PRIORITIES FOR THE SECURITIES AND EXCHANGE COMMISSION

ISSUE BRIEF FROM OXFAM AMERICA

The current US Securities and Exchange Commission (SEC) has signaled an ambitious agenda to fulfill its mission to protect corporate investors and ensure the smooth and efficient functioning of the capital markets.

Congress has an important role to play to ensure that the SEC can carry out its mission.

Congress should ensure that:

- the SEC's budget does not decrease in the next 2023-24 Financial Services and Government Bill;
- attempts by corporate lobbyists and special interests working for deep-pocketed multinational corporations and trade groups to impede the SEC do not succeed;
- the rider from the 2023-24 Financial Services and General Government Bill that prevents the SEC from drafting rules on political contributions and corporate lobbying is removed; and
- the SEC has the regulatory power to draft regulations that fall within the purview of its mandate, per the recent Supreme Court decision in West Virginia v. the Environmental Protection Agency.

CONGRESSIONAL ACTION IS ESSENTIAL

Actions taken by Congress will be essential to ensure that the SEC can do the following.

1. **Finalize rules to address climate change** and ensure that the following are included in the final rule: (1) carbon emissions disclosures for companies' full operations and supply chains; (2) enhanced disclosures for key industries, especially for high-emitting sectors including oil and gas, and food and agriculture; (3) corporate lobbying practices are aligned with the Paris Agreement; and (4) a just transition to clean energy which will benefit workers, local communities, and the broader economy.
2. **Adopt rules to require improved human capital management disclosures.** The SEC should revise rules for companies on human capital disclosures to ensure that the rules are consistent, comparable, reliable, and standardized. These disclosures should extend to human capital in company supply chains.
3. **Amend Rule 13q-1 ("Disclosure of Payments by Resource Extraction Issuers") without changing the effective date (March 2023) of the existing "2020 Final Rule,"** or further delaying the corporate disclosures meant to begin in 2024. Section 1504 of the Dodd-Frank Act (2010) mandates regulations requiring all oil, gas, and mining companies listed on US stock exchanges to disclose the payments they make to governments globally; but the current implementing rule has been long delayed and fails to align with other jurisdictions.

   As reporting on the current rule goes into effect, targeted amendments that come into effect in future reporting cycles can be made without delaying disclosures under the current rule, to align with the statutory anti-corruption mandate of Section 1504 and the overwhelming evidence in the public record. Specifically, amendments are needed to modify the rule's project definition in line with global standards, narrow its overly broad exemptions, and require that disclosures be "filed" rather than "furnished."
4. **Adopt rules to require increased tax disclosures** that include increased reporting of key financial information by companies in line with the leading standard to enhance tax transparency and best practice (as demonstrated by increasing voluntary corporate disclosures). Requiring these disclosures would bring the SEC in line with a growing regulatory trend towards tax transparency; the EU has adopted requirements for a form of public country-by-country reporting, Australia has announced plans to adopt comprehensive public country-by-country reporting, and

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the Financial Accounting Standards Board is considering adopting requirements for greater tax disaggregation.

5. **Adopt rules to require disclosure of corporate diversity data.** Currently the agency plans to draft rules on corporate board diversity. However, disclosures such as these should not be limited to data on board and senior management, but also include workers across different functions and levels of the organization.

OXFAM ADVOCACY

In solidarity with allies, Oxfam plans to advocate for the following.

1. **Reform the shareholder resolution process (rule 14a-8) which includes (1) withdrawing Rule 14a-8 "Procedural Requirements and Resubmission Thresholds" changes** that makes it unnecessarily burdensome for shareholders, particularly small ones, from filing resolutions and (2) reforming the 14a-8 No Action process to better protect shareholders filing resolutions.

2. **Repeal Rule 10b-18 "Safe Harbor" to effectively ban open-market repurchases of common stock** which allow corporate executives to manipulate the market for the own gain. Open market stock purchases incentivize excessive risk-taking and destroy long-term value.

3. **Adopt rules to require improved political contributions and corporate lobbying disclosures.** Such disclosures should detail the expenditures that go beyond current lobbying disclosures and Federal Election Commission filings, including dues paid to trade associations and 501(c)(4) social welfare groups.

4. **Narrow the disclosure gap between public and private companies.** Private company disclosures are critical because of the impact and influence of large private companies; the need to avoid incentivizing large companies to become or remain privately held; and the public interest in ensuring that large parts of the American economy are not opaque to policymakers, investors, and the public. Private company disclosures should include but not be limited to information about earnings, business outlook, risk management (including risks specific to the company), and manager pay.

WHY IT MATTERS FOR INEQUALITY

Oxfam frequently advocates for improvements in disclosure and oversight of various social and environmental issues that help companies improve their financial prospects through sustainability and long-term value.

The impacts of such improvements trickle to other company stakeholders as well, including workers, suppliers, consumers, and frontline communities. The priorities outlined here for the SEC are important to these ends.

- They will ensure the smooth and efficient functioning of capital markets.
- They will result in better protection of Main Street investors (salaried, retail, and other small investors) from excessive risk-taking by companies.
- They will ensure increased transparency, which will make it less challenging to measure company progress against commitments made.
- They will help hold companies to account for unethical business practices.
- They will reduce the risk that companies engage in illegal business practices.
- They will make it possible to compare companies' performance against one another, and encourage a race to the top.

FIGHTING INEQUALITY TO BUILD A BETTER WORLD

Oxfam believes that poverty is a policy choice, and that the ultrawealthy and giant corporations have hijacked our systems to benefit a select few. We are working to redress the balance of power, putting it back in the hands of working families in the US and around the world.

HEADQUARTERS
77 N WASHINGTON STREET, SUITE 500
BOSTON, MA 02114
(800) 776-9326

POLICY & ADVOCACY
1101 17TH STREET NW, SUITE 1300
WASHINGTON, DC 20005
(202) 496-1180

info@oxfamamerica.org
oxfamamerica.org

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