LOOK TO THE STATES

PRESS RELEASE

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SFOF Sends Letter to SEC Highlighting Key Concerns with Controversial Proposed ESG Disclosure Rule

WASHINGTON, June 17, 2022—Today, the State Financial Officers Foundation (SFOF) sent a letter signed by 23 financial officers from across the country to the Security and Exchange Commission (SEC) highlighting eight concerns with the proposed ESG disclosure rule, "The Enhancement and Standardization of Climate-Related Disclosures for Investors."

The SEC proposed rule would mandate climate-related disclosures for public companies, elevating political causes like climate change over the investors' fiduciary responsibility.

"This proposed rule is the Biden Administration's attempt to take power from the states by circumventing the democratic process and legislating through SEC regulations," **State Financial Officer Foundation Chairman and Nebraska Treasurer John Murante said.** "Every day, we are fighting against unprecedented overreach and the SEC is looking to become another activist political arm by embracing political agendas like ESG with no consideration of how this will impact Americans. This is why SFOF is speaking out against these political ploys."

In the letter, SFOF highlights eight concerns with the SEC proposed rule:

- The SEC is not a climate regulator, and this rule lies outside the scope of SEC's responsibilities.
- This proposed rule violates the First Amendment, because it will force issuers to speak extensively to businesses about their impacts to climate change.
- The proposed rule does not consider impacts to everyday Americans in an unstable economic environment.
- This proposed rule would be extremely costly for issuers and fails to highlight benefits of these increased costs.
- The proposed rule indulges in climate exceptionalism elevating climate concerns above pertinent economic risks.
- Additionally, it fails to consider relying on the EPA's existing greenhouse gas (GHG) emissions registry, which already requires disclosures for environmental issues.
- A justification for this proposed rule is comparable data, but it fails to enable comparisons across issuers making it impossible to produce consistent data for investors.
- This rulemaking process has been biased from the start. The core decision to require additional disclosures has been prejudged by the SEC Acting Chair, which has not allowed the proposed rule to have fair and full consideration.

"It is disheartening, but not surprising to see activist behavior from the SEC as it continues to promote rules and policies which prioritize polarizing political agendas over fiduciary duties to investors and issuers," **State Financial Officers Foundation Chief Executive Officer Derek Kreifels said.** "This proposed rule is well out of the scope of SEC's authority and we highly encourage them to address our concerns about using ESG as a political weapon against consumers. "

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About State Financial Officers Foundation (SFOF):
SFOF is composed of state treasurers, auditors and other financial officers promoting fiscally responsible public policy. SFOF is the premier free market organization bringing financial officers together with the nation's top private sector companies and organizations.

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