

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1187

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## AN ACT

To provide for disclosure of additional material information about public companies and establish a Sustainable Finance Advisory Committee, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Corporate Governance  
3 Improvement and Investor Protection Act”.

4 **TITLE I—ESG DISCLOSURE**  
5 **SIMPLIFICATION**

6 **SEC. 101. SHORT TITLE.**

7 This title may be cited as the “ESG Disclosure Sim-  
8 plification Act of 2021”.

9 **SEC. 102. FINDINGS.**

10 Congress finds the following:

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

15 (2) The Commission does not require companies  
16 to disclose information related to environmental, so-  
17 cial, and governance (“ESG”) matters, and does not  
18 require companies to adhere to standards for dis-  
19 closing such information.

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

22 (4) A rule requiring reporting and standardiza-  
23 tion of ESG disclosures is in the interest of inves-  
24 tors.

1           (5) ESG matters are material to investors, and  
2           the Commission must establish standards for disclo-  
3           sure of such matters.

4 **SEC. 103. ESG DISCLOSURES.**

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

8           “(k) ESG DISCLOSURES.—

9           “(1) IN GENERAL.—Each issuer the securities  
10           of which are registered under section 12 or that is  
11           required to file annual reports under section 15(d)  
12           shall disclose in any proxy or consent solicitation  
13           material for an annual meeting of the share-  
14           holders—

15           “(A) a clear description of the views of the  
16           issuer about the link between ESG metrics and  
17           the long-term business strategy of the issuer;  
18           and

19           “(B) a description of any process the  
20           issuer uses to determine the impact of ESG  
21           metrics on the long-term business strategy of  
22           the issuer.

23           “(2) ESG METRICS DEFINED.—In this sub-  
24           section, the term ‘ESG metrics’ has the meaning  
25           given the term in part 210 of title 17, Code of Fed-

1 eral Regulations as amended pursuant to section  
2 3(b) of the ESG Disclosure Simplification Act of  
3 2021.”.

4 (b) RULEMAKING.—

5 (1) IN GENERAL.—The Securities and Ex-  
6 change Commission (in this Act referred to as the  
7 “Commission”) shall amend part 210 of title 17,  
8 Code of Federal Regulations (or any successor there-  
9 to) to—

10 (A) require each issuer, in any filing of the  
11 issuer described in such part that requires au-  
12 dited financial statements, to disclose environ-  
13 mental, social, and governance metrics (in this  
14 title referred to as ESG metrics); and

15 (B) define ESG metrics.

16 (2) SUSTAINABLE FINANCE ADVISORY COM-  
17 MITTEE.—The Sustainable Finance Advisory Com-  
18 mittee established pursuant to section 4(k) of the  
19 Securities and Exchange Act of 1934 shall, not later  
20 than 180 days after the date of the first meeting of  
21 such Committee, submit to the Commission rec-  
22 ommendations about what ESG metrics the Com-  
23 mission should require issuers to disclose.

24 (3) MATERIALITY.—It is the sense of Congress  
25 that ESG metrics, as such term is defined by the

1 Commission pursuant to paragraph (1), are de facto  
2 material for the purposes of disclosures under the  
3 Securities Exchange Act of 1934 and the Securities  
4 Act of 1933.

5 (4) INCORPORATION OF INTERNATIONAL  
6 STANDARDS.—When amending part 210 of title 17,  
7 Code of Federal Regulations (or any successor there-  
8 to) pursuant to paragraph (1), the Commission may,  
9 as the Commission determines appropriate, incor-  
10 porate any internationally recognized, independent,  
11 multi-stakeholder environmental, social, and govern-  
12 ance disclosure standards.

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

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

22 **SEC. 104. SUSTAINABLE FINANCE ADVISORY COMMITTEE.**

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

1       “(k) SUSTAINABLE FINANCE ADVISORY COM-  
2 MITTEE.—

3           “(1) ESTABLISHMENT.—The Commission shall  
4 establish a permanent advisory committee to be  
5 called the ‘Sustainable Finance Advisory Committee’  
6 (in this subsection referred to as the ‘Committee’).

7           “(2) DUTIES OF COMMITTEE.—The Committee  
8 shall—

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

12           “(i) identifies the challenges and op-  
13 portunities for investors associated with  
14 sustainable finance; and

15           “(ii) recommends policy changes to fa-  
16 cilitate the flow of capital towards sustain-  
17 able investments, in particular environ-  
18 mentally sustainable investments;

19           “(B) when solicited, advise the Commission  
20 on sustainable finance; and

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

23           “(3) MEMBERSHIP.—

24           “(A) MEMBERS.—

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

5           “(ii) REPRESENTATION.—Each mem-  
6 ber shall represent individuals and entities  
7 with an interest in sustainable finance,  
8 such as—

9                   “(I) experts on sustainable fi-  
10 nance;

11                   “(II) operators of financial infra-  
12 structure;

13                   “(III) entities that provide anal-  
14 ysis, data, or methodologies that fa-  
15 cilitate sustainable finance;

16                   “(IV) insurance companies, pen-  
17 sion funds, asset managers, depository  
18 institutions, or credit unions; or

19                   “(V) other financial institutions  
20 that intermediate investments in sus-  
21 tainable finance or manage risks re-  
22 lated to sustainable development.

23           “(iii) REPRESENTATION OF INTER-  
24 ESTS.—A member may not represent a  
25 single individual or entity and shall rep-

1           resent types of individuals and entities  
2           with similar interests in sustainable fi-  
3           nance.

4           “(B) SELECTION.—

5                 “(i) IN GENERAL.—The Commission  
6           shall—

7                         “(I) publish criteria for selection  
8                         of members on the website of the  
9                         Commission and in the Federal Reg-  
10                        ister; and

11                       “(II) solicit applications for  
12                        membership on the website of the  
13                        Commission and in the Federal Reg-  
14                        ister.

15                 “(ii) EQUAL SHARE.—From the indi-  
16           viduals who submit applications for mem-  
17           bership, each Commissioner of the Com-  
18           mission shall select an equal number of the  
19           members of the Committee.

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



1           “(D) MEMBER TRANSPARENCY.—The  
2 name of each member and the types of individ-  
3 uals and entities that such member represents  
4 shall be published on the website of the Com-  
5 mission.

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

11           “(F) AUTHORIZATION OF APPROPRIA-  
12 TION.—There are authorized to be appropriated  
13 such sums as are necessary to finance costs as-  
14 sociated with staff dedicated to ESG issues in  
15 the Office of the Investor Advocate of the Com-  
16 mission.

17           “(4) SUSTAINABLE FINANCE.—For the pur-  
18 poses of this subsection, the term ‘sustainable fi-  
19 nance’ means the provision of finance with respect  
20 to investments taking into account environmental,  
21 social, and governance considerations.

22           “(5) SEC RESPONSE.—The Commission shall,  
23 not later than 6 months after the date on which the  
24 Committee submits a report to the Commission pur-

1 suant to paragraph (2)(A), publish a response to  
2 such report.”.

3 **SEC. 105. STUDY ON SHAREHOLDER COLLECTIVE ACTION.**

4 Not later than 1 year after the date of the enactment  
5 of this Act, the Securities and Exchange Commission  
6 shall—

7 (1) conduct a study on—

8 (A) the emergence, viability, and signifi-  
9 cance of coalitions of shareholders who wish to  
10 preserve and promote critical employment and  
11 ESG standards;

12 (B) whether and to what extent share-  
13 holder collective action—

14 (i) occurs; and

15 (ii) has implications with respect to  
16 filing requirements under the Securities  
17 Exchange Act of 1934 (15 U.S.C. 78a et  
18 seq.); and

19 (C) any possible anticompetitive activities  
20 associated with shareholder collective action;  
21 and

22 (2) submit to Congress a report that includes—

23 (A) the findings of the study conducted  
24 under paragraph (1);

1 (B) guidance, which may include an ap-  
2 proved list, of shareholder engagement activities  
3 that are not considered to involve questions of  
4 corporate control; and

5 (C) recommendations on regulatory safe  
6 harbors for engagement with respect to sustain-  
7 ability guardrails and similar restrictions on  
8 portfolio company conduct with a goal of—

9 (i) preserving economic justice, envi-  
10 ronmental systems, and social institutions;  
11 and

12 (ii) otherwise protecting the common  
13 interests of corporate shareholders and  
14 stakeholders.

## 15 **TITLE II—SHAREHOLDER** 16 **POLITICAL TRANSPARENCY**

### 17 **SEC. 201. SHORT TITLE.**

18 This title may be cited as the “Shareholder Political  
19 Transparency Act of 2021”.

### 20 **SEC. 202. FINDINGS.**

21 Congress finds that—

22 (1) corporations make significant political con-  
23 tributions and expenditures that directly or indi-  
24 rectly influence the election of candidates and sup-  
25 port or oppose political causes;

1           (2) decisions to use corporate funds for political  
2 contributions and expenditures are usually made by  
3 corporate boards and executives, rather than share-  
4 holders;

5           (3) corporations, acting through boards and ex-  
6 ecutives, are obligated to conduct business for the  
7 best interests of their owners, the shareholders;

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

11           (5) shareholders and the public have a right to  
12 know how corporate managers are spending com-  
13 pany funds to make political contributions and ex-  
14 penditures benefitting candidates, political parties,  
15 and political causes; and

16           (6) corporations should be accountable to share-  
17 holders in making political contributions or expendi-  
18 tures affecting Federal governance and public policy.

