the scourges of our time, from foreign dictatorships to environmental degradation. But in reality, they are weaponizing financial regulation, and their support for this bill comes in the form of empty political rhetoric masquerading as sound corporate governance. Make no mistake, Mr. Speaker, this bill is about politicizing securities regulation.

Far from this fantasy land live the majority of House Members who understand that there are actual urgent problems we can solve only if we work together to address them.

Perhaps the gravest of these problems is represented by the goals of the Chinese Communist Party, which is perpetrating the great crime of our age against the Uighurs and other minorities in China. Beijing is also working to stamp out the vibrant democratic culture in Hong Kong, hoping all the while that Congress will look the other way.

If we are truly concerned by public companies that may be working with bad actors—particularly bad actors responsible for China's worst human rights abuses—then burying their names on the SEC's website will achieve absolutely nothing. We need to ensure that they are referred to the Treasury Department so that we can impose sanctions, and that is what my motion to recommit will do.

Under this MTR, instead of reporting on malign Chinese companies to the SEC—an agency that has long acknowledged its lack of expertise and, frankly, its lack of capability and interest in pursuing foreign policy goals—we will instead make sure that entities in corporate supply chains are flagged for the Treasury when public companies have reason to believe they are involved in atrocities in Xinjiang, from mass surveillance to forced labor and other violations of basic human rights.

Companies will also be able to sound the alarm on entities complicit in China's assault on Hong Kong's freedoms, allowing OFAC at the Treasury to determine whether it can impose new sanctions.

We must cut off offenders from the global economy until China changes course. We must rely on appeals to their bottom line and not their conscience. That is the power of U.S. sanctions.

Mr. Speaker, if we adopt the motion to recommit, we will instruct the Committee on Financial Services to consider my amendment to H.R. 1178. My amendment doesn't pretend we can fight genocide, authoritarianism, mass detentions, mass surveillance, and other human rights violations with meaningless rhetoric on corporate transparency, none of which keeps China's leaders up at night.

There are over 1 million Uighurs detained in China and over 100 facilities covering millions of square feet suspected as sites of forced labor. It is an insult to Beijing's victims to claim that disclosure tweaks from the SEC will stop this. Securities regulation will not stop this.

Mr. Speaker, we can either pass half measures that we know won't work and then wring our hands later when the problem remains unresolved, or we can articulate what we want to target and take real action. The former is beneath the dignity of this House.

Measly disclosures in securities filings, transforming 10–Ks from 100 pages to thousands of pages, that is not going to solve the problem. The former is beneath the dignity of the House. The latter is embodied in my amendment: sanctions, OFAC using the power of the U.S. Department of the Treasury.

Mr. Speaker, I ask unanimous consent to insert the text of my amendment in the RECORD immediately prior to the vote on the motion to recommit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. HUIZENGA. Mr. Speaker, I yield myself the balance of my time. I want to make sure we are clear not only with my colleagues but to those who may be listening and watching today.

Our side of the aisle has a couple of problems with this legislation today. First and foremost is the structure; next is the content; and then third, we have to question motivation.

What is the problem with the structure?

My friend from Connecticut talked about an issue that we have a lot of agreement on, and I say to him: Amen, hallelujah, let's talk about cybersecurity. Let's talk about how corporations are going to be held responsible for that.

However, my colleague from Iowa is talking about corporate tax law and country-by-country tax reporting. Now, that might be a good issue, but it is the wrong committee. I wondered to myself if Chairman DINGELL, who chaired the Ways and Means Committee for a few decades, and my colleague from Michigan, would have allowed this committee mission creep. Actually, I don't wonder. I know exactly what he would have said: Hell, no. This is in my committee.

This issue is in the wrong committee, and Financial Services is not the right and proper place to be doing that.

Let's look at the content of these bills. We are not debating climate, and we are not debating these social issues that need to be addressed. We are debating who is responsible for enforcing these. We are not debating the failures and flaws of humans. We are questioning who should be the enforcer of these regulations and if they are equipped to do so.

Now, not that long ago, before defunding the police was a popular item to discuss, the SEC was commonly called on all sides the cop on the beat. They were the cops on the beat who were the enforcers. They were the ones who were coming along and saying: We are going to make sure that there is no fraud as we protect investors; we are going to make sure that we have efficient markets; and we are going to make sure that we are building capital.

Here is the problem: They are not prepared and equipped to do so.

Don't take my word for it. Let's look at President Obama's head of the Securities and Exchange Commission, Mary Jo White, who said: ''When disclosure gets to be too much or strays from its core purposes, it can lead to 'information overload,' a phenomenon in which ever-increasing amounts of disclosure make it difficult for investors to focus on the information that is material and most relevant to their decision-making as investors in our financial markets. To safeguard the benefits of this 'signature mandate,' the SEC needs to maintain the ability to exercise its own independent judgment and expertise when deciding whether and how best to impose new disclosure requirements.''

She also said at one point that the Securities and Exchange Commission was not prepared to do enforcement on areas that they had no expertise. She was referring to conflict minerals. That was also part of the Dodd-Frank Act.

So, we have a number of issues that are in this content. Earlier, my colleague, the chair from California, submitted a letter from CalPERS in support of this. Earlier, just prior to that, I had submitted an article from The Wall Street Journal where CalPERS had actually had a massive regime change—this was in 2018—regarding this pension fund activism.

At the time, Mr. Perez, who was elected as the president of CalPERS, said:

> CalPERS has been used more as a political action committee than a retirement fund. I think the public agency employees are just sick of the shenanigans.

Hester Peirce, a Commissioner with the Securities and Exchange Commission, recently observed: ''When a pension fund manager is making the decision to pursue her moral goals at the risk of financial return, the manager is putting other people's retirements at risk.''

She was referring to the person whom Mr. Perez had beaten in that election.

The danger is real. In 2016, a consultant found that the CalPERS fund beneficiaries missed up to $3 billion in investment gains from 2001 to 2014. The reason? A divestiture of tobacco holdings for political purposes.

I wonder if this might be why some of the motivation for those on the other side, that they want to cover themselves. They want to make sure they are not open to the liability of retirees or others with a fiduciary being held responsible for bad decisionmaking when they use these amorphous, non-defined issues to make political statements rather than investment choices.

Madam Speaker, at the end of the day, what we have here is a problem not just of the issues but of the enforcement. I believe that if we are asking the ''cop on the beat,'' the Securities and Exchange Commission, to do a job that is up to the streets and maintenance department, then no one could expect that they are prepared for that. How can we expect that they are going to be able to do this?

With that, and including my opening statement where we looked at the disincentive to make sure there are more investment opportunities for everyday investors—our constituents—I must remain opposed to H.R. 1187.

Madam Speaker, I yield back the balance of my time.

Ms. WATERS. Madam Speaker, may I inquire as to how much time is remaining.

The SPEAKER pro tempore (Mrs. MCBATH). The gentlewoman from California has 16½ minutes remaining.

Ms. WATERS. Madam Speaker, I yield myself the balance of my time.

Madam Speaker, this bill provides urgently needed investor protections by requiring the Securities and Exchange Commission to adopt clear, consistent standards for ESG metrics. Without the information requirements in this bill, investors are left with inconsistent information across companies and are ultimately unable to fully assess their investment decisions.

Investors deserve to know the risks they are exposed to with relation to climate change, political expenditures, and other important factors. We must make this right and take action to bring accountability to public companies.

Some or all of the provisions of this package have been supported by Public Citizen, AFL–CIO, SEIU, California Public Employees' Retirement System, Americans for Financial Reform, Council of Institutional Investors, United Nations Principles for Responsible Investment, Americans for Tax Fairness, North American Securities Administrators Association, FACT Coalition, Oxfam America, Ceres, and Sierra Club, among others.

For years, investors and market participants have been demanding more and better disclosures regarding ESG matters, which research shows can have significant impacts on the short- and long-term values of companies.

For example, a report issued by the BlackRock Investment Institute found that companies that score high on ESG measures are better able to adapt to environmental and societal changes, use resources more efficiently, have more productive employees, and tend to face lower risk of reputational damage and regulatory action.

Matters related to climate risk, the ways companies invest in their workers and further diversity, spend their cash on political expenditures, their global human rights records, their tax avoidance strategies, and how they invest in crucial corporate infrastructure such as cybersecurity are all significant and material factors in companies' short- and long-term viability.

Investors, who are the true owners of our Nation's public companies, recognize the importance of this information to their decisionmaking and have been demanding this information for years.

For example, in 2018, a coalition of public pension funds asset managers and others representing over $5 trillion in assets petitioned the SEC for rulemaking on mandatory ESG disclosures. Over 2,300 investment managers, asset managers, and service providers representing over $80 trillion in assets under management have become signatories to the United Nations Principles for Responsible Investment, which commits to incorporating ESG factors into their investment decisions.

A group of 35 institutional investors representing over $6.6 trillion in assets form the Human Capital Management Coalition has petitioned the SEC to adopt rules to require issuers to disclose information related to their human capital management policies, practices, and performance.

□ 1330

When the SEC solicited comments on political spending disclosures in 2011, it received over one million comments; by far more comments than any other SEC rulemaking petition, and the vast majority of which were overwhelmingly favorable. Yet the SEC's efforts were stymied because the Senate minority leader has personally insisted on statutorily prohibiting the SEC from even studying the issue.

However, we are currently without clear, consistent standards for this information to be disclosed. Investors will continue to be left in the dark. It is time we give investors and markets the information they have been demanding for so long.

And let me be absolutely clear about who we are fighting for. The other side has taken up the issue, as it tends to want to protect these big public corporations from disclosures.

