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Investors want information about climate risk. We're happy to give it — and think all companies should.

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Todd Johnson | San Francisco Business Times

February 24, 2023, 02:34pm PST

Since becoming a public company earlier this year, the team at Grove Collaborative has quickly come to understand the expectations of our investors. Among other things, they want to know how our company is doing financially, what the outlook is for the coming year, and the biggest risks to our continued success.

This kind of information has, of course, long been central to the way capital markets operate. Financial disclosures are clearly critical to investors and market efficiency, and that's why companies are expected to provide this information to the U.S. Securities and Exchange Commission. It's a commonsense requirement — no questions asked.

So, it is striking that, right now, companies aren't required to disclose information about what may be the largest business and financial risk looming over them: how they are adjusting to the climate crisis. From powerful storms that damage facilities and infrastructure, to drought that undermines crop yields and water supply, climate change threatens to bring untold risks to companies and their supply chains. Investors have taken stock. Each year, more and more institutional investors make it clear that they view it as a major material financial risk, and demand to know what companies are doing to address it.

That's why we support policies that require companies to provide investors with information about their climate-related impacts, risks and transition plans, just like we must rightly provide information about our other financial concerns.

The SEC is expected to finalize a rule soon that will require public companies to disclose their climate impacts and risks; we also support legislation in our home state of California that would require additional emissions and risk disclosure from all large companies. We are excited for the SEC to finalize its rule, and hope California lawmakers pass the state's disclosure legislation this year.

We understand that some companies may be reluctant to face new government reporting requirements. And maybe it's easy for a company like Grove (NYSE: GROV) to support disclosure policies. Sustainability is at the heart of our company and our products, and we take our responsibility to fight climate change extremely seriously.

But all businesses should see the value in disclosure. You can't solve what you haven't first measured. Disclosure drives good decisions by focusing companies on planning for this monumental transition and adapting to the effects of the climate crisis, while attracting capital by giving investors confidence that companies are built for the economy of the future.

Smart companies and investors have long recognized that climate change should be understood as both a massive financial risk and business opportunity. While it is in the clear interest of companies and investors to know how businesses will protect their assets from the effects of extreme weather and how they intend to cut the pollution that causes those damages, it is also important that they have a plan to take advantage of and flourish in a clean energy economy.

In California and many other states, at the federal level, and all around the globe, the public and private sectors have worked together to make climate action business friendly. Between increasingly ambitious policies and rapid advancements in technology, it is now easier, more affordable and more lucrative for companies to clean up their operations. Those companies that are prepared to do so will gain investor confidence and reap financial rewards, and those that aren't risk being left behind. Investors should know who's who, and disclosure gives companies an opportunity to make their case.

It is not enough to hope that companies will voluntarily report their own climate risks and plans. Some companies simply won't, and even those that do often differ in terms of what information they share and in what format. As with all other financial concerns, public policy should require disclosure across the entire economy, so that investors can access consistent information from company to company, take stock of the risks and opportunities, and act on this crucial information by investing in companies best poised to deliver sustainable returns long into the future.

Stu Landesberg is co-founder and CEO of Grove Collaborative Holdings Inc., a San Francisco-based maker of eco-friendly consumer products.

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