19 **SEC. 203. REPORTING REQUIREMENTS.**

20           Section 13 of the Securities Exchange Act of 1934  
21 (15 U.S.C. 78m) is amended by adding at the end the  
22 following:

23           “(s) REPORTING REQUIREMENTS RELATING TO CER-  
24 TAIN POLITICAL EXPENDITURES.—

25           “(1) DEFINITIONS.—In this subsection:

1           “(A) EXPENDITURE FOR POLITICAL AC-  
2           TIVITIES.—The term ‘expenditure for political  
3           activities’—

4           “(i) means—

5                   “(I) an independent expenditure  
6                   (as defined in section 301(17) of the  
7                   Federal Election Campaign Act of  
8                   1971 (52 U.S.C. 30101(17)));

9                   “(II) an electioneering commu-  
10                   nication (as defined in section  
11                   304(f)(3) of that Act (52 U.S.C.  
12                   30104(f)(3))) and any other public  
13                   communication (as defined in section  
14                   301(22) of that Act (52 U.S.C.  
15                   30101(22))) that would be an elec-  
16                   tioneering communication if it were a  
17                   broadcast, cable, or satellite commu-  
18                   nication; or

19                   “(III) dues or other payments to  
20                   trade associations or organizations de-  
21                   scribed in section 501(c) of the Inter-  
22                   nal Revenue Code of 1986 and exempt  
23                   from tax under section 501(a) of that  
24                   Code that are, or could reasonably be  
25                   anticipated to be, used or transferred

1 to another association or organization  
2 for the purposes described in sub-  
3 clause (I) or (II); and

4 “(ii) does not include—

5 “(I) direct lobbying efforts  
6 through registered lobbyists employed  
7 or hired by the issuer;

8 “(II) communications by an  
9 issuer to its shareholders and execu-  
10 tive or administrative personnel and  
11 their families; or

12 “(III) the establishment and ad-  
13 ministration of contributions to a sep-  
14 arate segregated fund to be utilized  
15 for political purposes by a corpora-  
16 tion.

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

21 “(2) QUARTERLY REPORTS.—

22 “(A) REPORTS REQUIRED.—Not later than  
23 180 days after the date of enactment of this  
24 subsection, the Commission shall amend the re-  
25 porting rules under this section to require each

1 issuer with a class of equity securities reg-  
2 istered under section 12 of this title to submit  
3 to the Commission and the shareholders of the  
4 issuer a quarterly report containing—

5 “(i) a description of any expenditure  
6 for political activities made during the pre-  
7 ceding quarter;

8 “(ii) the date of each expenditure for  
9 political activities;

10 “(iii) the amount of each expenditure  
11 for political activities;

12 “(iv) if the expenditure for political  
13 activities was made in support of or in op-  
14 position to a candidate, the name of the  
15 candidate and the office sought by, and the  
16 political party affiliation of, the candidate;  
17 and

18 “(v) the name or identity of trade as-  
19 sociations or organizations described in  
20 section 501(c) of the Internal Revenue  
21 Code of 1986 and exempt from tax under  
22 section 501(a) of such Code which receive  
23 dues or other payments as described in  
24 paragraph (1)(A)(i)(III).

1           “(B) PUBLIC AVAILABILITY.—The Com-  
2 mission shall ensure that the quarterly reports  
3 required under this paragraph are publicly  
4 available through the Internet website of the  
5 Commission and through the EDGAR system in  
6 a manner that is searchable, sortable, and  
7 downloadable, consistent with the requirements  
8 under section 24.

9           “(3) ANNUAL REPORTS.—Not later than 180  
10 days after the date of enactment of this subsection,  
11 the Commission shall, by rule, require each issuer to  
12 include in the annual report of the issuer to share-  
13 holders—

14           “(A) a summary of each expenditure for  
15 political activities made during the preceding  
16 year in excess of \$10,000, and each expenditure  
17 for political activities for a particular election if  
18 the total amount of such expenditures for that  
19 election is in excess of \$10,000;

20           “(B) a description of the specific nature of  
21 any expenditure for political activities the issuer  
22 intends to make for the forthcoming fiscal year,  
23 to the extent the specific nature is known to the  
24 issuer; and



1           “(C) the total amount of expenditures for  
2           political activities intended to be made by the  
3           issuer for the forthcoming fiscal year.”.

4 **SEC. 204. REPORTS.**

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

7           (1) conduct an annual assessment of the com-  
8 pliance of issuers with section 13(s) of the Securities  
9 Exchange Act of 1934, as added by section 203; and

10           (2) submit to Congress an annual report con-  
11 taining the results of the assessment under para-  
12 graph (1).

13           (b) GOVERNMENT ACCOUNTABILITY OFFICE.—The  
14 Comptroller General of the United States shall periodically  
15 evaluate and report to Congress on the effectiveness of the  
16 oversight by the Securities and Exchange Commission of  
17 the reporting and disclosure requirements under section  
18 13(s) of the Securities Exchange Act of 1934, as added  
19 by section 203.

20                           **TITLE III—GREATER**  
21                           **ACCOUNTABILITY IN PAY**

22 **SEC. 301. SHORT TITLE.**

23           This title may be cited as the “Greater Accountability  
24 in Pay Act of 2021”.

1 **SEC. 302. PAY RAISE DISCLOSURES.**

2 Section 13 of the Securities Exchange Act of 1934  
3 (15 U.S.C. 78m), as amended by section 203, is further  
4 amended by adding at the end the following:

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

9 “(1) the percentage increase in the median of  
10 the annual total compensation of all executive offi-  
11 cers (as such term is defined in section 240.3b-7 of  
12 title 17, Code of Federal Regulations) of the issuer  
13 over the last completed fiscal year;

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

18 “(3) the ratio of the percentage described in  
19 paragraph (1) to the percentage described in para-  
20 graph (2);

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

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

## 6           **TITLE IV—CLIMATE RISK** 7           **DISCLOSURE**

### 8   **SEC. 401. SHORT TITLE.**

9           This title may be cited as the “Climate Risk Dislo-  
10          sure Act of 2021”.

### 11   **SEC. 402. SENSE OF CONGRESS.**

12          It is the sense of Congress that—

13               (1) climate change poses a significant and in-  
14               creasing threat to the growth and stability of the  
15               economy of the United States;

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

20                       (A) the physical impacts of climate change,  
21                       including the rise of the average global tem-  
22                       perature, accelerating sea-level rise,  
23                       desertification, ocean acidification, intensifica-  
24                       tion of storms, increase in heavy precipitation,  
25                       more frequent and intense temperature ex-

1 tremes, more severe droughts, and longer wild-  
2 fire seasons;

3 (B) the economic disruptions and security  
4 threats that result from the physical impacts  
5 described in subparagraph (A) including con-  
6 flicts over scarce resources, conditions condu-  
7 cive to violent extremism, the spread of infec-  
8 tious diseases, and forced migration;

9 (C) the transition impacts that result as  
10 the global economy transitions to a clean and  
11 renewable energy, low-emissions economy, in-  
12 cluding financial impacts as climate change fos-  
13 sil fuel assets becoming stranded and it be-  
14 comes uneconomic for companies to develop fos-  
15 sil fuel assets as policymakers act to limit the  
16 worst impacts of climate change by keeping the  
17 rise in average global temperature to 1.5 de-  
18 grees Celsius above pre-industrial levels; and

19 (D) actions by Federal, State, Tribal, ter-  
20 ritorial, and local governments to limit the  
21 worst effects of climate change by enacting poli-  
22 cies that keep the global average surface tem-  
23 perature rise to 1.5 degrees Celsius above pre-  
24 industrial levels;

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

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

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

11          (6) investors, lenders, and insurers are increas-  
12          ingly demanding climate risk information that is  
13          consistent, comparable, reliable, and clear;

14          (7) including standardized, material climate  
15          change risk and opportunity disclosure that is useful  
16          for decision makers in annual reports to the Com-  
17          mission will increase transparency with respect to  
18          risk accumulation and exposure in financial markets;

19          (8) requiring companies to disclose climate-re-  
20          lated risk exposure and risk management strategies  
21          will encourage a smoother transition to a clean and  
22          renewable energy, low-emissions economy and guide  
23          capital allocation to mitigate, and adapt to, the ef-  
24          fects of climate change and limit damages associated  
25          with climate-related events and disasters; and

1           (9) a critical component in fighting climate  
2           change is a transparent accounting of the risks that  
3           climate change presents and the implications of con-  
4           tinued inaction with respect to climate change.

5 **SEC. 403. DISCLOSURES RELATING TO CLIMATE CHANGE.**

6           Section 13 of the Securities Exchange Act of 1934  
7           (15 U.S.C. 78m), as amended by section 302, is further  
8           amended by adding at the end the following:

9           “(u) DISCLOSURES RELATING TO CLIMATE  
10          CHANGE.—

11           “(1) DEFINITIONS.—In this subsection:

12           “(A) 1.5 DEGREE SCENARIO.—The term  
13           ‘1.5 degree scenario’ means a scenario that  
14           aligns with greenhouse gas emissions pathways  
15           that aim to limit global warming to 1.5 degrees  
16           Celsius above pre-industrial levels.

17           “(B) APPROPRIATE CLIMATE PRIN-  
18           CIPALS.—The term ‘appropriate climate prin-  
19           cipals’ means—

20           “(i) the Administrator of the Environ-  
21           mental Protection Agency;

22           “(ii) the Administrator of the Na-  
23           tional Oceanic and Atmospheric Adminis-  
24           tration;

1                   “(iii) the Director of the Office of  
2                   Management and Budget;

3                   “(iv) the Secretary of the Interior;

4                   “(v) the Secretary of Energy; and

5                   “(vi) the head of any other Federal  
6                   agency, as determined appropriate by the  
7                   Commission.