It is for the American workers, the retirees, who worked their whole lives to save for retirement, for the public pension funds investing on behalf of our Nation's teachers and our firefighters, and other frontliners. We are fighting to ensure they have been given the tools they need to protect what they have worked so hard for, to achieve the American Dream.

So I would urge all of my colleagues who are concerned about not only the retail investors, but concerned about the institutional investors who are responsible for these teachers and these firefighters and these others that I have alluded to, and their ability to feel safe and comfortable that decisions are being made that are in the best interest of the people who are invested in them.

So I would ask for an ''aye'' vote on this very, very comprehensive and serious legislation.

Madam Speaker, I yield back the balance of my time.

Ms. VELAZQUEZ. Madam Speaker, I rise in strong support of H.R. 1187. Importantly, this package contains language from my legislation, the Greater Accountability in Pay Act that requires public companies to disclose the pay raise percentage of its executives and the pay raise percentage of its median employees over the past year and compare each to the rate of inflation. It also requires these companies to disclose the ratio between the two pay raise percentages.

This legislation is the next logical step of the CEO pay ratio disclosure requirement in the Dodd-Frank Act. The COVID–19 pandemic has left millions of working-class Americans feeling vulnerable and uncertain about their economic future—with many individuals and families facing reduced hours, furloughs, or outright dismissals.

However, an article published by the New York Times in April demonstrates the extraordinarily successful year it's been, financially, for America's biggest CEOs—even at many of the companies hit hardest by the events of the pandemic. The Times highlights how companies like AT&T, Hilton, Boeing, and Norwegian Cruise Line all took billions of dollars in losses in 2020 but still managed to pay each of their CEOs more than $20 million.

Unfortunately, excessive compensation packages received by many of America's CEOs is not a new or isolated event. The disparity between executive compensation and the average worker pay has been growing for decades. In August 2019, the Economic Policy Institute produce a report which highlights that, even before the pandemic, CEOs were earning far more than the typical worker, with CEO pay growing 940 percent between 1978 and 2018 while the wages for the typical worker grew by just 11.9 percent over that same period.

Additional transparency on pay ratios will also benefit investors, as data is key to their decision-making process. A balanced pay ratio is an indicator of a company's strong long-term performance and further pay ratio disclosures would provide better insight on a company's strategy, its values, and long-term outlook.

In order to get our economy back on track for everyone, we must increase worker pay and ensure that CEO pay ratios are in line with a corporation's fundamentals. I urge my colleagues to vote YES on bill.

The SPEAKER pro tempore. All time for debate has expired.

Each further amendment printed in House Report 117–59 not earlier considered as part of amendments en bloc pursuant to section 4 of House Resolution 473, shall be considered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, may be withdrawn by the proponent at any time before the question is put thereon, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It shall be in order at any time after debate for the chair of the Committee on Financial Services or her designee to offer amendments en bloc consisting of further amendments printed in House Report 117–59, not earlier disposed of. Amendments en bloc shall be considered as read, shall be debatable for 20 minutes equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services or their respective designees, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. BURGESS

The SPEAKER pro tempore. It is now in order to consider amendment No. 1 printed in House Report 117–59.

Mr. BURGESS. Madam Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 45, after line 19, insert the following:

''(3) INCLUSION OF NOTICE WITH RESPECT TO FEDERAL CORPORATE TAX INCREASES.—With respect to each disclosure made by a covered issuer pursuant to paragraph (2), if the Federal corporate tax rate in effect during the reporting period is higher than the Federal corporate tax rate applicable on June 1, 2021, the disclosure shall contain the following additional information:

''(A) With respect to any disclosure of taxes paid to the Federal Government, the disclosure shall include a calculation of what such payment would have been had the Federal corporate tax rate remained the same as it was on June 1, 2021.

''(B) The following notice: 'As a result of a change in U.S. Federal corporate tax law enacted during the ________ Administration(s), our company has _____ fewer dollars to pay its workforce, invest in our business, or return capital to its investors.'. (With the first blank filled in with the name of each President since June 1, 2021, during whose term legislation was enacted to raise the Federal corporate tax rate, and with the second blank filled in with the difference between the actual taxes paid by the covered issuer to the Federal Government during the reporting period and what that payment amount would have been had the Federal corporate tax rate remained the same as it was on June 1, 2021.)''.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the gentleman from Texas (Mr. BURGESS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. BURGESS. Madam Speaker, I yield myself such time as I may consume.

This amendment is designed to highlight the impact that increased taxes have on companies and their workforce.

Like many Members of this body, I owned my own business prior to being elected to Congress. I know firsthand what it takes to make a payroll, expand your business, keep the lights on. Running a business takes the owner's blood, sweat, and tears to succeed, but it also requires capital. Heavier taxes can have significant impacts on a company's operation, certainly a company's access to capital and their overall fiscal health.

If we are to follow the premise of this bill, that investors need the Federal Government to mandate the disclosure of immaterial information, then the impact of tax hikes must be included. That is why I am offering this amendment.

This amendment would require publicly traded companies that pay Federal taxes to disclose the effects of any future U.S. corporate tax increases. Specifically, the company must calculate and disclose the difference between the amount in taxes it would have paid under laws in effect on June 1, 2021, and the actual amount paid after the taxes were increased.

Additionally, the company must acknowledge in writing which President signed the higher taxes into law.

Finally, the company must specify the decreased amount of capital that it now has to pay its workforce, reinvest in the company, or return capital to shareholders.

So I do want to be clear. I am opposed to Congress forcing disclosure of immaterial information, as H.R. 1187 would require. But if Congress is going to require companies to disclose other immaterial information, then it is only appropriate for Congress to require the disclosure of the effects of higher taxes. Requiring disclosures of certain tax-related information will not provide the whole picture without also looking at the impact of tax hikes.

If we are forcing disclosure of all this tax-related information that we have heard the Democrats propose, then why shouldn't investors know exactly and plainly how a President's tax increase bill impacts the bottom line of the companies, those same companies in which they have invested their life savings?

As our economy continues to recover from the pandemic, the public deserves to know how these policies, good and bad, would impact economic growth and their livelihoods.

Since Congressional Democrats are insistent in using this legislation to push their agenda on social changes and climate change, then I urge my colleagues to support this amendment, as it will tell investors a more complete story.

Madam Speaker, I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I claim time in opposition to the amendment.

The SPEAKER pro tempore. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Madam Speaker, I strongly oppose Mr. BURGESS' amendment. This amendment is interesting to me because Republicans have, without fail, consistently cited the materiality standard both here on the House floor and in the Financial Services Committee as a basis to oppose very important disclosures.

Republicans have argued over and over again that we do not need to enact any new disclosures because companies are already required to disclose any and all material information. But, with this amendment, it seems their purported commitment to materiality has gone out the window so that they can bring attention to their massive tax cuts for the rich.

In 2018, when the United States Government should have been focused on growing the real economy for American workers, the former President pushed forward the largest tax giveaway to our country's largest corporations and executives in history. This government handout provided corporations and executives with $2 trillion in tax cuts and giveaways, saddling the United States Government with debt.

Make no mistake, these tax cuts did not go primarily to workers, but, instead, they went overwhelmingly to the top 1 percent. The year after the Trump tax cuts were implemented, public companies spent nearly $1 trillion in stock buybacks, rather than investing in research and development, increasing worker wages, or shoring up their bottom lines to make sure they could weather times of crisis.

According to the Center on Budget and Policy Priorities, Trump's tax plan gave the top 400 highest income taxpayers an additional $15 million per year. Compare this to the $2.8 million the average college graduate will earn in their lifetime.

This amendment absolutely and completely ignores the harm done to hardworking Americans and focuses on alleged harm to the large corporations. This amendment suggests our Nation's largest companies should not be paying their fair share, while American workers are forced to pay for Republicans' corporate handouts.

Madam Speaker, I urge my colleagues to reject this amendment, and I reserve the balance of my time.

Mr. BURGESS. Madam Speaker, I yield myself the balance of my time.

Look, I am not enthusiastic about Congress forcing disclosure of immaterial information. But if we are going to do it, if we are going to do it, then, at the very least, we should be honest. And to the extent tax increases are going to harm the company's ability to invest in its workers and invest in itself, we should disclose that as well.

Look, there was a time where corporate inversions were a big problem in this country. You haven't heard of corporate inversions since December of 2017, and the reason was because the Tax Cuts and Jobs Act made it unnecessary for companies to take their dollars and their jobs overseas. So now those dollars and those jobs stay for American workers.

After the passage of the American Tax Cuts and Jobs Act, actual revenues to the Treasury rose. And had it not been for the imposition of the pandemic, those tax cuts would have been paid for because the Congressional Budget Office assigned a very anemic rate of growth to their projections when they cited the CBO score prior to that bill's passage.

This is an important concept. If we are going to level immaterial information into a company's disclosures, let's disclose what happens when Congress applies additional tax rates to those companies as well. It is the right thing to do.

I urge my colleagues to vote for this amendment. It is the only thing that can make the underlying bill perhaps make a little more sense.

Madam Speaker, I yield back the balance of my time.

Ms. WATERS. Madam Speaker, I yield myself the balance of my time.

Mr. BURGESS' amendment is a gimmick intended to distract from the important goals of this package. It insinuates that corporations should not be paying their fair share, while hardworking taxpayers foot the bill. So I urge my colleagues to join me in rejecting Mr. BURGESS' amendment.

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the previous question is ordered on the amendment offered by the gentleman from Texas (Mr. BURGESS).

The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. BURGESS. Madam Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

AMENDMENTS EN BLOC OFFERED BY MS. WATERS OF CALIFORNIA

Ms. WATERS. Madam Speaker, pursuant to section 4 of House Resolution 473, I offer amendments en bloc.

