

118TH CONGRESS  
1ST SESSION

# H. R. 4759

To provide for disclosure of additional material information about public companies, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2023

Mr. VARGAS (for himself and Mr. CASTEN) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To provide for disclosure of additional material information about public companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Environmentally Sus-  
5 tainable Growth Act of 2023”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The Securities and Exchange Commission  
9 has broad authority to require the disclosure of in-

1 formation if such information is in the interest of,  
2 or is material to investors.

3 (2) The Commission does not require companies  
4 to disclose information related to environmental, so-  
5 cial, and governance (“ESG”) matters, and does not  
6 require companies to adhere to standards for dis-  
7 closing such information.

8 (3) Investors have reported that voluntary dis-  
9 closures of ESG metrics are inadequate.

10 (4) A rule requiring reporting and standardiza-  
11 tion of ESG disclosures is in the interest of inves-  
12 tors.

13 (5) ESG matters are material to investors, and  
14 the Commission must establish standards for disclo-  
15 sure of such matters.

16 **SEC. 3. ESG DISCLOSURES.**

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

20 “(1) ESG DISCLOSURES.—

21 “(1) IN GENERAL.—Each issuer the securities  
22 of which are registered under section 12 or that is  
23 required to file annual reports under section 15(d)  
24 shall disclose in any proxy or consent solicitation

1 material for an annual meeting of the share-  
2 holders—

3 “(A) a clear description of the views of the  
4 issuer about the link between ESG metrics and  
5 the long-term business strategy of the issuer;  
6 and

7 “(B) a description of any process the  
8 issuer uses to determine the impact of ESG  
9 metrics on the long-term business strategy of  
10 the issuer.

11 “(2) ESG METRICS DEFINED.—In this sub-  
12 section, the term ‘ESG metrics’ has the meaning  
13 given the term in part 210 of title 17, Code of Fed-  
14 eral Regulations as amended pursuant to section  
15 3(b) of the ESG Disclosure Simplification Act of  
16 2021.”.

17 (b) RULEMAKING.—

18 (1) IN GENERAL.—The Securities and Ex-  
19 change Commission (in this Act referred to as the  
20 “Commission”) shall amend part 210 of title 17,  
21 Code of Federal Regulations (or any successor there-  
22 to) to—

23 (A) require each issuer, in any filing of the  
24 issuer described in such part that requires au-  
25 dited financial statements, to disclose environ-

1           mental, social, and governance metrics (in this  
2           Act referred to as ESG metrics); and

3                   (B) define ESG metrics.

4           (2) SUSTAINABLE FINANCE ADVISORY COM-  
5           MITTEE.—The Sustainable Finance Advisory Com-  
6           mittee of the Commission shall, not later than 180  
7           days after the date of the first meeting of such Com-  
8           mittee, submit to the Commission recommendations  
9           about what ESG metrics the Commission should re-  
10          quire issuers to disclose.

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

17          (4) INCORPORATION OF INTERNATIONAL  
18          STANDARDS.—When amending part 210 of title 17,  
19          Code of Federal Regulations (or any successor there-  
20          to) pursuant to paragraph (1), the Commission may,  
21          as the Commission determines appropriate, incor-  
22          porate any internationally recognized, independent,  
23          multi-stakeholder environmental, social, and govern-  
24          ance disclosure standards.

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

4           (6) DELAY FOR SMALL ISSUERS.—The Commis-  
5           sion may use a phased approach when applying any  
6           amendments made pursuant to paragraph (1) to  
7           small issuers and may determine the criteria by  
8           which an issuer qualifies as a small issuer for pur-  
9           poses of such phased approach.

10 **SEC. 4. SUSTAINABLE FINANCE ADVISORY COMMITTEE.**

11           Section 4 of the Securities Exchange Act of 1934 (15  
12 U.S.C. 78d) is amended by adding at the end the fol-  
13 lowing:

14           “(1) SUSTAINABLE FINANCE ADVISORY COM-  
15 MITTEE.—

16           “(1) ESTABLISHMENT.—The Commission shall  
17           establish a permanent advisory committee to be  
18           called the ‘Sustainable Finance Advisory Committee’  
19           (in this subsection referred to as the ‘Committee’).

20           “(2) DUTIES OF COMMITTEE.—The Committee  
21           shall—

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

1           “(i) identifies the challenges and op-  
2           portunities for investors associated with  
3           sustainable finance; and

4           “(ii) recommends policy changes to fa-  
5           cilitate the flow of capital towards sustain-  
6           able investments, in particular environ-  
7           mentally sustainable investments;

8           “(B) when solicited, advise the Commission  
9           on sustainable finance; and

10           “(C) communicate with individuals and en-  
11           tities with an interest in sustainable finance.

12           “(3) MEMBERSHIP.—

13           “(A) MEMBERS.—

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

18           “(ii) REPRESENTATION.—Each mem-  
19           ber shall represent individuals and entities  
20           with an interest in sustainable finance,  
21           such as—

22           “(I) experts on sustainable fi-  
23           nance;

24           “(II) operators of financial infra-  
25           structure;

1                   “(III) entities that provide anal-  
2                   ysis, data, or methodologies that fa-  
3                   cilitate sustainable finance;

4                   “(IV) insurance companies, pen-  
5                   sion funds, asset managers, depository  
6                   institutions, or credit unions; or

7                   “(V) other financial institutions  
8                   that intermediate investments in sus-  
9                   tainable finance or manage risks re-  
10                  lated to sustainable development.

11                  “(iii) REPRESENTATION OF INTER-  
12                  ESTS.—A member may not represent a  
13                  single individual or entity and shall rep-  
14                  resent types of individuals and entities  
15                  with similar interests in sustainable fi-  
16                  nance.

17                  “(B) SELECTION.—

18                  “(i) IN GENERAL.—The Commission  
19                  shall—

20                  “(I) publish criteria for selection  
21                  of members on the website of the  
22                  Commission and in the Federal Reg-  
23                  ister; and

24                  “(II) solicit applications for  
25                  membership on the website of the

1 Commission and in the Federal Reg-  
2 ister.

3 “(ii) EQUAL SHARE.—From the indi-  
4 viduals who submit applications for mem-  
5 bership, each Commissioner of the Com-  
6 mission shall select an equal number of the  
7 members of the Committee.

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

14 “(D) MEMBER TRANSPARENCY.—The  
15 name of each member and the types of individ-  
16 uals and entities that such member represents  
17 shall be published on the website of the Com-  
18 mission.

19 “(E) STAFF.—The Committee shall be  
20 supported by staff from the Office of the Inves-  
21 tor Advocate of the Commission that are dedi-  
22 cated to environmental, social and governance  
23 (in this subsection referred to as ‘ESG’) issues.

24 “(F) AUTHORIZATION OF APPROPRIA-  
25 TION.—There are authorized to be appropriated



1           such sums as are necessary to finance costs as-  
2           sociated with staff dedicated to ESG issues in  
3           the Office of the Investor Advocate of the Com-  
4           mission.

5           “(4) SUSTAINABLE FINANCE.—For the pur-  
6           poses of this subsection, the term ‘sustainable fi-  
7           nance’ means the provision of finance with respect  
8           to investments taking into account environmental,  
9           social, and governance considerations.

10          “(5) SEC RESPONSE.—The Commission shall,  
11          not later than 6 months after the date on which the  
12          Committee submits a report to the Commission pur-  
13          suant to paragraph (2)(A), publish a response to  
14          such report.”.

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