8                   “(C) BASELINE SCENARIO.—The term  
9                   ‘baseline scenario’ means a widely-recognized  
10                  analysis scenario in which levels of greenhouse  
11                  gas emissions, as of the date on which the anal-  
12                  ysis is performed, continue to grow, resulting in  
13                  an increase in the global average temperature  
14                  of 1.5 degrees Celsius or more above pre-indus-  
15                  trial levels.

16                  “(D) CARBON DIOXIDE EQUIVALENT.—  
17                  The term ‘carbon dioxide equivalent’ means the  
18                  number of metric tons of carbon dioxide emis-  
19                  sions with the same global warming potential as  
20                  one metric ton of another greenhouse gas, as  
21                  determined under table A–1 of subpart A of  
22                  part 98 of title 40, Code of Federal Regula-  
23                  tions, as in effect on the date of enactment of  
24                  this subsection.

1           “(E) CLIMATE CHANGE.—The term ‘cli-  
2           mate change’ means a change of climate that  
3           is—

4                   “(i) attributed directly or indirectly to  
5                   human activity that alters the composition  
6                   of the global atmosphere; and

7                   “(ii) in addition to natural climate  
8                   variability observed over comparable time  
9                   periods.

10           “(F) COMMERCIAL DEVELOPMENT OF FOS-  
11           SIL FUELS.—The term ‘commercial develop-  
12           ment of fossil fuels’ includes—

13                   “(i) exploration, extraction, proc-  
14                   essing, exporting, transporting, refining,  
15                   and any other significant action with re-  
16                   spect to oil, natural gas, coal, or any by-  
17                   product thereof or any other solid or liquid  
18                   hydrocarbons that are commercially pro-  
19                   duced; and

20                   “(ii) acquiring a license for any activ-  
21                   ity described in clause (i).

22           “(G) COVERED ISSUER.—The term ‘cov-  
23           ered issuer’ means an issuer that is required to  
24           file an annual report under subsection (a) or  
25           section 15(d).



1           “(H) DIRECT AND INDIRECT GREENHOUSE  
2 GAS EMISSIONS.—The term ‘direct and indirect  
3 greenhouse gas emissions’ includes, with respect  
4 to a covered issuer—

5                   “(i) all direct greenhouse gas emis-  
6 sions released by the covered issuer;

7                   “(ii) all indirect greenhouse gas emis-  
8 sions with respect to electricity, heat, or  
9 steam purchased by the covered issuer;

10                   “(iii) significant indirect emissions,  
11 other than the emissions described in  
12 clause (ii), emitted in the value chain of  
13 the covered issuer; and

14                   “(iv) all indirect greenhouse gas emis-  
15 sions that are attributable to assets owned  
16 or managed, including assets that are par-  
17 tially owned or managed, by the covered  
18 issuer.

19           “(I) FOSSIL FUEL RESERVES.—The term  
20 ‘fossil fuel reserves’ has the meaning given the  
21 term ‘reserves’ under the final rule of the Com-  
22 mission titled ‘Modernization of Oil and Gas  
23 Reporting’ (74 Fed. Reg. 2158; published Jan-  
24 uary 14, 2009).

1           “(J) GREENHOUSE GAS.—The term  
2           ‘greenhouse gas’—

3           “(i) means carbon dioxide,  
4           hydrofluorocarbons, methane, nitrous  
5           oxide, perfluorocarbons, sulfur  
6           hexafluoride, nitrogen trifluoride, and  
7           chlorofluorocarbons;

8           “(ii) includes any other  
9           anthropogenically-emitted gas that the Ad-  
10          ministrators of the Environmental Protec-  
11          tion Agency determines, after notice and  
12          comment, to contribute to climate change;  
13          and

14          “(iii) includes any other  
15          anthropogenically-emitted gas that the  
16          Intergovernmental Panel on Climate  
17          Change determines to contribute to climate  
18          change.

19          “(K) GREENHOUSE GAS EMISSIONS.—The  
20          term ‘greenhouse gas emissions’ means the  
21          emissions of greenhouse gas, expressed in terms  
22          of metric tons of carbon dioxide equivalent.

23          “(L) PHYSICAL RISKS.—The term ‘phys-  
24          ical risks’ means financial risks to long-lived  
25          fixed assets, locations, operations, or value

1 chains that result from exposure to physical cli-  
2 mate-related effects, including—

3 “(i) increased average global tempera-  
4 tures and increased frequency of tempera-  
5 ture extremes;

6 “(ii) increased severity and frequency  
7 of extreme weather events;

8 “(iii) increased flooding;

9 “(iv) sea level rise;

10 “(v) ocean acidification;

11 “(vi) increased frequency of wildfires;

12 “(vii) decreased arability of farmland;

13 “(viii) decreased availability of fresh  
14 water; and

15 “(ix) any other financial risks to long-  
16 lived fixed assets, locations, operations, or  
17 value chains determined appropriate by the  
18 Commission, in consultation with appro-  
19 priate climate principals.

20 “(M) SOCIAL COST OF CARBON.—The term  
21 ‘social cost of carbon’ means the social cost of  
22 carbon, as described in the technical support  
23 document entitled ‘Technical Support Docu-  
24 ment: Technical Update of the Social Cost of  
25 Carbon for Regulatory Impact Analysis Under

1 Executive Order 12866’, published by the Inter-  
2 agency Working Group on Social Cost of Green-  
3 house Gases, United States Government, in Au-  
4 gust 2016 or any successor or substantially re-  
5 lated estimate of the monetized damages associ-  
6 ated with an incremental increase in carbon di-  
7 oxide emissions in a given year.

8 “(N) TRANSITION RISKS.—The term ‘tran-  
9 sition risks’ means financial risks that are at-  
10 tributable to climate change mitigation and ad-  
11 aptation, including efforts to reduce greenhouse  
12 gas emissions and strengthen resilience to the  
13 impacts of climate change, including—

14 “(i) costs relating to—

15 “(I) international treaties and  
16 agreements;

17 “(II) Federal, State, and local  
18 policy;

19 “(III) new technologies;

20 “(IV) changing markets;

21 “(V) reputational impacts rel-  
22 evant to changing consumer behavior;  
23 and

24 “(VI) litigation; and

1           “(ii) assets that may lose value or be-  
2           come stranded due to any of the costs de-  
3           scribed in subclauses (I) through (VI) of  
4           clause (i).

5           “(O) VALUE CHAIN.—The term ‘value  
6           chain’—

7           “(i) means the total lifecycle of a  
8           product or service, both before and after  
9           production of the product or service, as ap-  
10          plicable; and

11          “(ii) may include the sourcing of ma-  
12          terials, production, transportation, and dis-  
13          posal with respect to the product or service  
14          described in clause (i).

15          “(2) FINDINGS.—Congress finds that—

16          “(A) short-, medium-, and long-term finan-  
17          cial and economic risks and opportunities relat-  
18          ing to climate change, and the national and  
19          global reduction of greenhouse gas emissions,  
20          constitute information that issuers—

21          “(i) may reasonably expect to affect  
22          shareholder decision making; and

23          “(ii) should regularly identify, evalu-  
24          ate, and disclose; and

1           “(B) the disclosure of information de-  
2           scribed in subparagraph (A) should—  
3           “(i) identify, and evaluate—  
4                 “(I) material physical and transi-  
5                 tion risks posed by climate change;  
6                 and  
7                 “(II) the potential financial im-  
8                 pact of such risks;  
9           “(ii) detail any implications such risks  
10           have on corporate strategy;  
11           “(iii) detail any board-level oversight  
12           of material climate related risks and op-  
13           portunities;  
14           “(iv) allow for intra- and cross-indus-  
15           try comparison, to the extent practicable,  
16           of climate-related risk exposure through  
17           the inclusion of standardized industry-spe-  
18           cific and sector-specific disclosure metrics,  
19           as identified by the Commission, in con-  
20           sultation with the appropriate climate prin-  
21           cipals;  
22           “(v) allow for tracking of performance  
23           over time with respect to mitigating cli-  
24           mate risk exposure; and

1           “(vi) incorporate a price on green-  
2           house gas emissions in financial analyses  
3           that reflects, at minimum, the social cost  
4           of carbon that is attributable to issuers.

5           “(3) DISCLOSURE.—Each covered issuer, in any  
6           annual report filed by the covered issuer under sub-  
7           section (a) or section 15(d), shall, in accordance  
8           with any rules issued by the Commission pursuant  
9           to this subsection, include in each such report infor-  
10          mation regarding—

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

14           “(i) physical risks posed to the cov-  
15          ered issuer by climate change; and

16           “(ii) transition risks posed to the cov-  
17          ered issuer by climate change;

18           “(B) a description of any established cor-  
19          porate governance processes and structures to  
20          identify, assess, and manage climate-related  
21          risks;

22           “(C) a description of specific actions that  
23          the covered issuer is taking to mitigate identi-  
24          fied risks;

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

5           “(E) a description of how climate risk is  
6           incorporated into the overall risk management  
7           strategy of the covered issuer.

8           “(4) RULE OF CONSTRUCTION.—Nothing in  
9           paragraph (3) may be construed as precluding a cov-  
10          ered issuer from including, in an annual report sub-  
11          mitted under subsection (a) or section 15(d), any in-  
12          formation not explicitly referenced in such para-  
13          graph.