The SPEAKER pro tempore. The Clerk will designate the amendments en bloc.

Amendments en bloc 1 consisting of amendment Nos. 2, 3, 5, 6, 7, and 9 printed in House Report 117–59, offered by Ms. WATERS of California:

AMENDMENT NO. 2 OFFERED BY MRS. AXNE OF IOWA

Add at the end the following:

TITLE VI—WORKFORCE INVESTMENT DISCLOSURE

SEC. 601. SHORT TITLE.

This title may be cited as the ‘‘Workforce Investment Disclosure Act of 2021’’.

SEC. 602. FINDINGS.

Congress finds the following:

(1) One of the keys to the 20th century post-war economic success of the United States was the ability to prepare workers over the course of their lives for success through multiple sectors across society. Unfortunately, during the several decades preceding the date of enactment of this Act, there has been a shift in business norms and in society. While Congress recognizes that the technology and job skills required for some jobs has changed dramatically, the private and public partnership to hire workers at different education levels and invest in them for the long-term is broken.

(2) Available data from the 10-year period preceding the date of enactment of this Act suggests that businesses are investing less in worker training during that time period, not more.

(3) In the wake of the 2008 global financial crisis, there was a well-documented decline in overall business investment. That decline coincides with the wage polarization of workers and an increase in spending on share buybacks and dividends, leading several researchers to conclude that companies are deemphasizing investment at the expense of increasing returns for shareholders. The onset of a global pandemic may make that trend worse, especially with respect to investments in workers.

(4) As part of the overall decline in investment described in paragraph (3), publicly traded companies are being provided with incentives to prioritize investments in physical assets over investments in their workforces, meaning that those companies are investing in robots instead of individuals. In fact, there are already signs that automation has increased during the COVID–19 pandemic.

(5) More than ever, the Federal Government, through company disclosure practices, needs to understand exactly how companies are investing in their workers. Over the several months preceding the date of enactment of this Act, companies across the United States have taken extreme actions to adapt and respond to evolving workforce challenges presented by COVID–19.

(6) JUST Capital has been tracking the responses of the Standard and Poor's 100 largest public companies to their workers and has found wide variation in the policies implemented, as well as with respect to the disclosure of those policies. Through different responses to their workforces, from layoffs to workplace safety to paid leave, the COVID–19 pandemic is exposing the myriad ways that workforce management practices of companies pose operational and reputational risks for short- and long-term financial performance.

(7) Even before the COVID–19 pandemic, there was a growing body of research establishing a relationship between measurable workforce management, which is the way that companies manage their employees, and firm performance. In a study of 2,000 large companies, Harvard Law School's Labor and Work Life Program found that forward-thinking workforce policies that prioritize workers, such as how companies train, retain, and pay their workers, are correlated with long-term financial performance.

(8) Disclosure of workforce management policies should be part of a Government-wide economic recovery strategy. Just as a set of generally accepted accounting principles (commonly known as ‘‘GAAP'') was urgently adopted after the Great Depression, standardized, comparable metrics of workforce disclosure requirements in the context of the COVID–19 pandemic are critical for investors to accurately measure and project company performance, both in the present and in the future.

(9) Because many companies already track workforce metrics internally, moving towards a transparent disclosure regime would allow investors to better judge whether companies are managing risks and making the investments in their workforces that are needed for long-term growth.

(10) Businesses increasingly rely on workforce innovation and intellectual capital for competitiveness. Workplace benefits, particularly paid sick leave, medical leave, and flexible work arrangements, critically support employee mental and physical well-being.

(11) Race- and gender-based workplace discrimination have been tied to negative health outcomes, as well as lower productivity, trust, morale, and satisfaction and higher rates of absenteeism and turnover. Organizational reporting on practices to reduce discrimination can increase employee job satisfaction, performance, and engagement.

(12) According to the Centers for Disease Control and Prevention, work-related stress is the leading occupational health risk and, per the American Institute of Stress, job stress costs United States industry more than $300,000,000,000 per year in accidents, absenteeism, employee turnover, diminished productivity, and medical, legal, and insurance costs.

(13) Employee health and well-being is a key asset to delivering long-term value, with 80 percent of public companies that took concrete actions on health and well-being having seen larger improvements in financial performance.

(14) Organizational well-being interventions can create cost savings of up to 10 dollars for every dollar invested. Specifically, for every dollar that employers spend on workplace disease prevention and well-being programs, there is a $3.27 reduction in employee medical costs and a $2.73 reduction in absenteeism costs. Employers that implement workplace health promotion programs have seen reductions in sick leave, health plan costs, and workers' compensation and disability insurance costs of approximately 25 percent.

(15) The Centers for Disease Control and Prevention has found that preventable chronic conditions are a major contributor to insurance premium and employee medical claim costs, which are at an all-time high, and a Milken Institute study shows that employers paid $2,600,000,000,000 in 2016 for the indirect costs of employee chronic disease due to work absences, lost wages, and reduced economic productivity.

(16) The COVID–19 pandemic has severely impacted employee physical, mental, and emotional well-being by increasing stress, depression, burnout, and mortality rates of chronic disease and by reducing work-life balance and financial security, with these challenges likely to persist due to uncertainty and instability even as employees return to work. Before the COVID–19 pandemic, but especially in the face of that pandemic, employers that advance policies and practices that support workforce health, safety, and well-being are likely to outperform competitors and benefit from lower costs.

SEC. 603. DISCLOSURES RELATING TO WORKFORCE MANAGEMENT.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 502, is further amended by adding at the end the following:

‘‘(w) DISCLOSURES RELATING TO WORKFORCE MANAGEMENT.—

‘‘(1) DEFINITION.—In this subsection, the term ‘contingent worker' includes an individual performing work in the usual course of business on a temporary basis (including through a labor intermediary, including an individual or entity that supplies an employer with workers to perform labor) or as an independent contractor.

‘‘(2) REGULATIONS.—Not later than 2 years after the date of enactment of this subsection, the Commission, in consultation with the Secretary of Labor, the Secretary of Commerce, the Secretary of Treasury, and the Attorney General, shall promulgate regulations that require each issuer required to file an annual report under subsection (a) or section 15(d) to disclose in that report information regarding workforce management policies, practices, and performance with respect to the issuer.

‘‘(3) RULES.—Consistent with the requirement under paragraph (4), each annual report filed with the Commission in accordance with the regulations promulgated under paragraph (2) shall include disclosure of the following with respect to the issuer filing the report for the year covered by the report:

‘‘(A) Workforce demographic information, including—

‘‘(i) the number of full-time employees, the number of part-time employees, and the number of contingent workers (including temporary and contract workers) with respect to the issuer, which shall include demographic information with respect to those categories of individuals, including information regarding race, ethnicity, and gender;

‘‘(ii) any policies or practices of the issuer relating to subcontracting, outsourcing, and insourcing individuals to perform work for the issuer, which shall include demographic information with respect to those individuals, including information regarding race, ethnicity, and gender; and

‘‘(iii) whether the percentage of contingent workers with respect to the issuer has changed, including temporary and contract workers, as compared with the previous annual report filed by the issuer under this subsection.

''(B) Workforce stability information, including information about the voluntary turnover or retention rate, the involuntary turnover rate, the internal hiring rate, and the internal promotion rate, as well as information about workers who transition between employee and contingent workers, and the horizontal job change rate by quintile and demographic information.

''(C) Workforce composition, including—

''(i) data on diversity (including racial, ethnic, self-reported sexual orientation, and gender composition) for senior executives and other individuals in the workforce; and

''(ii) any policies, audits, and programming expenditures relating to diversity.

''(D) Workforce skills and capabilities, including—

''(i) information about training and cross-training of employees and contingent workers by quintile and demographic information, distinguishing between compliance training, career development training, job performance or technical training, and training tied to recognized postsecondary credentials;

''(ii) average number of hours of training for each employee and contingent worker;

''(iii) total spending on training for all employees and contingent workers;

''(iv) average spending per employee or contingent worker;

''(v) training utilization rates; and

''(vi) whether completion of training opportunities translates into value added benefit for workers, as determined by wage increases or internal promotions.

''(E) Workforce health, safety, and well-being, including information regarding—

''(i) the frequency, severity, and lost time due to injuries, physical and mental illness, and fatalities;

''(ii) the scope, frequency, and total expenditure on workplace health, safety, and well-being programs;

''(iii) the total dollar value of assessed fines under the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.);

''(iv) the total number of actions brought under section 13 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 662) to prevent imminent dangers;

''(v) the total number of actions brought against the issuer under section 11(c) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c));

''(vi) any findings of workplace harassment or workplace discrimination during the 5 fiscal year period of the issuer preceding the fiscal year in which the report is filed; and

''(vii) communication channels and grievance mechanisms in place for employees and contingent workers.

''(F) Workforce compensation and incentives, including information regarding—

''(i) total workforce costs, including salaries and wages, health benefits, other ancillary benefit costs, and pension costs;

''(ii) workforce benefits, including paid leave, health care, child care, and retirement, including information regarding benefits that are provided—

''(I) to full-time employees and not to part-time employees; or

''(II) to employees and not to contingent workers;

''(iii) total contributions made to unemployment insurance by the issuer, how many employees to whom those contributions apply, and the total amount paid in unemployment compensation to individuals who were laid off by the issuer;

''(iv) policies and practices regarding how performance, productivity, equity, and sustainability are considered when setting pay and making promotion decisions; and

''(v) policies and practices relating to any incentives and bonuses provided to employees and any policies or practices designed to counter any risks created by such incentives and bonuses.

