January 23, 2023

The Honorable Patrick McHenry  The Honorable Sherrod Brown
Chairman  Chairman
Committee on Financial Services  Committee on Banking, Housing, and Urban Affairs
U.S. House of Representatives  U.S. Senate
Washington, DC 20515  Washington, DC 20510

The Honorable Maxine Waters  The Honorable Tim Scott
Ranking Member  Ranking Member
Committee on Financial Services  Committee on Banking, Housing, and Urban Affairs
U.S. House of Representatives  U.S. Senate
Washington, DC 20515  Washington, DC 20510

Dear Chairman McHenry, Chairman Brown, Ranking Member Waters, and Ranking Member Scott:

Manufacturers are leaders in the fight against climate change.

Across the country, manufacturers are developing the products and technologies needed to face this generational challenge—while also taking measurable strides to reduce their own carbon footprint. Moreover, publicly traded manufacturers are working to ensure that their shareholders are fully informed about these critical efforts.

Last year, the SEC proposed a new climate reporting regime that will impose substantial costs on manufacturers and interfere with their efforts to report decision-useful climate information to their investors. The SEC’s proposed rule may take effect as soon as this year, despite the fact that it represents a significant departure from companies’ existing climate disclosure practices.

The proposed rule would require public companies to institute costly new processes to collect, analyze, and report reams of data that will not actually help investors understand businesses’ climate-related risks. Privately held manufacturers would likely get swept into the reporting regime as well, as the SEC’s proposed Scope 3 mandate could impose tracking and reporting burdens on small and family-owned businesses.

Manufacturers cannot afford such an impractical and overbroad regulation. Manufacturers believe in the importance of disclosing material information to investors, and the SEC needs to make significant revisions to its proposal so that the required disclosures generate climate-related data that investors can actually use.

Among other changes, the SEC should rescind its proposed mandates related to Scope 3 emissions and financial statement impact analyses. The SEC also should take steps to align its requirements with existing company practices, protect proprietary information, reduce liability, and exempt small and mid-size businesses from the rule. Critically, companies also need more time to comply with such a novel regime: the SEC should delay the effective date of any final rule and, once it becomes effective, allow companies to make annual reports later in the year than the Q1 deadline that has been proposed.
Manufacturers are dedicated to combatting climate change and confronting the enormous challenges it poses for the economy and the world. But the SEC’s proposed rule would impose significant costs on our industry, including on small and family-owned businesses—without a corresponding benefit to investors.

On behalf of the more than 12 million people who make things in America, we urge Congress to insist that the SEC protect manufacturers by developing a more tailored, workable, and cost-effective climate disclosures rule.

Sincerely,

American Coatings Association, Inc.
American Coke and Coal Chemicals Institute
American Composites Manufacturers Association
American Forest & Paper Association
American Foundry Society
American Wood Council
Appalachian Hardwood Manufacturers, Inc.
Arkansas State Chamber of Commerce/Associated Industries of Arkansas
Associated Equipment Distributors
Associated Industries of Missouri
Business + Institutional Furniture Manufacturers Association
Can Manufacturers Institute
Composite Panel Association
Connecticut Business & Industry Association
Council of Industrial Boiler Owners
First Coast Manufacturers Association
Hardwood Federation
Idaho Association of Commerce and Industry
Illinois Manufacturers’ Association
INDA, Association of the Nonwoven Fabrics Industry
Industrial Fasteners Institute
Industrial Packaging Alliance of North America
Iowa Association of Business and Industry
Leading Builders of America
Manufacturers Association of Central Florida
Metals Service Center Institute
Mississippi Manufacturers Association
National Association of Manufacturers
National Lime Association
New Mexico Business Coalition
North American Association of Food Equipment Manufacturers (NAFEM)
North Carolina Manufacturers Alliance (NCMA)
Northeast PA Manufacturers & Employers Association
Ohio Manufacturers’ Association
Plumbing Manufacturers International
Precast/Prestressed Concrete Institute
PRINTING United Alliance
Rhode Island Manufacturers Association
Sarasota/Manatee Area Manufacturers Association
South Carolina Chamber of Commerce
Southeastern Lumber Manufacturers Association
Southwest Regional Manufacturers Association
Steel Manufacturers Association
Tennessee Chamber of Commerce
Tennessee Manufacturers Association
Texas Association of Manufacturers
Textile Care Allied Trades Association
The Aluminum Association
The Sulphur Institute
Vinyl Institute
Virginia Chamber of Commerce
Virginia Manufacturers Association
Window & Door Manufacturers Association