14          “(5) RULEMAKING.—The Commission, in con-  
15          sultation with the appropriate climate principals,  
16          shall, not later than 2 years after the date of the en-  
17          actment of this subsection, issue rules with respect  
18          to the information that a covered issuer is required  
19          to disclose pursuant to this subsection and such  
20          rules shall—

21                 “(A) establish climate-related risk disclo-  
22                 sure rules, which shall—

23                         “(i) be, to the extent practicable, spe-  
24                         cialized for industries within specific sec-  
25                         tors of the economy, which shall include—



1                   “(I) the sectors of finance, insur-  
2                   ance, transportation, electric power,  
3                   mining, and non-renewable energy;  
4                   and

5                   “(II) any other sector determined  
6                   appropriate by the Commission, in  
7                   consultation with the appropriate cli-  
8                   mate principals;

9                   “(ii) include reporting standards for  
10                  estimating and disclosing direct and indi-  
11                  rect greenhouse gas emissions by a covered  
12                  issuer, and any affiliates of the covered  
13                  issuer, which shall—

14                  “(I) disaggregate, to the extent  
15                  practicable, total emissions of each  
16                  specified greenhouse gas by the cov-  
17                  ered issuer; and

18                  “(II) include greenhouse gas  
19                  emissions by the covered issuer during  
20                  the period covered by the disclosure;

21                  “(iii) include reporting standards for  
22                  disclosing, with respect to a covered  
23                  issuer—

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

4           “(II) the percentage of fossil  
5           fuel-related assets as a percentage of  
6           total assets owned or managed by the  
7           covered issuer;

8           “(iv) specify requirements for, and the  
9           disclosure of, input parameters, assump-  
10          tions, and analytical choices to be used in  
11          climate scenario analyses required under  
12          subparagraph (B)(i), including—

13                  “(I) present value discount rates;  
14                  and

15                  “(II) time frames to consider, in-  
16                  cluding 5, 10, and 20 year time  
17                  frames; and

18                  “(v) include reporting standards and  
19                  guidance with respect to the information  
20                  required under subparagraph (B)(iii);

21          “(B) require that a covered issuer, with re-  
22          spect to a disclosure required under this sub-  
23          section—

24                  “(i) incorporate into such disclosure—

1 “(I) quantitative analysis to sup-  
2 port any qualitative statement made  
3 by the covered issuer;

4 “(II) the rules established under  
5 subparagraph (A);

6 “(III) industry-specific metrics  
7 that comply with the requirements  
8 under subparagraph (A)(i);

9 “(IV) specific risk management  
10 actions that the covered issuer is tak-  
11 ing to address identified risks;

12 “(V) a discussion of the short-,  
13 medium-, and long-term resilience of  
14 any risk management strategy, and  
15 the evolution of applicable risk  
16 metrics, of the covered issuer under  
17 each scenario described in clause (ii);  
18 and

19 “(VI) the total cost attributable  
20 to the direct and indirect greenhouse  
21 gas emissions of the covered issuer,  
22 using, at minimum, the social cost of  
23 carbon;

1           “(ii) consider, when preparing any  
2 qualitative or quantitative risk analysis  
3 statement contained in the disclosure—

4                   “(I) a baseline scenario that in-  
5 cludes physical impacts of climate  
6 change;

7                   “(II) a 1.5 degrees scenario; and

8                   “(III) any additional climate  
9 analysis scenario considered appro-  
10 priate by the Commission, in consulta-  
11 tion with the appropriate climate prin-  
12 cipals;

13           “(iii) if the covered issuer engages in  
14 the commercial development of fossil fuels,  
15 include in the disclosure—

16                   “(I) an estimate of the total and  
17 a disaggregated amount of direct and  
18 indirect greenhouse gas emissions of  
19 the covered issuer that are attrib-  
20 utable to—

21                           “(aa) combustion;

22                           “(bb) flared hydrocarbons;

23                           “(cc) process emissions;

24                           “(dd) directly vented emis-  
25 sions;

1           “(ee) fugitive emissions or  
2 leaks; and

3           “(ff) land use changes;

4           “(II) a description of—

5           “(aa) the sensitivity of fossil  
6 fuel reserve levels to future price  
7 projection scenarios that incor-  
8 porate the social cost of carbon;

9           “(bb) the percentage of the  
10 reserves of the covered issuer  
11 that will be developed under the  
12 scenarios established in clause  
13 (ii), as well as a forecast for the  
14 development prospects of each re-  
15 serve under the scenarios estab-  
16 lished in clause (ii);

17           “(cc) the potential amount  
18 of direct and indirect greenhouse  
19 gas emissions that are embedded  
20 in proved and probable reserves,  
21 with each such calculation pre-  
22 sented as a total and in sub-  
23 divided categories by the type of  
24 reserve;

1           “(dd) the methodology of  
2 the covered issuer for detecting  
3 and mitigating fugitive methane  
4 emissions, which shall include the  
5 frequency with which applicable  
6 assets of the covered issuer are  
7 observed for methane leaks, the  
8 processes and technology that the  
9 covered issuer uses to detect  
10 methane leaks, the percentage of  
11 assets of the covered issuer that  
12 the covered issuer inspects under  
13 that methodology, and quan-  
14 titative and time-bound reduction  
15 goals of the issuer with respect to  
16 methane leaks;

17           “(ee) the amount of water  
18 that the covered issuer withdraws  
19 from freshwater sources for use  
20 and consumption in operations of  
21 the covered issuer; and

22           “(ff) the percentage of the  
23 water described in item (ee) that  
24 comes from regions of water

1 stress or that face wastewater  
2 management challenges; and

3 “(III) any other information that  
4 the Commission determines is—

5 “(aa) necessary;

6 “(bb) appropriate to safe-  
7 guard the public interest; or

8 “(cc) directed at ensuring  
9 that investors are informed in ac-  
10 cordance with the findings de-  
11 scribed in paragraph (2);

12 “(C) with respect to a disclosure required  
13 under section 13(s) of the Securities Exchange  
14 Act of 1934, require that a covered issuer in-  
15 clude in such disclosure any other information,  
16 or use any climate-related or greenhouse gas  
17 emissions metric, that the Commission, in con-  
18 sultation with the appropriate climate prin-  
19 cipals, determines is—

20 “(i) necessary;

21 “(ii) appropriate to safeguard the  
22 public interest; or

23 “(iii) directed at ensuring that inves-  
24 tors are informed in accordance with the  
25 findings described in paragraph (2); and

1           “(D) with respect to a disclosure required  
2           under section 13(s) of the Securities Exchange  
3           Act of 1934, establish how and where the re-  
4           quired disclosures shall be addressed in the cov-  
5           ered issuer’s annual financial filing.

6           “(6) FORMATTING.—The Commission shall re-  
7           quire issuers to disclose information in an interactive  
8           data format and shall develop standards for such  
9           format, which shall include electronic tags for infor-  
10          mation that the Commission determines is—

11                   “(A) necessary;

12                   “(B) appropriate to safeguard the public  
13           interest; or

14                   “(C) directed at ensuring that investors  
15           are informed in accordance with the findings  
16           described in paragraph (2).

17          “(7) PERIODIC UPDATE OF RULES.—The Com-  
18          mission shall periodically update the rules issued  
19          under this subsection.

20          “(8) COMPILATION OF INFORMATION DIS-  
21          CLOSED.—The Commission shall, to the maximum  
22          extent practicable make a compilation of the infor-  
23          mation disclosed by issuers under this subsection  
24          publicly available on the website of the Commission  
25          and update such compilation at least once each year.



1 “(9) REPORTS.—

2 “(A) REPORT TO CONGRESS.—The Com-  
3 mission shall—

4 “(i) conduct an annual assessment re-  
5 garding the compliance of covered issuers  
6 with the requirements of this subsection;

7 “(ii) submit to the appropriate con-  
8 gressional committees a report that con-  
9 tains the results of each assessment con-  
10 ducted under clause (i); and

11 “(iii) make each report submitted  
12 under clause (ii) accessible to the public.

13 “(B) GAO REPORT.—The Comptroller  
14 General of the United States shall periodically  
15 evaluate, and report to the appropriate congres-  
16 sional committees on, the effectiveness of the  
17 Commission in carrying out and enforcing this  
18 subsection.”.

19 **SEC. 404. BACKSTOP.**

20 If, 2 years after the date of the enactment of this  
21 Act, the Securities and Exchange Commission has not  
22 issued the rules required under section 13(u) of the Secu-  
23 rities Exchange Act of 1934, and until such rules are  
24 issued, a covered issuer (as defined in such section 13(u))  
25 shall be deemed in compliance with such section 13(u) if

1 disclosures set forth in the annual report of such issuer  
2 satisfy the recommendations of the Task Force on Cli-  
3 mate-related Financial Disclosures of the Financial Sta-  
4 bility Board as reported in June, 2017, or any successor  
5 report, and as supplemented or adjusted by such rules,  
6 guidance, or other comments from the Commission.

7 **SEC. 405. AUTHORIZATION OF APPROPRIATIONS.**

8       There are authorized to be appropriated to the Secu-  
9 rities and Exchange Commission such sums as may be  
10 necessary to carry out this title and the amendments made  
11 by this title.

12 **TITLE V—DISCLOSURE OF TAX**  
13 **HAVENS AND OFFSHORING**

14 **SEC. 501. SHORT TITLE.**

15       This title may be cited as the “Disclosure of Tax Ha-  
16 vens and Offshoring Act”.

17 **SEC. 502. COUNTRY-BY-COUNTRY REPORTING.**

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

22       “(v) DISCLOSURE OF FINANCIAL PERFORMANCE ON  
23 A COUNTRY-BY-COUNTRY BASIS.—

24               “(1) DEFINITIONS.—In this subsection—

1           “(A) the term ‘constituent entity’ means,  
2           with respect to a covered issuer, any separate  
3           business entity of the covered issuer;

4           “(B) the term ‘covered issuer’ means an  
5           issuer who—

6                   “(i) is a member of a multinational  
7                   enterprise group; and

8                   “(ii) the multinational enterprise  
9                   group of which the issuer is a member has  
10                  annual revenue for the preceding calendar  
11                  year of not less than an amount deter-  
12                  mined by the Commission to conform to  
13                  United States or international standards  
14                  for country-by-country reporting; and

15          “(C) the term ‘tax jurisdiction’—

16                   “(i) means a country or a jurisdiction  
17                   that is not a country but that has fiscal  
18                   autonomy; and

19                   “(ii) includes a territory or possession  
20                   of the United States that has fiscal auton-  
21                   omy.