''(G) Workforce recruiting and needs, including—

''(i) the number of new jobs created, seeking to be filled, and filled, disaggregated based on classification status;

''(ii) the share of new jobs that require a bachelor's degree or higher;

''(iii) information regarding the quality of hire for jobs described in clause (i); and

''(iv) the retention rate for individuals hired to fill the jobs described in clause (i).

''(H) Workforce engagement and productivity, including information regarding policies and practices of the issuer relating to—

''(i) engagement, productivity, and mental well-being of employees and contingent workers, as determined in consultation with the Department of Labor; and

''(ii) freedom of association and work-life balance initiatives, including flexibility and the ability of the workforce to work remotely, as determined in consultation with the Department of Labor.

''(4) DISAGGREGATION OF INFORMATION.—To the maximum extent feasible, the information described in paragraph (3) shall be disaggregated by—

''(A) the workforce composition described in subparagraph (C)(i) of that paragraph;

''(B) wage quintiles of the employees of the issuer for the year covered by the applicable annual report; and

''(C) the employment status of individuals performing services for the issuer, including whether those individuals are full-time employees, part-time employees, or contingent workers.

''(5) TREATMENT OF EMERGING GROWTH COMPANIES.—The Commission may exempt emerging growth companies from any disclosure required under subparagraph (D), (E), (F), (G), or (H) of paragraph (3) if the Commission determines that such an exemption is necessary or appropriate in the public interest.

''(6) FALSE OR MISLEADING STATEMENTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), it shall be unlawful for any person, in any report or document filed under this subsection, to make or cause to be made any untrue statement of a material fact or omit to state a material fact required to be stated in the report or document or necessary to make the statement made, in the light of the circumstances under which it is made, not misleading.

''(B) EXCEPTION.—A person shall not be liable under subparagraph (A) if the person shows that the person had, after reasonable investigation, reasonable ground to believe, and did believe, at the time the applicable statement was made, that the statement was true and that there was no omission to state a material fact necessary to make the statement made, in the light of the circumstances under which it is made, not misleading.

''(C) NO PRIVATE RIGHT OF ACTION.—Nothing in this paragraph may be construed as creating a private right of action.

''(7) EXEMPTION.—This subsection shall not apply to an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8).''.

SEC. 604. BACKSTOP.

(a) DEFINITIONS.—In this section—

(1) the term ''Commission'' means the Securities and Exchange Commission;

(2) the term ''covered issuer'' means an issuer that is required to file an annual report under section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)); and

(3) the term ''issuer'' has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) COMPLIANCE.—If, as of the date that is 2 years after the date of enactment of this Act, the Commission has not promulgated the regulations required under subsection (w) of section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as added by section 603, a covered issuer, during the period beginning on that date and ending on the date on which the Commission promulgates those regulations, shall be deemed to be in compliance with such subsection (w) if disclosures set forth in the annual report of the covered issuer satisfy the public disclosure standards of the International Organization for Standardization's ISO 30414, or any successor standards for external workforce reporting, as supplemented or adjusted by rules, guidance, or other comments from the Commission.

SEC. 605. SEC STUDY.

(a) DEFINITIONS.—In this section, the terms ''Commission'' and ''issuer'' have the meanings given those terms in section 604(a).

(b) STUDY.—The Commission shall conduct a study about the value to investors of—

(1) information about the human rights commitments of issuers required to file annual reports under section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)), including information about any principles used to evaluate risk, constituency consultation processes, and supplier due diligence; and

(2) with respect to issuers required to file annual reports under section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)), information about—

(A) violations of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) by those issuers;

(B) violations of worker misclassification by those issuers;

(C) surveys regarding employee satisfaction, well-being, and engagement;

(D) the number and overall percentage of quality jobs, as determined by compensation above median wage and comprehensive employer-provided benefits; and

(E) information about workforce investment trends, as determined by at least a 3-year time period.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to Congress a report that contains the results of the study required to be conducted under subsection (b), with recommendations for additional disclosure regulations based on the findings, and any actions the Commission plans to take to enhance disclosures based on the findings.

AMENDMENT NO. 3 OFFERED BY MS. LOIS FRANKEL OF FLORIDA

Add at the end the following:

TITLE VI—PREVENTING AND RESPONDING TO WORKPLACE HARASSMENT

SEC. 601. SEC FILINGS AND MATERIAL DISCLOSURES AT PUBLIC COMPANIES.

(a) DEFINITIONS.—In this section—

(1) the term ''Form 10–K'' means the form described in section 249.310 of title 17, Code of Federal Regulations, or any successor regulation; and

(2) the term ''issuer'' has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) FINDINGS.—Congress finds that—

(1) shareholders and the public should know whether corporations—

(A) are expending company funds to resolve, settle, or litigate claims of workplace harassment, including sexual harassment; and

(B) along with the executives and managers of those corporations—

(i) are complying with prohibitions against workplace harassment, including sexual harassment; and

(ii) facilitate a culture of silence, disrespect, intimidation, and abuse that negatively impacts the health and safety of the workers of those corporations and the value of those corporations; and

(2) the requirements of this section will—

(A) establish necessary transparency and accountability; and

(B) provide an incentive for corporations to—

(i) promptly address workplace harassment, including sexual harassment, as that misconduct occurs; and

(ii) foster a culture in which workplace harassment is not protected and does not occur.

(c) INFORMATION REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall promulgate a regulation that requires any issuer that is required to submit an annual report using Form 10–K to include in any such submission—

(1) during the period covered by the submission—

(A) with respect to workplace harassment, including sexual harassment, and retaliation for reporting, resisting, opposing, or assisting in the investigation of workplace harassment—

(i) the number of settlements reached by the issuer as a signatory or when the issuer is a beneficiary of a release of claims; and

(ii) whether any judgments or awards (including awards through arbitration or administrative proceedings) were entered against the issuer in part or in whole, or any payments made in connection with a release of claims; and

(B) the total amount paid by the issuer or another party as a result of—

(i) the settlements described in subparagraph (A)(i); and

(ii) the judgments described in subparagraph (A)(ii); and

(2) information regarding whether, in the aggregate, including the period covered by the submission, there have been three or more settlements reached by, or judgments against, the issuer with respect to workplace harassment, including sexual harassment, or retaliation for reporting, resisting, opposing, or assisting in the investigation of workplace harassment that relate to a particular individual employed by the issuer, without identifying that individual by name.

AMENDMENT NO. 5 OFFERED BY MR. HIMES OF CONNECTICUT

Add at the end the following:

TITLE VI—CYBERSECURITY DISCLOSURE

SEC. 601. SHORT TITLE.

This title may be cited as the ''Cybersecurity Disclosure Act of 2021''.

SEC. 602. CYBERSECURITY TRANSPARENCY.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 14B (15 U.S.C. 78n–2) the following:

''SEC. 14C. CYBERSECURITY TRANSPARENCY.

''(a) DEFINITIONS.—In this section—

''(1) the term 'cybersecurity' means any action, step, or measure to detect, prevent, deter, mitigate, or address any cybersecurity threat or any potential cybersecurity threat;

''(2) the term 'cybersecurity threat'—

''(A) means an action, not protected by the First Amendment to the Constitution of the United States, on or through an information system that may result in an unauthorized effort to adversely impact the security, availability, confidentiality, or integrity of an information system or information that is stored on, processed by, or transiting an information system; and

''(B) does not include any action that solely involves a violation of a consumer term of service or a consumer licensing agreement;

''(3) the term 'information system'—

''(A) has the meaning given the term in section 3502 of title 44, United States Code; and

''(B) includes industrial control systems, such as supervisory control and data acquisition systems, distributed control systems, and programmable logic controllers;

''(4) the term 'NIST' means the National Institute of Standards and Technology; and

''(5) the term 'reporting company' means any company that is an issuer—

''(A) the securities of which are registered under section 12; or

''(B) that is required to file reports under section 15(d).

''(b) REQUIREMENT TO ISSUE RULES.—Not later than 360 days after the date of enactment of this section, the Commission shall issue final rules to require each reporting company, in the annual report of the reporting company submitted under section 13 or section 15(d) or in the annual proxy statement of the reporting company submitted under section 14(a)—

''(1) to disclose whether any member of the governing body, such as the board of directors or general partner, of the reporting company has expertise or experience in cybersecurity and in such detail as necessary to fully describe the nature of the expertise or experience; and

''(2) if no member of the governing body of the reporting company has expertise or experience in cybersecurity, to describe what other aspects of the reporting company's cybersecurity were taken into account by any person, such as an official serving on a nominating committee, that is responsible for identifying and evaluating nominees for membership to the governing body.

''(c) CYBERSECURITY EXPERTISE OR EXPERIENCE.—For purposes of subsection (b), the Commission, in consultation with NIST, shall define what constitutes expertise or experience in cybersecurity using commonly defined roles, specialties, knowledge, skills, and abilities, such as those provided in NIST Special Publication 800–181, entitled 'National Initiative for Cybersecurity Education (NICE) Cybersecurity Workforce Framework', or any successor thereto.''.

AMENDMENT NO. 6 OFFERED BY MR. MEEKS OF NEW YORK

Add at the end the following:

TITLE VI—DATA RELATING TO DIVERSITY DISCLOSURE

SEC. 601. SHORT TITLE.

This title may be cited as the ''Improving Corporate Governance Through Diversity Act of 2021''.

SEC. 602. SUBMISSION OF DATA RELATING TO DIVERSITY BY ISSUERS.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 502, is further amended by adding at the end the following:

''(w) SUBMISSION OF DATA RELATING TO DIVERSITY.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'executive officer' has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection; and

''(B) the term 'veteran' has the meaning given the term in section 101 of title 38, United States Code.

