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1ST SESSION

H. R. 1187

IN THE SENATE OF THE UNITED STATES

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Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

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: CHERYL L. JOHNSON,
Clerk.