22          “(2) DISCLOSURE.—

23                   “(A) IN GENERAL.—Each covered issuer  
24                   shall file a report with the Commission that in-  
25                   cludes information described in subparagraph

1 (B), and any other information required by the  
2 Commission, with respect to the reporting pe-  
3 riod described in subparagraph (C).

4 “(B) INFORMATION REQUIRED.—The in-  
5 formation described in this subparagraph is as  
6 follows:

7 “(i) CONSTITUENT ENTITY INFORMA-  
8 TION.—Information on the constituent en-  
9 tity, including the following:

10 “(I) The complete legal name of  
11 the constituent entity.

12 “(II) The tax jurisdiction, if any,  
13 in which the constituent entity is resi-  
14 dent for tax purposes.

15 “(III) The tax jurisdiction in  
16 which the constituent entity is orga-  
17 nized or incorporated (if different  
18 from the tax jurisdiction of residence).

19 “(IV) The tax identification num-  
20 ber, if any, used for the constituent  
21 entity by the tax administration of the  
22 constituent entity’s tax jurisdiction of  
23 residence.

24 “(V) The main business activity  
25 or activities of the constituent entity.

1           “(ii) TAX JURISDICTION.—Informa-  
2           tion on each tax jurisdiction in which one  
3           or more constituent entities is resident,  
4           presented as an aggregated or consolidated  
5           form of the information for the constituent  
6           entities resident in each tax jurisdiction,  
7           including the following:

8                   “(I) Revenues generated from  
9                   transactions with other constituent  
10                  entities.

11                  “(II) Revenues not generated  
12                  from transactions with other con-  
13                  stituent entities.

14                  “(III) Profit or loss before in-  
15                  come tax.

16                  “(IV) Total income tax paid on a  
17                  cash basis to all tax jurisdictions.

18                  “(V) Total accrued tax expense  
19                  recorded on taxable profits or losses.

20                  “(VI) Stated capital.

21                  “(VII) Total accumulated earn-  
22                  ings.

23                  “(VIII) Total number of employ-  
24                  ees on a full-time equivalent basis.

1                   “(IX) Net book value of tangible  
2                   assets, which, for purposes of this sec-  
3                   tion, does not include cash or cash  
4                   equivalents, intangibles, or financial  
5                   assets.

6                   “(iii) SPECIAL RULES.—The informa-  
7                   tion listed in clause (ii) shall be provided,  
8                   in aggregated or consolidated form, for any  
9                   constituent entity or entities that have no  
10                  tax jurisdiction of residence. In addition, if  
11                  a constituent entity is an owner of a con-  
12                  stituent entity that does not have a juris-  
13                  diction of tax residence, then the owner’s  
14                  share of such entity’s revenues and profits  
15                  will be aggregated or consolidated with the  
16                  information for the owner’s tax jurisdiction  
17                  of residence.

18                  “(C) REPORTING PERIOD.—The reporting  
19                  period covered by this paragraph is the period  
20                  of the covered entity’s applicable financial state-  
21                  ment prepared for the 12-month period that  
22                  ends with or within the taxable year of the cov-  
23                  ered issuer. If the covered issuer does not pre-  
24                  pare an annual applicable financial statement,  
25                  then the reporting period covered by this para-

1 graph is the 12-month period that ends on the  
2 last day of the taxable year of the covered  
3 issuer.

4 “(D) FILING DEADLINE.—Each covered  
5 issuer shall submit to the Commission a report  
6 required under this section on or before the due  
7 date (including extensions) for filing that cov-  
8 ered issuer’s tax return in the tax jurisdiction  
9 in which the covered issuer’s multinational en-  
10 terprise group is resident.

11 “(E) REGULATION.—The Commission  
12 shall, in consultation with the Commissioner of  
13 the Internal Revenue Service and Secretary of  
14 the Treasury—

15 “(i) promulgate regulations carrying  
16 out this subsection that conform to United  
17 States or international standards for coun-  
18 try-by-country reporting, including regula-  
19 tions promulgated by the Internal Revenue  
20 Service; and

21 “(ii) require disclosure of the account-  
22 ing methods used in calculating the infor-  
23 mation contained in each report filed pur-  
24 suant to this subsection.”.

25 (b) RULEMAKING.—

1           (1) DEADLINES.—The Securities and Exchange  
2 Commission (in this section referred to as the “Com-  
3 mission”) shall—

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

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

12           (2) DATA FORMAT.—The information required  
13 to be provided by this section shall be provided by  
14 the issuer in a report in a machine readable format  
15 prescribed by the Commission, and such report shall  
16 be made available to the public online, in such ma-  
17 chine readable format as the Commission shall pre-  
18 scribe.

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



1                   **TITLE VI—WORKFORCE**  
2                   **INVESTMENT DISCLOSURE**

3 **SEC. 601. SHORT TITLE.**

4           This title may be cited as the “Workforce Investment  
5 Disclosure Act of 2021”.

6 **SEC. 602. FINDINGS.**

7           Congress finds the following:

8                   (1) One of the keys to the 20th century post-  
9 war economic success of the United States was the  
10 ability to prepare workers over the course of their  
11 lives for success through multiple sectors across soci-  
12 ety. Unfortunately, during the several decades pre-  
13 ceeding the date of enactment of this Act, there has  
14 been a shift in business norms and in society. While  
15 Congress recognizes that the technology and job  
16 skills required for some jobs has changed dramati-  
17 cally, the private and public partnership to hire  
18 workers at different education levels and invest in  
19 them for the long-term is broken.

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

24                   (3) In the wake of the 2008 global financial cri-  
25 sis, there was a well-documented decline in overall

1 business investment. That decline coincides with the  
2 wage polarization of workers and an increase in  
3 spending on share buybacks and dividends, leading  
4 several researchers to conclude that companies are  
5 de-emphasizing investment at the expense of increas-  
6 ing returns for shareholders. The onset of a global  
7 pandemic may make that trend worse, especially  
8 with respect to investments in workers.

9 (4) As part of the overall decline in investment  
10 described in paragraph (3), publicly traded compa-  
11 nies are being provided with incentives to prioritize  
12 investments in physical assets over investments in  
13 their workforces, meaning that those companies are  
14 investing in robots instead of individuals. In fact,  
15 there are already signs that automation has in-  
16 creased during the COVID–19 pandemic.

17 (5) More than ever, the Federal Government,  
18 through company disclosure practices, needs to un-  
19 derstand exactly how companies are investing in  
20 their workers. Over the several months preceding the  
21 date of enactment of this Act, companies across the  
22 United States have taken extreme actions to adapt  
23 and respond to evolving workforce challenges pre-  
24 sented by COVID–19.

1           (6) JUST Capital has been tracking the re-  
2           sponses of the Standard and Poor’s 100 largest pub-  
3           lic companies to their workers and has found wide  
4           variation in the policies implemented, as well as with  
5           respect to the disclosure of those policies. Through  
6           different responses to their workforces, from layoffs  
7           to workplace safety to paid leave, the COVID–19  
8           pandemic is exposing the myriad ways that work-  
9           force management practices of companies pose oper-  
10          ational and reputational risks for short- and long-  
11          term financial performance.

12          (7) Even before the COVID–19 pandemic, there  
13          was a growing body of research establishing a rela-  
14          tionship between measurable workforce management,  
15          which is the way that companies manage their em-  
16          ployees, and firm performance. In a study of 2,000  
17          large companies, Harvard Law School’s Labor and  
18          Work Life Program found that forward-thinking  
19          workforce policies that prioritize workers, such as  
20          how companies train, retain, and pay their workers,  
21          are correlated with long-term financial performance.

22          (8) Disclosure of workforce management poli-  
23          cies should be part of a Government-wide economic  
24          recovery strategy. Just as a set of generally accepted  
25          accounting principles (commonly known as

1 “GAAP”) was urgently adopted after the Great De-  
2 pression, standardized, comparable metrics of work-  
3 force disclosure requirements in the context of the  
4 COVID–19 pandemic are critical for investors to ac-  
5 curately measure and project company performance,  
6 both in the present and in the future.

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

13 (10) Businesses increasingly rely on workforce  
14 innovation and intellectual capital for competitive-  
15 ness. Workplace benefits, particularly paid sick  
16 leave, medical leave, and flexible work arrangements,  
17 critically support employee mental and physical well-  
18 being.

19 (11) Race- and gender-based workplace dis-  
20 crimination have been tied to negative health out-  
21 comes, as well as lower productivity, trust, morale,  
22 and satisfaction and higher rates of absenteeism and  
23 turnover. Organizational reporting on practices to  
24 reduce discrimination can increase employee job sat-  
25 isfaction, performance, and engagement.

1           (12) According to the Centers for Disease Con-  
2           trol and Prevention, work-related stress is the lead-  
3           ing occupational health risk and, per the American  
4           Institute of Stress, job stress costs United States in-  
5           dustry more than \$300,000,000,000 per year in ac-  
6           cidents, absenteeism, employee turnover, diminished  
7           productivity, and medical, legal, and insurance costs.