''(2) SUBMISSION OF DISCLOSURE.—Each issuer required to file an annual report under subsection (a) shall disclose in any proxy statement and any information statement relating to the election of directors filed with the Commission the following:

''(A) Demographic data, based on voluntary self-identification, on the racial, ethnic, gender identity, and sexual orientation composition of—

''(i) the board of directors of the issuer;

''(ii) nominees for the board of directors of the issuer; and

''(iii) the executive officers of the issuer.

''(B) The status of any member of the board of directors of the issuer, any nominee for the board of directors of the issuer, or any executive officer of the issuer, based on voluntary self-identification, as a veteran.

''(C) Whether the board of directors of the issuer, or any committee of that board of directors, has, as of the date on which the issuer makes a disclosure under this paragraph, adopted any policy, plan, or strategy to promote racial, ethnic, and gender diversity among—

''(i) the board of directors of the issuer;

''(ii) nominees for the board of directors of the issuer; or

''(iii) the executive officers of the issuer.

''(3) ALTERNATIVE SUBMISSION.—In any 1-year period in which an issuer required to file an annual report under subsection (a) does not file with the Commission a proxy statement or an information statement relating to the election of directors, the issuer shall disclose the information required under paragraph (2) in the first annual report of issuer that the issuer submits to the Commission after the end of that 1-year period.

''(4) ANNUAL REPORT.—Not later than 18 months after the date of enactment of this subsection, and annually thereafter, the Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and publish on the website of the Commission, a report that analyzes the information disclosed under paragraphs (2) and (3) and identifies any trends with respect to such information.

''(5) BEST PRACTICES.—

''(A) IN GENERAL.—The Director of the Office of Minority and Women Inclusion of the Commission shall, not later than 3 years after the date of enactment of this subsection, and every 3 years thereafter, publish best practices for compliance with this subsection.

''(B) COMMENTS.—The Director of the Office of Minority and Women Inclusion of the Commission may, pursuant to subchapter II of chapter 5 of title 5, United States Code, solicit public comments related to the best practices published under subparagraph (A).''.

SEC. 603. DIVERSITY ADVISORY GROUP.

(a) DEFINITIONS.—For the purposes of this section:

(1) ADVISORY GROUP.—The term ''Advisory Group'' means the Diversity Advisory Group established under subsection (b).

(2) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(3) ISSUER.—The term ''issuer'' has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) ESTABLISHMENT.—The Commission shall establish a Diversity Advisory Group, which shall be composed of representatives from—

(1) the Federal Government and State and local governments;

(2) academia; and

(3) the private sector.

(c) STUDY AND RECOMMENDATIONS.—The Advisory Group shall—

(1) carry out a study that identifies strategies that can be used to increase gender identity, racial, ethnic, and sexual orientation diversity among members of boards of directors of issuers; and

(2) not later than 270 days after the date on which the Advisory Group is established, submit to the Commission, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives a report that—

(A) describes any findings from the study conducted under paragraph (1); and

(B) makes recommendations regarding strategies that issuers could use to increase gender identity, racial, ethnic, and sexual orientation diversity among board members.

(d) ANNUAL REPORT.—Not later than 1 year after the date on which the Advisory Group submits the report required under subsection (c)(2), and annually thereafter, the Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that describes the status of gender identity, racial, ethnic, and sexual orientation diversity among members of the boards of directors of issuers.

(e) PUBLIC AVAILABILITY OF REPORTS.—The Commission shall make all reports of the Advisory Group available to issuers and the public, including on the website of the Commission.

(f) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Advisory Group or the activities of the Advisory Group.

AMENDMENT NO. 7 OFFERED BY MR. PHILLIPS OF MINNESOTA

Page 9, after line 10, insert the following:

SEC. 105. STUDY ON SHAREHOLDER COLLECTIVE ACTION.

Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission shall—

(1) conduct a study on—

(A) the emergence, viability, and significance of coalitions of shareholders who wish to preserve and promote critical employment and ESG standards;

(B) whether and to what extent shareholder collective action—

(i) occurs; and

(ii) has implications with respect to filing requirements under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.); and

(C) any possible anticompetitive activities associated with shareholder collective action; and

(2) submit to Congress a report that includes—

(A) the findings of the study conducted under paragraph (1);

(B) guidance, which may include an approved list, of shareholder engagement activities that are not considered to involve questions of corporate control; and

(C) recommendations on regulatory safe harbors for engagement with respect to sustainability guardrails and similar restrictions on portfolio company conduct with a goal of—

(i) preserving economic justice, environmental systems, and social institutions; and

(ii) otherwise protecting the common interests of corporate shareholders and stakeholders.

AMENDMENT NO. 9 OFFERED BY MS. WEXTON OF VIRGINIA

Add at the end the following:

TITLE VI—UYGHUR FORCED LABOR DISCLOSURE

SEC. 601. SHORT TITLE.

This division may be cited as the ‘‘Uyghur Forced Labor Disclosure Act’’.

SEC. 602. DISCLOSURE OF CERTAIN ACTIVITIES RELATING TO THE XINJIANG UYGHUR AUTONOMOUS REGION.

(a) IN GENERAL.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 502, is further amended by adding at the end the following:

‘‘(w) DISCLOSURE OF CERTAIN ACTIVITIES RELATING TO THE XINJIANG UYGHUR AUTONOMOUS REGION.—

‘‘(1) IN GENERAL.—Not later than the end of the 180-day period beginning on the date of enactment of this subsection, the Commission shall issue rules to require each issuer required to file an annual report under this section or section 15(d) or a proxy statement under section 14 to disclose in each such report or proxy statement whether, during the period covered by the report or proxy statement—

‘‘(A) the issuer or any affiliate of the issuer, directly or indirectly, engaged with an entity or the affiliate of an entity to import—

‘‘(i) manufactured goods, including electronics, food products, textiles, shoes, auto parts, polysilicon, and teas, that are sourced from or through the XUAR;

‘‘(ii) manufactured goods containing materials that are sourced from or through the XUAR; or

‘‘(iii) goods manufactured by an entity engaged in labor transfers from the XUAR;

‘‘(B) with respect to any goods or materials described under subparagraph (A), whether the goods or material originated in forced labor camps; and

‘‘(C) with respect to each manufactured good or material described under subparagraph (A)—

‘‘(i) the nature and extent of the commercial activity related to such good or material;

‘‘(ii) the gross revenue and net profits, if any, attributable to the good or material; and

‘‘(iii) whether the issuer or the affiliate of the issuer intends to continue with such importation.

‘‘(2) AVAILABILITY OF INFORMATION.—The Commission shall make all information disclosed pursuant to this subsection available to the public on the website of the Commission.

‘‘(3) REPORTS.—

‘‘(A) ANNUAL REPORT TO CONGRESS.—The Commission shall—

‘‘(i) conduct an annual assessment of the compliance of issuers with the requirements of this subsection; and

‘‘(ii) issue a report to Congress containing the results of the assessment required under clause (i).

‘‘(B) GAO REPORT.—The Comptroller General of the United States shall periodically evaluate and report to Congress on the effectiveness of the oversight by the Commission of the disclosure requirements under this subsection.

‘‘(4) DEFINITIONS.—In this subsection:

‘‘(A) FORCED LABOR CAMP.—The term ‘forced labor camp’ means—

‘‘(i) any entity engaged in the ‘mutual pairing assistance’ program which subsidizes the establishment of manufacturing facilities in XUAR;

‘‘(ii) any entity using convict labor, forced labor, or indentured labor described under section 307 of the Tariff Act of 1930 (19 U.S.C. 1307); and

‘‘(iii) any other entity that the Commission determines is appropriate.

‘‘(B) XUAR.—The term ‘XUAR’ means the Xinjiang Uyghur Autonomous Region.’’.

(b) REPEAL.—The amendment made by this section shall be repealed on the earlier of—

(1) the date that is 8 years after the date of the enactment of this section; or

(2) the date on which the President submits to Congress (including the Office of the Law Revision Council) a determination that the Government of the People's Republic of China has ended mass internment, forced labor, and any other gross violations of human rights experienced by Uyghurs, Kazakhs, Kyrgyz, and members of other persecuted groups in the Xinjiang Uyghur Autonomous Region.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the gentlewoman from California (Ms. WATERS) and the gentleman from Michigan (Mr. HUIZENGA) each will control 10 minutes.

The Chair recognizes the gentlewoman from California.

□ 1345

Ms. WATERS. Madam Speaker, I rise in support of the amendments en bloc, and I yield myself such time as I may consume.

Madam Speaker, I rise in strong support of this en bloc package of Democratic amendments to H.R. 1187, the Corporate Governance Improvement and Investor Protection Act.

These amendments include critical provisions offered by my colleagues, Representative HIMES, Representative AXNE, Representative PHILLIPS, Representative WEXTON, Representative FRANKEL, and Representative MEEKS.

These provisions strengthen H.R. 1187 by requiring public companies to disclose key information related to cybersecurity, corporate board diversity, human rights abuses, human capital management, and the ways companies are investing in and protecting their workforce.

Investors, the true owners of public companies, need this information because of the significant effects they can have on the bottom lines and operations of the companies they are investing their hard-earned money in. Investors need this information to hold companies accountable.

Madam Speaker, I urge my colleagues to support these important measures, and I reserve the balance of my time.

Mr. HUIZENGA. Madam Speaker, I rise in opposition to the amendments en bloc, and I yield myself such time as I may consume.

Madam Speaker, let's be honest. If the original bill wasn't bad enough, Democrats' en bloc amendments complete the picture. With this amendment, Democrats are packaging even more non-investment-relevant social priorities that only serve to feed protesters and dissidents with information to be used in naming and shaming companies.

