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Treasurer John M. Schroder condemns proposed SEC rule to add ESG to disclosures

BATON ROUGE, LA – Louisiana State Treasurer John M. Schroder, policy chair of the State Financial Officers Foundation (SFOF), [joined in a letter denouncing proposed mandates of climate-related disclosures](#), thereby infecting investment protocols with political aims. Twenty-three state financial officers signed the letter sent to the Security and Exchange Commission (SEC) that outlines eight concerns with the proposed environmental, social, governance (ESG) disclosure rule titled, “The Enhancement and Standardization of Climate-Related Disclosures for Investors.”

“When you are forced to include ESG in financial disclosure, it gives the false impression that those factors are more important than other true factors that may actually impact risk,” said Schroder. “It is political agenda pretending to be fiduciary responsibility.”

The concerns stated in the letter are:

- The SEC is not a climate regulator, and this rule lies outside the scope of the SEC’s responsibilities.
- This proposed rule violates the First Amendment because it will force issuers to speak extensively to businesses about their impacts on climate change.

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