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

13          (14) Organizational well-being interventions can  
14          create cost savings of up to 10 dollars for every dol-  
15          lar invested. Specifically, for every dollar that em-  
16          ployers spend on workplace disease prevention and  
17          well-being programs, there is a \$3.27 reduction in  
18          employee medical costs and a \$2.73 reduction in ab-  
19          senteeism costs. Employers that implement work-  
20          place health promotion programs have seen reduc-  
21          tions in sick leave, health plan costs, and workers'  
22          compensation and disability insurance costs of ap-  
23          proximately 25 percent.

24          (15) The Centers for Disease Control and Pre-  
25          vention has found that preventable chronic condi-

1 tions are a major contributor to insurance premium  
2 and employee medical claim costs, which are at an  
3 all-time high, and a Milken Institute study shows  
4 that employers paid \$2,600,000,000,000 in 2016 for  
5 the indirect costs of employee chronic disease due to  
6 work absences, lost wages, and reduced economic  
7 productivity.

8 (16) The COVID–19 pandemic has severely im-  
9 pacted employee physical, mental, and emotional  
10 well-being by increasing stress, depression, burnout,  
11 and mortality rates of chronic disease and by reduc-  
12 ing work-life balance and financial security, with  
13 these challenges likely to persist due to uncertainty  
14 and instability even as employees return to work.  
15 Before the COVID–19 pandemic, but especially in  
16 the face of that pandemic, employers that advance  
17 policies and practices that support workforce health,  
18 safety, and well-being are likely to outperform com-  
19 petitors and benefit from lower costs.

20 **SEC. 603. DISCLOSURES RELATING TO WORKFORCE MAN-**  
21 **AGEMENT.**

22 Section 13 of the Securities Exchange Act of 1934  
23 (15 U.S.C. 78m), as amended by section 502, is further  
24 amended by adding at the end the following:

1       “(w) DISCLOSURES RELATING TO WORKFORCE MAN-  
2   AGEMENT.—

3           “(1) DEFINITION.—In this subsection, the term  
4       ‘contingent worker’ includes an individual per-  
5       forming work in the usual course of business on a  
6       temporary basis (including through a labor inter-  
7       mediary, including an individual or entity that sup-  
8       plies an employer with workers to perform labor) or  
9       as an independent contractor.

10          “(2) REGULATIONS.—Not later than 2 years  
11       after the date of enactment of this subsection, the  
12       Commission, in consultation with the Secretary of  
13       Labor, the Secretary of Commerce, the Secretary of  
14       Treasury, and the Attorney General, shall promul-  
15       gate regulations that require each issuer required to  
16       file an annual report under subsection (a) or section  
17       15(d) to disclose in that report information regard-  
18       ing workforce management policies, practices, and  
19       performance with respect to the issuer.

20          “(3) RULES.—Consistent with the requirement  
21       under paragraph (4), each annual report filed with  
22       the Commission in accordance with the regulations  
23       promulgated under paragraph (2) shall include dis-  
24       closure of the following with respect to the issuer fil-  
25       ing the report for the year covered by the report:

1           “(A) Workforce demographic information,  
2           including—

3                   “(i) the number of full-time employ-  
4                   ees, the number of part-time employees,  
5                   and the number of contingent workers (in-  
6                   cluding temporary and contract workers)  
7                   with respect to the issuer, which shall in-  
8                   clude demographic information with re-  
9                   spect to those categories of individuals, in-  
10                  cluding information regarding race, eth-  
11                  nicity, and gender;

12                  “(ii) any policies or practices of the  
13                  issuer relating to subcontracting, outsourc-  
14                  ing, and insourcing individuals to perform  
15                  work for the issuer, which shall include de-  
16                  mographic information with respect to  
17                  those individuals, including information re-  
18                  garding race, ethnicity, and gender; and

19                  “(iii) whether the percentage of con-  
20                  tingent workers with respect to the issuer  
21                  has changed, including temporary and con-  
22                  tract workers, as compared with the pre-  
23                  vious annual report filed by the issuer  
24                  under this subsection.



1           “(B) Workforce stability information, in-  
2           cluding information about the voluntary turn-  
3           over or retention rate, the involuntary turnover  
4           rate, the internal hiring rate, and the internal  
5           promotion rate, as well as information about  
6           workers who transition between employee and  
7           contingent workers, and the horizontal job  
8           change rate by quintile and demographic infor-  
9           mation.

10           “(C) Workforce composition, including—

11                   “(i) data on diversity (including ra-  
12                   cial, ethnic, self-reported sexual orienta-  
13                   tion, and gender composition) for senior  
14                   executives and other individuals in the  
15                   workforce; and

16                   “(ii) any policies, audits, and pro-  
17                   gramming expenditures relating to diver-  
18                   sity.

19           “(D) Workforce skills and capabilities, in-  
20           cluding—

21                   “(i) information about training and  
22                   cross-training of employees and contingent  
23                   workers by quintile and demographic infor-  
24                   mation, distinguishing between compliance  
25                   training, career development training, job

1 performance or technical training, and  
2 training tied to recognized postsecondary  
3 credentials;

4 “(ii) average number of hours of  
5 training for each employee and contingent  
6 worker;

7 “(iii) total spending on training for all  
8 employees and contingent workers;

9 “(iv) average spending per employee  
10 or contingent worker;

11 “(v) training utilization rates; and

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

16 “(E) Workforce health, safety, and well-  
17 being, including information regarding—

18 “(i) the frequency, severity, and lost  
19 time due to injuries, physical and mental  
20 illness, and fatalities;

21 “(ii) the scope, frequency, and total  
22 expenditure on workplace health, safety,  
23 and well-being programs;

24 “(iii) the total dollar value of assessed  
25 fines under the Occupational Safety and

1 Health Act of 1970 (29 U.S.C. 651 et  
2 seq.);

3 “(iv) the total number of actions  
4 brought under section 13 of the Occupa-  
5 tional Safety and Health Act of 1970 (29  
6 U.S.C. 662) to prevent imminent dangers;

7 “(v) the total number of actions  
8 brought against the issuer under section  
9 11(c) of the Occupational Safety and  
10 Health Act of 1970 (29 U.S.C. 660(c));

11 “(vi) any findings of workplace har-  
12 assment or workplace discrimination dur-  
13 ing the 5 fiscal year period of the issuer  
14 preceding the fiscal year in which the re-  
15 port is filed; and

16 “(vii) communication channels and  
17 grievance mechanisms in place for employ-  
18 ees and contingent workers.

19 “(F) Workforce compensation and incen-  
20 tives, including information regarding—

21 “(i) total workforce costs, including  
22 salaries and wages, health benefits, other  
23 ancillary benefit costs, and pension costs;

24 “(ii) workforce benefits, including  
25 paid leave, health care, child care, and re-

1           tirement, including information regarding  
2           benefits that are provided—

3                   “(I) to full-time employees and  
4                   not to part-time employees; or

5                   “(II) to employees and not to  
6                   contingent workers;

7                   “(iii) total contributions made to un-  
8                   employment insurance by the issuer, how  
9                   many employees to whom those contribu-  
10                  tions apply, and the total amount paid in  
11                  unemployment compensation to individuals  
12                  who were laid off by the issuer;

13                  “(iv) policies and practices regarding  
14                  how performance, productivity, equity, and  
15                  sustainability are considered when setting  
16                  pay and making promotion decisions; and

17                  “(v) policies and practices relating to  
18                  any incentives and bonuses provided to em-  
19                  ployees and any policies or practices de-  
20                  signed to counter any risks created by such  
21                  incentives and bonuses.

22                  “(G) Workforce recruiting and needs, in-  
23                  cluding—

24                   “(i) the number of new jobs created,  
25                   seeking to be filled, and filled,

1 disaggregated based on classification sta-  
2 tus;

3 “(ii) the share of new jobs that re-  
4 quire a bachelor’s degree or higher;

5 “(iii) information regarding the qual-  
6 ity of hire for jobs described in clause (i);  
7 and

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

10 “(H) Workforce engagement and produc-  
11 tivity, including information regarding policies  
12 and practices of the issuer relating to—

13 “(i) engagement, productivity, and  
14 mental well-being of employees and contin-  
15 gent workers, as determined in consulta-  
16 tion with the Department of Labor; and

17 “(ii) freedom of association and work-  
18 life balance initiatives, including flexibility  
19 and the ability of the workforce to work re-  
20 motely, as determined in consultation with  
21 the Department of Labor.

22 “(4) DISAGGREGATION OF INFORMATION.—To  
23 the maximum extent feasible, the information de-  
24 scribed in paragraph (3) shall be disaggregated by—

1           “(A) the workforce composition described  
2           in subparagraph (C)(i) of that paragraph;

3           “(B) wage quintiles of the employees of the  
4           issuer for the year covered by the applicable an-  
5           nual report; and

6           “(C) the employment status of individuals  
7           performing services for the issuer, including  
8           whether those individuals are full-time employ-  
9           ees, part-time employees, or contingent workers.

10          “(5) TREATMENT OF EMERGING GROWTH COM-  
11          PANIES.—The Commission may exempt emerging  
12          growth companies from any disclosure required  
13          under subparagraph (D), (E), (F), (G), or (H) of  
14          paragraph (3) if the Commission determines that  
15          such an exemption is necessary or appropriate in the  
16          public interest.

17          “(6) FALSE OR MISLEADING STATEMENTS.—

18                 “(A) IN GENERAL.—Except as provided in  
19                 subparagraph (B), it shall be unlawful for any  
20                 person, in any report or document filed under  
21                 this subsection, to make or cause to be made  
22                 any untrue statement of a material fact or omit  
23                 to state a material fact required to be stated in  
24                 the report or document or necessary to make  
25                 the statement made, in the light of the cir-

1           cumstances under which it is made, not mis-  
2           leading.