I had mentioned earlier that in some of the bills in this package, we have some potential impossibility of working with each other. There are others that don't belong in our committee.

Then there are other bills that don't make sense if we really, truly are trying to protect investors from fraud and trying to build capital in our country, which is the directive of the Securities and Exchange Commission.

Let's look at some of the specific information companies would be required to disclose under these amendments and how it benefits everyday investors.

Take the workforce and human capital management disclosure amendment, for example. How exactly is a company supposed to measure and disclose, in a comprehensible and comparable manner, ''employee engagement'' and ''alignment with business strategy''?

Additionally, how does disclosing the company's policies relating to ''freedom of association and work-life balance initiatives'' help everyday investors evaluate the risks of investing in that company?

My friends on the other side have been pretty adamantly opposed to Robinhood, but those who are looking to use Robinhood might actually like that work-life balance. That is kind of millennial type of language that is being used in here.

This amendment might as well require companies to disclose their policy on dogs in the office and whether their canine coworkers are purebreds or mixed breed types of rescue dogs. This doesn't have relevance and materiality to investors.

It is also worth highlighting an amendment that requires American companies to disclose whether the company or an affiliate of the company directly or indirectly engaged with an entity or the affiliate of an entity regarding the importation of not only goods from the Xinjiang Uighur Autonomous Region but also goods that have materials originally sourced from the XUAR.

Well, this is a redo from last Congress, and now that Democrats have one-party control, their motives are clear. The bill requires companies to show if their affiliates are indirectly engaged with affiliates of certain companies.

To put it simply, American companies would be required to disclose unknowable information and face securities fraud charges for any misstatements or omissions.

Now, let's not have any doubt: This side of the aisle has been highlighting the Uighur situation for a very long time through bills, through amendments, through sanctions, advocating those and holding China and the CCP responsible.

But, again, under this legislation, they will violate the law for trying to disclose unknowable information.

Why would a company want to go public under that regime? And how does disclosing such indecipherable information help everyday investors make more informed investment decisions?

Now, just to make sure my Democrat friends don't twist my words, like I said, I very much care about the Chinese Communist Party's human rights abuses. We need to be focused on that. I think many of the underlying concerns that motivate this legislation and amendment are important. But the public company disclosure regime is simply the wrong vehicle for addressing those concerns.

The SEC's mission is to: one, protect investors from fraud; two, maintain fair, orderly, and efficient markets; and, three, facilitate capital formation. These packages of bills do not do that, and nothing in the SEC's mission looks remotely like enforcing foreign policy goals or labor law.

Mary Jo White had pointed that out regarding the conflict minerals portion of the Dodd-Frank law. Once again, Democrats are more than comfortable with shoving the SEC into subject matter areas where they have zero expertise rather than getting the policy right.

There are real downsides to this approach my colleagues are taking. Mandatory disclosure increases compliance costs. The more complicated and technical the information required to be reported in disclosures, the more specialized the attorneys and compliance experts a company needs to adhere to a law.

If I need to spell that out for you, that is money that companies cannot spend on its workforce and investing in their business, in equipment, and in their wages, or returning money to everyday investors who have invested in those companies.

Moreover, just to be clear, because my Democrat friends keep talking about how badly investors want this information, under the disclosure requirements in these amendments, everyday investors aren't the ones who benefit. Social activists, as well as compliance professionals—that is, lawyers and accountants—are the ones who will reap the biggest reward under these amendments.

We are helping the elite workforce with the bill and these amendments. Instead of helping investors participate in our capital markets and helping American workers, these amendments will leave everyday investors buried in disclosures that are, at most, tangentially related to investment.

Meanwhile, smaller public companies with shoestring compliance budgets will have to delay raising wages for workers in order to reallocate that capital to hiring more lawyers.

At its core, this amendment just heightens the key problem with the original bill. The additional disclosures will disincentivize private companies from going public, which will inhibit everyday investors, our constituents, from participating in our capital markets and will limit their choices of public companies to invest in.

Let's not eliminate access and opportunities to everyday investors, especially when rich investors will still have access to investing in companies that have gone private or stayed private in response to these amendments.

I think that is one of the things, Madam Speaker, that is getting lost in this. Those that have will continue to have those options. Those that are trying to build a future are going to get frozen out once again.

For that reason, I oppose this amendment, and I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I yield 1 minute to the gentlewoman from Iowa (Mrs. AXNE).

Mrs. AXNE. Madam Speaker, in the last century, businesses have become much less reliant on physical assets and more reliant on their workers.

In fact, virtually every business that I talk to says that the people are their most important asset. Yet, we have minimal information about the employees and what we are doing to invest in our workers.

My amendment would address that by giving us more information from public companies about workforce training, pay, benefits, health and safety, and turnover and promotion rates. By the way, these are sets of data that are already being collected by most public companies.

The pandemic, though, has only driven home how important it is for companies to make sure that their workers stay safe and healthy for their company's success. It is obvious that companies with workers who are more engaged and invested will do better, which is why investors want this information.

My amendment would encourage better corporate practices by giving investors and the public the information they want about which companies are truly investing in their workers.

Madam Speaker, I urge a ''yes'' vote.

Mr. HUIZENGA. Madam Speaker, I am prepared to close, and I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I yield 1 minute to the gentleman from New York (Mr. MEEKS).

Mr. MEEKS. Madam Speaker, I thank Chairwoman WATERS for her leadership on the Financial Services Committee.

Today, I urge bipartisan support for H.R. 1187, including the passage of my amendment, the Improving Corporate Governance Through Diversity Act.

As we continue these conversations about equity and closing the racial wealth gap, this amendment is a key component because it will empower investors with better data to drive diversity efforts in corporate America. This is precisely because investors recognize that profit, performance, and inclusive governance are logically intertwined.

That is why my amendment, which I want to thank Representative MALONEY and Representative TORRES for working with me on, seeks to enhance the SEC's current diversity disclosure regime by requiring public companies to disclose race, ethnicity, gender identity, sexual orientation, and veteran status on the boards and in the C-suites.

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. Madam Speaker, I yield an additional 30 seconds to the gentleman from New York.

Mr. MEEKS. Madam Speaker, the American economy cannot reach its full potential without fully redressing persistent barriers that have kept whole communities from being able to build wealth and share in opportunities of prosperity.

Mr. HUIZENGA. Madam Speaker, I reserve the balance of my time.

Ms. WATERS. Madam Speaker, I yield 1 minute to the gentlewoman from Florida (Ms. LOIS FRANKEL).

Ms. LOIS FRANKEL of Florida. Madam Speaker, I thank Representative WATERS for her leadership on this issue.

Madam Speaker, I want to highlight some language in this en bloc amendment that is very important to the working women of this country. The provision requires publicly traded companies to disclose the number and monetary amounts of settlements and judgments in connection with workplace harassment claims.

This will not only improve transparency and accountability for public companies, but it will provide incentives for them to foster respectful, safe workplaces free from harassment and to make sure that there are consequences when workplace abuses occur.

Here is the thing. Up to 80 percent of women have experienced some form of workplace harassment, and there are serious implications that often result: physical and mental health problems, career interruptions, and lower earnings. Enduring this kind of harassment at work can even discourage women from advancing their careers, which only makes the gender wage gap worse.

All persons must have safe workplaces to reach their full potential, and investors should know more about the workplaces they are putting their money behind. Transparency should add motivation to employers to keep their employees safe, and that is good for everyone.

□ 1400

Mr. HUIZENGA. Madam Speaker, I yield myself such time as I may consume to close.

Madam Speaker, this was claimed earlier by one of the authors that investors wanted this information, I believe was the quote.

Well, I ask the question: If investors want this information, as claimed, then they can bring a vote to the shareholders to require these disclosures. Evidence, Madam Speaker, would dictate and show that precious few of these types of issues have actually been brought to shareholder meetings, where they are voted on. In the rare times that they have, even fewer have actually been approved.

So, no, investors don't look at this information. They don't want this information, and they don't view it as material to the investment decisions that they are making.

So you have to ask the question, then: Who is requiring or requesting this information? I suspect it is more about appeasing social activists. It is not about the workers and it is certainly not about the investors. This is about making sure that the virtue signaling that is required in today's corporate world—may I add, for large corporations, because there are plenty of small and medium-sized, even publicly traded companies that are bucking this.

But for these large corporations who have massive, massive compliance departments that are chock-full of attorneys, chock-full of CPAs and others that are going to work through this, and they are going to hire their friends in the consulting world to make sure that they are dotting the I's and crossing the T's, that is who it is really about.

Sadly, unfortunately, who ultimately ends up losing in that equation is the worker and the investor, our constituents.

Madam Speaker, with that, I yield back the balance of my time.

Ms. WATERS. Madam Speaker, I yield myself the balance of my time to close.

I urge my colleagues to join me in standing up for our Nation's investors and workers to vote ''yes'' for these Democratic amendments.

I do believe that Mr. HUIZENGA correctly described who they are working for. He just talked about how big these corporations are and how much they have to manage.

Of course, prior to him, Mr. BURGESS talked about, yes, the tax breaks that they receive, and they should receive more tax breaks. However, they are worried about these corporations and their ability to comply, despite the fact they have all of the accountants they need, they have all of the personnel they need, they have all of the management they need. They have everything that they need to be in compliance.

We are simply saying it is time for them to disclose information that the investors have been asking and begging for.

And, of course, they often refer to the retail investors. But the institutional investors must be included in this decision because they are the ones that are in control of the teachers and the firefighters and the workers on the front lines and all of that money that they are investing for them, and they have got to protect them. The way that you protect them is making sure that the investors understand how to make good decisions based on information.