3           “(B) EXCEPTION.—A person shall not be  
4           liable under subparagraph (A) if the person  
5           shows that the person had, after reasonable in-  
6           vestigation, reasonable ground to believe, and  
7           did believe, at the time the applicable statement  
8           was made, that the statement was true and that  
9           there was no omission to state a material fact  
10          necessary to make the statement made, in the  
11          light of the circumstances under which it is  
12          made, not misleading.

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

16          “(7) EXEMPTION.—This subsection shall not  
17          apply to an investment company registered under  
18          section 8 of the Investment Company Act of 1940  
19          (15 U.S.C. 80a–8).”.

20 **SEC. 604. BACKSTOP.**

21          (a) DEFINITIONS.—In this section—

22                  (1) the term “Commission” means the Securi-  
23                  ties and Exchange Commission;

24                  (2) the term “covered issuer” means an issuer  
25                  that is required to file an annual report under sec-

1       tion 13(a) or section 15(d) of the Securities Ex-  
2       change Act of 1934 (15 U.S.C. 78m(a), 78o(d)); and

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

6       (b) COMPLIANCE.—If, as of the date that is 2 years  
7       after the date of enactment of this Act, the Commission  
8       has not promulgated the regulations required under sub-  
9       section (w) of section 13 of the Securities Exchange Act  
10      of 1934 (15 U.S.C. 78m), as added by section 603, a cov-  
11      ered issuer, during the period beginning on that date and  
12      ending on the date on which the Commission promulgates  
13      those regulations, shall be deemed to be in compliance  
14      with such subsection (w) if disclosures set forth in the an-  
15      nual report of the covered issuer satisfy the public dislo-  
16      sure standards of the International Organization for  
17      Standardization’s ISO 30414, or any successor standards  
18      for external workforce reporting, as supplemented or ad-  
19      justed by rules, guidance, or other comments from the  
20      Commission.

21   **SEC. 605. SEC STUDY.**

22       (a) DEFINITIONS.—In this section, the terms “Com-  
23      mission” and “issuer” have the meanings given those  
24      terms in section 604(a).



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

3 (1) information about the human rights com-  
4 mitments of issuers required to file annual reports  
5 under section 13(a) of the Securities Exchange Act  
6 of 1934 (15 U.S.C. 78m(a)), including information  
7 about any principles used to evaluate risk, constitu-  
8 ency consultation processes, and supplier due dili-  
9 gence; and

10 (2) with respect to issuers required to file an-  
11 nual reports under section 13(a) of the Securities  
12 Exchange Act of 1934 (15 U.S.C. 78m(a)), informa-  
13 tion about—

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

17 (B) violations of worker misclassification  
18 by those issuers;

19 (C) surveys regarding employee satisfac-  
20 tion, well-being, and engagement;

21 (D) the number and overall percentage of  
22 quality jobs, as determined by compensation  
23 above median wage and comprehensive em-  
24 ployer-provided benefits; and

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

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

11 **TITLE VII—PREVENTING AND**  
12 **RESPONDING TO WORKPLACE**  
13 **HARASSMENT**

14 **SEC. 701. SEC FILINGS AND MATERIAL DISCLOSURES AT**  
15 **PUBLIC COMPANIES.**

16 (a) DEFINITIONS.—In this section—

17 (1) the term “Form 10–K” means the form de-  
18 scribed in section 249.310 of title 17, Code of Fed-  
19 eral Regulations, or any successor regulation; and

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

23 (b) FINDINGS.—Congress finds that—

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

1 (A) are expending company funds to re-  
2 solve, settle, or litigate claims of workplace har-  
3 assment, including sexual harassment; and

4 (B) along with the executives and man-  
5 agers of those corporations—

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

9 (ii) facilitate a culture of silence, dis-  
10 respect, intimidation, and abuse that nega-  
11 tively impacts the health and safety of the  
12 workers of those corporations and the  
13 value of those corporations; and

14 (2) the requirements of this section will—

15 (A) establish necessary transparency and  
16 accountability; and

17 (B) provide an incentive for corporations  
18 to—

19 (i) promptly address workplace har-  
20 assment, including sexual harassment, as  
21 that misconduct occurs; and

22 (ii) foster a culture in which work-  
23 place harassment is not protected and does  
24 not occur.

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

7           (1) during the period covered by the submis-  
8 sion—

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

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

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

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

1 (i) the settlements described in sub-  
2 paragraph (A)(i); and

3 (ii) the judgments described in sub-  
4 paragraph (A)(ii); and

5 (2) information regarding whether, in the ag-  
6 gregate, including the period covered by the submis-  
7 sion, there have been three or more settlements  
8 reached by, or judgments against, the issuer with re-  
9 spect to workplace harassment, including sexual har-  
10 assment, or retaliation for reporting, resisting, op-  
11 posing, or assisting in the investigation of workplace  
12 harassment that relate to a particular individual em-  
13 ployed by the issuer, without identifying that indi-  
14 vidual by name.

## 15 **TITLE VIII—CYBERSECURITY** 16 **DISCLOSURE**

### 17 **SEC. 801. SHORT TITLE.**

18 This title may be cited as the “Cybersecurity Dislo-  
19 sure Act of 2021”.

### 20 **SEC. 802. CYBERSECURITY TRANSPARENCY.**

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

#### 24 **“SEC. 14C. CYBERSECURITY TRANSPARENCY.**

25 “(a) **DEFINITIONS.**—In this section—

1           “(1) the term ‘cybersecurity’ means any action,  
2           step, or measure to detect, prevent, deter, mitigate,  
3           or address any cybersecurity threat or any potential  
4           cybersecurity threat;

5           “(2) the term ‘cybersecurity threat’—

6           “(A) means an action, not protected by the  
7           First Amendment to the Constitution of the  
8           United States, on or through an information  
9           system that may result in an unauthorized ef-  
10          fort to adversely impact the security, avail-  
11          ability, confidentiality, or integrity of an infor-  
12          mation system or information that is stored on,  
13          processed by, or transiting an information sys-  
14          tem; and

15          “(B) does not include any action that sole-  
16          ly involves a violation of a consumer term of  
17          service or a consumer licensing agreement;

18          “(3) the term ‘information system’—

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

22          “(B) includes industrial control systems,  
23          such as supervisory control and data acquisition  
24          systems, distributed control systems, and pro-  
25          grammable logic controllers;

1           “(4) the term ‘NIST’ means the National Insti-  
2           tute of Standards and Technology; and

3           “(5) the term ‘reporting company’ means any  
4           company that is an issuer—

5                   “(A) the securities of which are registered  
6                   under section 12; or

7                   “(B) that is required to file reports under  
8                   section 15(d).

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

16                   “(1) to disclose whether any member of the  
17                   governing body, such as the board of directors or  
18                   general partner, of the reporting company has exper-  
19                   tise or experience in cybersecurity and in such detail  
20                   as necessary to fully describe the nature of the ex-  
21                   pertise or experience; and

22                   “(2) if no member of the governing body of the  
23                   reporting company has expertise or experience in cy-  
24                   bersecurity, to describe what other aspects of the re-  
25                   porting company’s cybersecurity were taken into ac-

1 count by any person, such as an official serving on  
2 a nominating committee, that is responsible for iden-  
3 tifying and evaluating nominees for membership to  
4 the governing body.

5 “(c) CYBERSECURITY EXPERTISE OR EXPERI-  
6 ENCE.—For purposes of subsection (b), the Commission,  
7 in consultation with NIST, shall define what constitutes  
8 expertise or experience in cybersecurity using commonly  
9 defined roles, specialties, knowledge, skills, and abilities,  
10 such as those provided in NIST Special Publication 800–  
11 181, entitled ‘National Initiative for Cybersecurity Edu-  
12 cation (NICE) Cybersecurity Workforce Framework’, or  
13 any successor thereto.”.

14 **TITLE IX—DATA RELATING TO**  
15 **DIVERSITY DISCLOSURE**

16 **SEC. 901. SHORT TITLE.**

17 This title may be cited as the “Improving Corporate  
18 Governance Through Diversity Act of 2021”.

19 **SEC. 902. SUBMISSION OF DATA RELATING TO DIVERSITY**  
20 **BY ISSUERS.**

21 Section 13 of the Securities Exchange Act of 1934  
22 (15 U.S.C. 78m), as amended by section 502, is further  
23 amended by adding at the end the following:

24 “(w) SUBMISSION OF DATA RELATING TO DIVER-  
25 SITY.—



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

2 “(A) the term ‘executive officer’ has the  
3 meaning given the term in section 230.501(f) of  
4 title 17, Code of Federal Regulations, as in ef-  
5 fect on the date of enactment of this subsection;  
6 and

7 “(B) the term ‘veteran’ has the meaning  
8 given the term in section 101 of title 38, United  
9 States Code.

10 “(2) SUBMISSION OF DISCLOSURE.—Each  
11 issuer required to file an annual report under sub-  
12 section (a) shall disclose in any proxy statement and  
13 any information statement relating to the election of  
14 directors filed with the Commission the following:

15 “(A) Demographic data, based on vol-  
16 untary self-identification, on the racial, ethnic,  
17 gender identity, and sexual orientation composi-  
18 tion of—

19 “(i) the board of directors of the  
20 issuer;

21 “(ii) nominees for the board of direc-  
22 tors of the issuer; and

23 “(iii) the executive officers of the  
24 issuer.

1           “(B) The status of any member of the  
2 board of directors of the issuer, any nominee  
3 for the board of directors of the issuer, or any  
4 executive officer of the issuer, based on vol-  
5 untary self-identification, as a veteran.