If the big corporations, with all that they have to be able to operate, do not give them this information, do not have this information, do not share this information, they are at a great disadvantage.

And so I would simply ask my colleagues to understand whose side we are on. We are on the side of the retail investors and the institutional investors who are handling all of the money of our frontline workers who are investing for their retirement.

I would ask for a ''yea'' vote on these en bloc amendments.

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the previous question is ordered on the amendments en bloc offered by the gentlewoman from California (Ms. WATERS).

The question is on the amendments en bloc.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. WATERS. Madam Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

AMENDMENT NO. 4 OFFERED BY MR. HILL

The SPEAKER pro tempore (Mr. BLUMENAUER). It is now in order to consider amendment No. 4 printed in House Report 117–59.

Mr. HILL. Mr. Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Strike titles I through V and insert the following:

SEC. 2. SEC STUDY ON ESG AND CLIMATE-RELATED DISCLOSURES.

(a) STUDY.—

(1) IN GENERAL.—The Securities and Exchange Commission shall carry out a study of all disclosure frameworks described in paragraph (2) that any U.S.-listed public company may use when making disclosures to investors, whether voluntarily or pursuant to law.

(2) DISCLOSURE FRAMEWORKS.—The disclosure frameworks described in this paragraph are as follows:

(A) Disclosure frameworks related to environmental, social, and governance (''ESG'') metrics.

(B) Disclosure frameworks related to the climate.

(b) REPORT.—The Commission shall issue a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a)(1); and

(2) a description of all inconsistencies between the frameworks described under subsection (a)(2).

(c) ESG AND CLIMATE DISCLOSURE RULEMAKING CONTINGENT ON STUDY.—Issuers are not required to make any disclosures related to ESG or the climate that were not required on the date of enactment of this Act unless—

(1) such disclosures are required by a rule of the Commission; and

(2) such rule is issued taking into account the finding and determinations of the study required under subsection (a)(1).

The SPEAKER pro tempore. Pursuant to House Resolution 473, the gentleman from Arkansas (Mr. HILL) and a

Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Arkansas.

Mr. HILL. Mr. Speaker, as I noted in our debate earlier today, I stand in opposition to the legislation en bloc offered by the majority, and that is why I am offering an amendment that replaces the entire underlying bill with a study to be conducted by the Securities and Exchange Commission.

The amendment would require the SEC to summarize and describe any inconsistencies in the methodologies related to environmental, social, and governance metrics before—repeat, before—they mandate any type of disclosure from public companies.

My amendment will provide us with much-needed information on the differences between the five or six standard setters, among many others, currently in the market. They all have different approaches and ways to measure climate and other ESG risks. This causes confusion, Mr. Speaker, and turmoil, both for the public companies trying to determine these metrics and issue their financials and for investors trying to understand what has been disclosed.

As we have discussed during the general debate, H.R. 1187 is a compilation of five different bills. During this amendment debate, I want to focus particularly on the bills offered by the gentleman from California (Mr. VARGAS) and the gentleman from Illinois (Mr. CASTEN).

When we marked these bills up in the Financial Services Committee, I pointed out that even though Democrats believe these bills are in alignment, as they both address the need for climate-related disclosure, they are in tension with one another.

For example, Congressman VARGAS' bill suggests that a disclosure system is sufficient by providing an annual report describing the long-term ESG strategy and ESG-related metrics, which presumably would include climate risk.

On the other hand, Congressman CASTEN says that a disclosure should report the same metrics, but additionally needs to disclose the social and human impact of a company's actions, analyze how the company's reputation might be affected by climate, detail the board's oversight, and has a long list of statutory additions.

The Democrats often say that we need to mandate measuring climate risk because this is science. But Deloitte & Touche reported that science has not agreed on the methodology for measuring climate risks, and even when companies try to measure these risks, the information isn't measured consistently, timely, and in a relevant way, increasing uncertainty.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I claim time in opposition.

The SPEAKER pro tempore. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Mr. Speaker, I strongly oppose the amendment offered by Mr. HILL. This amendment would gut the entirety of H.R. 1187. Bizarrely, this amendment offered by my colleague has an odd focus on climate change, suggesting that we need more study about the financial risk of climate change. Let me be very clear: climate change is real. We cannot alter the Earth's orbit or the Moon's orbit or click our heels three times and wish for climate change to magically disappear.

In fact, the impacts of climate change are already apparent and are affecting global financial markets. Unfortunately, studies show that market prices currently fail to factor in the risks of climate change to the tune of trillions of dollars.

Mr. HILL's amendment would also allow companies to continue to engage in legally risky tax-avoidance schemes to funnel limitless amounts of corporate dark money into politics and to enrich CEOs while worker wages remain stagnant. This is precisely the information that investors want to know about the companies that they own.

I urge my colleagues to reject this amendment. I reserve the balance of my time.

Mr. HILL. Mr. Speaker, we are not in Kansas anymore, since we are using ''Wizard of Oz'' analogies. To put a finer point on it, we are not debating climate. We are debating the right way to disclose financial risk for climate, from climate.

To put a finer point on it, a report released by the Governance & Accountability Institute features a breakdown of all the Standard & Poor's 500 publicly traded companies that are currently disclosing climate risk and which standard setter they are using.

The outcome shows that 51 percent use one company, 14 percent use another, and 5 percent use another. Vastly different outcomes. And, in fact, the bill proposed by the majority dictates which one of those should be used, and it happens to be the one that only 5 percent of companies are currently using.

So there are five or six of these different standard setters out there, and it is important for the commission to figure out which one of these makes the most sense before we mandate in a rulemaking.

Bogging down these companies with additional, unclear, unwieldy disclosures just to prove a political point is not just unfair, it is expensive. It leads to increased litigation risk and hurts long-term capital formation. This is not how we should be operating as policymakers and precisely why I am offering this amendment to get the work done right up front before it turns into another government mandate.

My amendment is simply good governance. It will replace the bill with a study of all disclosure frameworks related to the environment, social and governance metrics, as well as those particularly related to climate that any public company may use when making disclosures to our investors, whether voluntarily or pursuant to a statute. And it would analyze the differences and conflicting factors between the reporting frameworks. This information is what we need in Congress, and we should be able to review it before drafting, let alone voting on legislation that will lead to a mandated new disclosure framework.

Mr. Speaker, my amendment is simply good governance that will replace the bill with a study, and I believe that is the right way to go. I urge my colleagues to support this.

Mr. Speaker, I yield back the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time to close.

Mr. HILL's amendment would completely gut H.R. 1187 and would prevent investors from accessing critical environmental, social, and governance information that they need to make the best investment decisions possible and hold the companies they own accountable.

I urge my colleagues to vote ''no'' on Mr. HILL's amendment, and I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the previous question is ordered on the amendment offered by the gentleman from Arkansas (Mr. HILL).

The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. HILL. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

□ 1415

AMENDMENT NO. 8 OFFERED BY MS. SCHRIER

The SPEAKER pro tempore. It is now in order to consider amendment No. 8 printed in House Report 117–59.

Ms. SCHRIER. Mr. Speaker, I have an amendment at the desk made in order by the rule.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

TITLE VI—OTHER MATTERS

SEC. 601. STUDY AND REPORT ON SMALL BUSINESSES AND ESG DISCLOSURES.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission, in coordination with the Director of the Office of the Advocate for Small Business Capital Formation and the Investor Advocate of the Office of the Investor Advocate, shall—

(1) conduct a study on the issues small businesses face with respect to complying with disclosure requirements related to environmental, social, and governance metrics; and

(2) submit a report to Congress that includes—

(A) the results of the study required under paragraph (1); and

(B) recommendations with respect to small business compliance with such disclosure requirements.

(b) DEFINITION OF SMALL BUSINESS.—In this section, the term ''small business'' has the meaning given the term ''small business concern'' under section 3 of the Small Business Act (15 U.S.C. 632).

The SPEAKER pro tempore. Pursuant to House Resolution 473, the gentlewoman from Washington (Ms. SCHRIER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Washington.

Ms. SCHRIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my amendment to this bill is very simple. It would ensure that this important legislation does not place undue burden on small businesses.

In so many areas throughout my district, our Main Street businesses are just now finally getting back on their feet. They have faced unprecedented challenges during this past pandemic year. In fact, one small business owner in Auburn almost didn't apply for any Federal financial assistance because she was so overwhelmed by the potential paperwork.

Even before the pandemic, small businesses were bogged down with paperwork and administrative burdens, things that can be easily handled by a large corporation but that really are too much of a burden and can put a Main Street shop out of business.

When we implement this legislation, we should also understand what effect it will have on small businesses and make it as easy as possible for them to disclose this important information.

That is why my amendment requires the Sustainable Finance Advisory Commission to study issues small businesses may face when complying with requirements of this bill and order recommendations to ease regulatory burdens for these businesses.

As we move forward in creating transparency for large corporations, it is important that we do so without creating burdens that could really hamper the recovery of small businesses.

This is a commonsense amendment, and I urge my colleagues to support its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I claim the time in opposition to this amendment, although I am not opposed to it.

The SPEAKER pro tempore. Without objection, the gentleman from Michigan is recognized for 5 minutes.

There was no objection.

Mr. HUIZENGA. Mr. Speaker, I appreciate the goals of this amendment, and I applaud my colleague from Washington. We should be concerned about the effects of this bill and ESG reporting on small businesses, and I would say that this is a step in the right direction.

However, I don't believe this amendment actually goes far enough. The ranking member of the full committee submitted an amendment to the Rules Committee that would have exempted small businesses from the onerous and unnecessary requirements of this bill, and, sadly, that amendment was not made in order. I think that may have achieved the same goal in a certainly much more clear manner for the author.