6           “(C) Whether the board of directors of the  
7 issuer, or any committee of that board of direc-  
8 tors, has, as of the date on which the issuer  
9 makes a disclosure under this paragraph,  
10 adopted any policy, plan, or strategy to promote  
11 racial, ethnic, and gender diversity among—

12                   “(i) the board of directors of the  
13 issuer;

14                   “(ii) nominees for the board of direc-  
15 tors of the issuer; or

16                   “(iii) the executive officers of the  
17 issuer.

18           “(3) ALTERNATIVE SUBMISSION.—In any 1-  
19 year period in which an issuer required to file an an-  
20 nual report under subsection (a) does not file with  
21 the Commission a proxy statement or an information  
22 statement relating to the election of directors, the  
23 issuer shall disclose the information required under  
24 paragraph (2) in the first annual report of issuer

1 that the issuer submits to the Commission after the  
2 end of that 1-year period.

3 “(4) ANNUAL REPORT.—Not later than 18  
4 months after the date of enactment of this sub-  
5 section, and annually thereafter, the Commission  
6 shall submit to the Committee on Banking, Housing,  
7 and Urban Affairs of the Senate and the Committee  
8 on Financial Services of the House of Representa-  
9 tives, and publish on the website of the Commission,  
10 a report that analyzes the information disclosed  
11 under paragraphs (2) and (3) and identifies any  
12 trends with respect to such information.

13 “(5) BEST PRACTICES.—

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

20 “(B) COMMENTS.—The Director of the Of-  
21 fice of Minority and Women Inclusion of the  
22 Commission may, pursuant to subchapter II of  
23 chapter 5 of title 5, United States Code, solicit  
24 public comments related to the best practices  
25 published under subparagraph (A).”.

1 **SEC. 903. DIVERSITY ADVISORY GROUP.**

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

3 (1) ADVISORY GROUP.—The term “Advisory  
4 Group” means the Diversity Advisory Group estab-  
5 lished under subsection (b).

6 (2) COMMISSION.—The term “Commission”  
7 means the Securities and Exchange Commission.

8 (3) ISSUER.—The term “issuer” has the mean-  
9 ing given the term in section 3(a) of the Securities  
10 Exchange Act of 1934 (15 U.S.C. 78c(a)).

11 (b) ESTABLISHMENT.—The Commission shall estab-  
12 lish a Diversity Advisory Group, which shall be composed  
13 of representatives from—

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

16 (2) academia; and

17 (3) the private sector.

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

20 (1) carry out a study that identifies strategies  
21 that can be used to increase gender identity, racial,  
22 ethnic, and sexual orientation diversity among mem-  
23 bers of boards of directors of issuers; and

24 (2) not later than 270 days after the date on  
25 which the Advisory Group is established, submit to  
26 the Commission, the Committee on Banking, Hous-

1       ing, and Urban Affairs of the Senate, and the Com-  
2       mittee on Financial Services of the House of Rep-  
3       resentatives a report that—

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

6               (B) makes recommendations regarding  
7       strategies that issuers could use to increase  
8       gender identity, racial, ethnic, and sexual ori-  
9       entation diversity among board members.

10       (d) ANNUAL REPORT.—Not later than 1 year after  
11      the date on which the Advisory Group submits the report  
12      required under subsection (c)(2), and annually thereafter,  
13      the Commission shall submit to the Committee on Bank-  
14      ing, Housing, and Urban Affairs of the Senate and the  
15      Committee on Financial Services of the House of Rep-  
16      resentatives a report that describes the status of gender  
17      identity, racial, ethnic, and sexual orientation diversity  
18      among members of the boards of directors of issuers.

19       (e) PUBLIC AVAILABILITY OF REPORTS.—The Com-  
20      mission shall make all reports of the Advisory Group avail-  
21      able to issuers and the public, including on the website  
22      of the Commission.

23       (f) INAPPLICABILITY OF FEDERAL ADVISORY COM-  
24      MITTEE ACT.—The Federal Advisory Committee Act (5

1 U.S.C. App.) shall not apply with respect to the Advisory  
2 Group or the activities of the Advisory Group.

3           **TITLE X—UYGHUR FORCED**  
4                   **LABOR DISCLOSURE**

5 **SEC. 1001. SHORT TITLE.**

6           This division may be cited as the “Uyghur Forced  
7 Labor Disclosure Act”.

8 **SEC. 1002. DISCLOSURE OF CERTAIN ACTIVITIES RELATING**  
9                   **TO THE XINJIANG UYGHUR AUTONOMOUS**  
10                   **REGION.**

11           (a) IN GENERAL.—Section 13 of the Securities Ex-  
12 change Act of 1934 (15 U.S.C. 78m), as amended by sec-  
13 tion 502, is further amended by adding at the end the  
14 following:

15           “(w) DISCLOSURE OF CERTAIN ACTIVITIES RELAT-  
16 ING TO THE XINJIANG UYGHUR AUTONOMOUS REGION.—

17                   “(1) IN GENERAL.—Not later than the end of  
18 the 180-day period beginning on the date of enact-  
19 ment of this subsection, the Commission shall issue  
20 rules to require each issuer required to file an an-  
21 nual report under this section or section 15(d) or a  
22 proxy statement under section 14 to disclose in each  
23 such report or proxy statement whether, during the  
24 period covered by the report or proxy statement—

1           “(A) the issuer or any affiliate of the  
2 issuer, directly or indirectly, engaged with an  
3 entity or the affiliate of an entity to import—

4           “(i) manufactured goods, including  
5 electronics, food products, textiles, shoes,  
6 auto parts, polysilicon, and teas, that are  
7 sourced from or through the XUAR;

8           “(ii) manufactured goods containing  
9 materials that are sourced from or through  
10 the XUAR; or

11           “(iii) goods manufactured by an entity  
12 engaged in labor transfers from the  
13 XUAR;

14           “(B) with respect to any goods or mate-  
15 rials described under subparagraph (A), wheth-  
16 er the goods or material originated in forced  
17 labor camps; and

18           “(C) with respect to each manufactured  
19 good or material described under subparagraph  
20 (A)—

21           “(i) the nature and extent of the com-  
22 mercial activity related to such good or  
23 material;

1           “(ii) the gross revenue and net prof-  
2           its, if any, attributable to the good or ma-  
3           terial; and

4           “(iii) whether the issuer or the affil-  
5           iate of the issuer intends to continue with  
6           such importation.

7           “(2) AVAILABILITY OF INFORMATION.—The  
8           Commission shall make all information disclosed  
9           pursuant to this subsection available to the public on  
10          the website of the Commission.

11          “(3) REPORTS.—

12           “(A) ANNUAL REPORT TO CONGRESS.—  
13          The Commission shall—

14           “(i) conduct an annual assessment of  
15           the compliance of issuers with the require-  
16           ments of this subsection; and

17           “(ii) issue a report to Congress con-  
18           taining the results of the assessment re-  
19           quired under clause (i).

20           “(B) GAO REPORT.—The Comptroller  
21          General of the United States shall periodically  
22          evaluate and report to Congress on the effec-  
23          tiveness of the oversight by the Commission of  
24          the disclosure requirements under this sub-  
25          section.



1           “(4) DEFINITIONS.—In this subsection:

2                   “(A) FORCED LABOR CAMP.—The term  
3           ‘forced labor camp’ means—

4                           “(i) any entity engaged in the ‘mutual  
5                   pairing assistance’ program which sub-  
6                   sidizes the establishment of manufacturing  
7                   facilities in XUAR;

8                           “(ii) any entity using convict labor,  
9                   forced labor, or indentured labor described  
10                  under section 307 of the Tariff Act of  
11                  1930 (19 U.S.C. 1307); and

12                           “(iii) any other entity that the Com-  
13                  mission determines is appropriate.

14                   “(B) XUAR.—The term ‘XUAR’ means  
15                  the Xinjiang Uyghur Autonomous Region.”.

16           (b) REPEAL.—The amendment made by this section  
17 shall be repealed on the earlier of—

18                   (1) the date that is 8 years after the date of the  
19                  enactment of this section; or

20                   (2) the date on which the President submits to  
21                  Congress (including the Office of the Law Revision  
22                  Council) a determination that the Government of the  
23                  People’s Republic of China has ended mass intern-  
24                  ment, forced labor, and any other gross violations of  
25                  human rights experienced by Uyghurs, Kazakhs,

1 Kyrgyz, and members of other persecuted groups in  
2 the Xinjiang Uyghur Autonomous Region.

### 3 **TITLE XI—OTHER MATTERS**

#### 4 **SEC. 1101. STUDY AND REPORT ON SMALL BUSINESSES**

##### 5 **AND ESG DISCLOSURES.**

6 (a) IN GENERAL.—Not later than 1 year after the  
7 date of the enactment of this Act, the Securities and Ex-  
8 change Commission, in coordination with the Director of  
9 the Office of the Advocate for Small Business Capital For-  
10 mation and the Investor Advocate of the Office of the In-  
11 vestor Advocate, shall—

12 (1) conduct a study on the issues small busi-  
13 nesses face with respect to complying with disclosure  
14 requirements related to environmental, social, and  
15 governance metrics; and

16 (2) submit a report to Congress that includes—

17 (A) the results of the study required under  
18 paragraph (1); and

19 (B) recommendations with respect to small  
20 business compliance with such disclosure re-  
21 quirements.

22 (b) DEFINITION OF SMALL BUSINESS.—In this sec-  
23 tion, the term “small business” has the meaning given the

- 1 term “small business concern” under section 3 of the
- 2 Small Business Act (15 U.S.C. 632).

Passed the House of Representatives June 16, 2021.

Attest:

*Clerk.*

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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**H. R. 1187**

**AN ACT**

To provide for disclosure of additional material information about public companies and establish a Sustainable Finance Advisory Committee, and for other purposes.