This bill will be particularly burdensome on small businesses that don't have the resources to pay all the expenses associated with complying with these disclosures, such as lawyers, accountants, and other ESG consultants.

I know the chairwoman had mentioned that somehow my statements earlier and the statements of my colleagues were supportive of large business and their support of this. It is actually the exact opposite. I could really care less what the Fortune 50 think about this.

I am concerned about that bottom 50. I am worried about those up-and-coming companies that are going to have those precious resources sucked into more compliance that, again, does not have relevance or materiality to investors, nor is it actually requested by investors.

But this bill is a prime example of Wall Street versus Main Street, and I commend my colleague for fighting for Main Street with this amendment.

I am prepared to accept this amendment because I hope it will help small businesses.

Ms. SCHRIER. Mr. Speaker, I thank my colleague for his commendation on the amendment.

Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WATERS), the chairwoman of the House Committee on Financial Services.

Ms. WATERS. Mr. Speaker, this amendment offered by Representative SCHRIER requires the SEC to work with the Office of the Advocate for Small Business Capital Formation and the Office of the Investor Advocate to study the issues smaller public companies may face in reporting ESG disclosures, and to make recommendations for the SEC to consider.

Disclosures of ESG-related matters are critical to investors in markets, and it is imperative that public companies provide investors, the true owners of these companies, with this important information. However, it is just as important for us to ensure that public companies of all sizes are able to comply with these disclosure requirements.

To address this, my colleague, Representative SCHRIER, has introduced an amendment that requires the SEC to work with the Office of the Advocate for Small Business Capital Formation and the Office of the Investor Advocate to study the issues that smaller public companies face in disclosing ESG matters, and to make recommendations for the SEC to tailor these disclosure requirements to assist smaller public companies.

Ms. SCHRIER's amendment, along with Mr. VARGAS' provision in H.R. 1187, will help smaller public companies by ensuring that the SEC is factoring in the unique issues that smaller public companies face while also creating clear, consistent regulatory standards that reduce regulatory uncertainty, all while providing investors and markets with this critical information.

Mr. HUIZENGA. Mr. Speaker, I continue to support this amendment, and I am happy to accept it.

Mr. Speaker, I yield back the balance of my time.

Ms. SCHRIER. Mr. Speaker, I urge my colleagues to support this amendment that is a commonsense amendment to support our local small businesses.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the previous question is ordered on the amendment offered by the gentlewoman from Washington (Ms. SCHRIER).

The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appear to have it.

Ms. WATERS. Mr. Speaker, on that I demand the yeas and nays. The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

AMENDMENT NO. 10 OFFERED BY MS. PLASKETT.

The SPEAKER pro tempore. It is now in order to consider amendment No. 10 printed in House Report 117–59.

Ms. PLASKETT. Mr. Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 41, line 8, insert ''means'' after '' 'tax jurisdiction' ''.

Page 41, line 9, strike ''means''.

Page 41, beginning line 9, strike ''or a jurisdiction that is not a country but that has fiscal autonomy; and'' and insert ''; or''.

Page 41, strike lines 12 through 14.

Page 41, after line 11, insert the following:

''(ii) a jurisdiction that is not a country but that has fiscal autonomy.''.

The SPEAKER pro tempore. Pursuant to House Resolution 473, the gentlewoman from the Virgin Islands (Ms. PLASKETT) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from the Virgin Islands.

Ms. PLASKETT. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of this amendment. This amendment proposes a technical change in title 5 of this bill, the Disclosure of Tax Havens and Offshoring Act, to simply clarify that a ''tax jurisdiction'' includes either a country or a jurisdiction that is not a country but has fiscal autonomy.

My concern, as the bill presently states, is that certain words used in that part of the bill will be highly problematic to U.S. territories, including my district, and our efforts to address very important tax policy issues that have arisen in the last few years.

My amendment seeks to correct the bill's definition of a tax jurisdiction by removing its words explicitly analyzing U.S. territories without the United States. While these specific words separating the territories from the rest of the United States would be removed, the rest of the language would be left as it currently exists in the bill: A ''tax jurisdiction'' would mean either a country or a jurisdiction that is not a country but that has fiscal autonomy.

My concern is with the language to explicitly distinguish U.S. territories from the sovereign United States in such a way.

First, it would be inconsistent with the current structure of the Securities Exchange Act of 1934, which this bill seeks to amend. Under that law, each of the U.S. territories are defined and treated as States.

Secondly, it would be contrary to the position that the United States has taken in its deliberations with the European Union and the OECD in response to blacklisting of U.S. territories in 2017 and 2018.

A letter from the Secretary of Treasury to the Council of the European Union addressing this issue reads: ''The United States disagrees with the Council's decision to consider U.S. territories separately from the United States.''

It would be more difficult for the United States to make this argument if legislation is adopted by Congress lending credence to the argument that U.S. territories should be treated as tax jurisdictions without the United States as a whole.

Importantly, treating the U.S. territories as separate tax jurisdictions distinct from the sovereign United States would also be inconsistent with efforts that U.S. territories have been making for relief from tax increases intended for foreign tax jurisdictions that were unfairly imposed on U.S. territories by the Tax Cuts and Jobs Act.

Lastly, I have concerns about the language at issue categorizing U.S. territories as fiscally autonomous. They are, in fact, legally possessions of the United States under the tax code to this day. One of the U.S. territories is currently in a state of bankruptcy. The U.S. Virgin Islands has no control over its income taxes and cannot sever itself from the mirror code tax system of the United States, and has extensive and longstanding written agreements in place with the IRS requiring exchange of tax information.

Thus, all I have requested with this technical amendment is that the bill language be slightly adjusted to remove words explicitly referencing U.S. territories as tax jurisdictions distinct from the sovereign United States. I believe this would be more fair to the sponsors of this measure because it would in no way impede the effect of its policy; the meaning of tax jurisdiction would remain as either a country or ''a jurisdiction that is not a country but has fiscal autonomy.''

Mr. Speaker, at this time I yield 1 minute to the gentlewoman from California (Ms. WATERS), the chairwoman of the Financial Services Committee.

Ms. WATERS. Mr. Speaker, I understand that my friend and colleague, Ms. PLASKETT, has raised some concerns about the treatment of territories in this bill, and I want to assure her that the staff has done everything possible in the bill text to ensure that territories are included in this bill and not treated disparately.

The language in this bill is consistent with regulations promulgated under the Obama administration regarding country-by-country tax reporting, which were carefully written to ensure territories were not excluded.

I want to make clear that nothing in this bill should be intended to suggest that territories are tax havens. In fact, I have worked with my colleague, Mr. SAN NICOLAS, on this bill text. We believe that the enhanced disclosures in this bill, which will include territories, should help encourage investment in the territories and hold corporations accountable for lack of investment in territories.

I want to ensure Ms. PLASKETT that I take her concerns seriously, and I intend to work with her to make sure that what she is identifying as perhaps incorrectly being defined as tax havens is an issue that I will deal with.

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Ms. PLASKETT. Mr. Speaker, since I have assurances from both the chairwoman and the committee that they will continue to work with us to ensure that U.S. territories are not treated as tax havens but that we are, in fact, individuals who intend and continue to intend, through our governments, to pay our taxes to the Internal Revenue Service and continue to be treated equitably as part of the United States, at this time, I yield back the balance of my time and I withdraw my amendment.

The SPEAKER pro tempore. The amendment is withdrawn.

Pursuant to clause 1(c) of rule XIX, further consideration of H.R. 1187 is postponed.

PROVIDING FOR CONSIDERATION OF S. 475, JUNETEENTH NATIONAL INDEPENDENCE DAY ACT

Ms. SCANLON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 479 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 479

Resolved, That upon adoption of this resolution it shall be in order to consider in the House the bill (S. 475) to amend title 5, United States Code, to designate Juneteenth National Independence Day as a legal public holiday. All points of order against consideration of the bill are waived. The bill shall be considered as read. All points of order against provisions in the bill are waived. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Oversight and Reform or their respective designees; and (2) one motion to commit.

The SPEAKER pro tempore. The gentlewoman from Pennsylvania is recognized for 1 hour.

Ms. SCANLON. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Pennsylvania (Mr. RESCHENTHALER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time is yielded for the purpose of debate only.

GENERAL LEAVE

Ms. SCANLON. Mr. Speaker, I ask unanimous consent that all Members be given 5 legislative days to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Pennsylvania?

There was no objection.

Ms. SCANLON. Mr. Speaker, today, the Committee on Rules met and reported a rule, House Resolution 479, providing for consideration of S. 475, the Juneteenth National Independence Day Act, under a closed rule.

The rule provides 1 hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Oversight and Reform and one motion to recommit.

Mr. Speaker, we are here today to consider an important and timely bill, S. 475, which parallels H.R. 1320 introduced by our colleague, SHEILA JACKSON LEE from Texas. This bill would make Juneteenth a Federal holiday.

We are happy and not a little surprised to see that the Senate was able to quickly pass this bill with unanimous consent. It is not every day that one sees the Senate move more quickly than the House, and it is my hope that today the House of Representatives would be able to act with similar swiftness.

Juneteenth, a portmanteau of June 19th, celebrates a seminal moment in Black American history, and it is well past time that our country recognizes the importance of this day by making it a Federal holiday.

While the Emancipation Proclamation outlawed slavery in the South, and the Civil War effectively ended with the surrender of the Confederacy in April of 1865 at Appomattox, slavery did not immediately end throughout the United States.

During the Civil War, many slaveholders migrated to Texas to avoid conflict and continued to hold Black Americans in bondage after the formal end of the Civil War.

On June 19, 1865, Union troops finally arrived in Galveston Bay, Texas, to ensure that slaves were freed, a full 2½