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August 12, 2020

The Honorable Walter Joseph "Jay" Clayton III
Chairman
United States Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chairman Clayton:

I write in regards to recent reports detailing both significant climate-related financial risks in the fossil fuel industry and concerns from investors about risks associated with the climate crisis. It is distressing that by ignoring these climate risks, the Securities and Exchange Commission (SEC or the Commission), under your leadership, is not fulfilling its mission to "protect investors" and "maintain fair, orderly, and efficient markets."[1] I urge you to take immediate measures, including those found in my *Climate Risk Disclosure Act*,[2] to implement standard climate risk disclosures so that investors and the public can accurately assess and address climate-related environmental and financial threats.

In April 2020, I submitted a public comment letter to the SEC regarding a proposed rule to amend disclosure and reporting requirements for publicly traded companies under Regulation S-K.[3] In my letter, I expressed significant concerns that the SEC was not taking strong and necessary measures to include climate disclosure provisions, particularly given climate change's significant impact on our economy,[4] as well as a 2018 Government Accountability Office report that found that "[i]mpacts from a changing climate can pose serious risks to the global economy and affect many economic sectors" and that "SEC reviewers may not have access to the detailed information that companies use to arrive at their determination of whether risks, including climate-related risks, must be disclosed in their SEC filings."[5] While the SEC declined to improve required disclosures through climate risk reporting, it appears that the concerns I raised are increasingly being shared to you by major institutional investors, nonprofit organizations, and other stakeholders.[6] Reports also highlight the fossil fuel industry's inability or unwillingness to

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[1] Securities and Exchange Commission, "About the SEC," November 22, 2016, https://www.sec.gov/about.shtml.
[2] Climate Risk Disclosure Act of 2019, S. 2075, https://www.congress.gov/bill/116th-congress/senate-bill/2075.
[3] Letter from Senator Elizabeth Warren to Securities and Exchange Commission Chairman Clayton, April 28, 2020, https://www.warren.senate.gov/imo/media/doc/File%20Number%20S7-01-20%20-%2004.28.2020%20Letter%20from%20Senator%20Warren%20to%20SEC%20Chairman%20Jay%20Clayton.pdf.
[4] New York Times, "Climate Change's Giant Impact on the Economy: 4 Key Issues," Neil Irwin, January 17, 2019, https://www.nytimes.com/2019/01/17/upshot/how-to-think-about-the-costs-of-climate-change.html.
[5] Government Accountability Office, "CLIMATE-RELATED RISKS: SEC Has Taken Steps to Clarify Disclosure Requirements," February 2018, https://www.gao.gov/assets/700/690197.pdf.
[6] New York Times, "Climate Change Poses 'Systemic Threat' to the Economy, Big Investors Warn," Christopher Flavelle, July 21, 2020, https://www.nytimes.com/2020/07/21/climate/investors-climate-threat-regulators.html; New

account for climate risks both within their own companies and for climate risks in the broader economy, which are largely due to the lack of transparency about climate-related risks that I have raised with the Commission.[7]

Economic Threats Caused by the Climate Crisis

Investors and the public currently lack sufficient information about the threats of the climate crisis on their investments, though the risks to our economy posed by the climate crisis continue to grow. A comprehensive international review released earlier this month found that "[t]he current pace of human-caused carbon emissions is increasingly likely to trigger irreversible damage to the planet" and that "[t]here is basically little or no chance that we are going to get lucky and find that the warming caused by our activities turns out to be minor."[8] These findings add to concerns raised by other studies that have estimated that "the current value of direct private investor losses globally due to the physical risks of climate change is between $4.2 trillion and $13.8 trillion, depending on the warming scenario" and that climate change may lead to "global economic losses [that] could mount to $23 trillion per year—permanent damage that would far eclipse the scale of the 2007-2008 financial crisis."[9]

Research also shows that the increasingly rising global temperatures and its effects will "universally hurt worker health and productivity,"[10] that they will "increasingly disrupt and damage critical infrastructure and property,"[11], and that they pose threats to national security and the ability of the Department of Defense to carry out its mission.[12] The devastation caused by the climate crisis will also be disproportionately felt by communities of color, low-income communities, and other frontline communities that have already withstood the worst environmental justices.[13]

Rather than working to address the climate crisis and protect our communities, economies, and future generations, however, the Trump administration has taken steps that will

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York Times, "BlackRock C.E.O. Larry Fink: Climate Crisis Will Reshape Finance," Andrew Ross Sorkin, February 24, 2020, https://www.nytimes.com/2020/01/14/business/dealbook/larry-fink-blackrock-climate-change.html.

[7] National Whistleblower Center, "Exposing a Ticking Time Bomb: How fossil fuel industry fraud is setting us up for a financial implosion – and what whisteblowers can do about it," July 2020, https://www.whistleblowers.org/wp-content/uploads/2020/07/NWC-Climate-Risk-Disclosure-Report.pdf.

[8] Washington Post, "Major new climate study rules out less severe global warming scenarios," Andrew Freedman and Chris Mooney, July 22, 2020, https://www.washingtonpost.com/weather/2020/07/22/climate-sensitivity-co2/.

[9] Center for American Progress, "Climate Change Threatens the Stability of the Financial System," Gregg Gelzinis and Graham Steele, November 21, 2019, https://www.americanprogress.org/issues/economy/reports/2019/11/21/477190/climate-change-threatens-stability-financial-system/.

[10] Moody's Analytics, "The Economic Implications of Climate Change," Chris Lafakis, Laura Ratz, Emily Fazio, and Maria Cosma, June 2019, https://www.moodysanalytics.com/-/media/article/2019/economic-implications-of-climate-change.pdf.

[11] *Id.*

[12] Government Accountability Office, "CLIMATE RESILIENCE: Actions Needed to Ensure DOD Considers Climate Risks to Contractors as Part of Acquisition, Supply, and Risk Assessment," June 2020, https://www.warren.senate.gov/imo/media/doc/climate%20change%20contractors%20report.pdf.

[13] Brookings Institution, "Ten facts about the economics of climate change and climate policy," Ryan Nunn, Jimmy O'Donnell, Jay Shambaugh, Lawrence Goulder, Charles Kolstad, and Xianling Long, October 23, 2019, https://www.brookings.edu/research/ten-facts-about-the-economics-of-climate-change-and-climate-policy/.

exacerbate the climate crisis or weaken the ability to address climate change. Reports show that the Trump administration has reportedly worked to embed climate denial in scientific research.[14] Throughout the Trump administration's tenure, the administration has worked to eliminate or weaken over 100 environmental safeguards, including those on "planet-warming carbon dioxide emissions from power plants and from cars and trucks, and rolled back many more rules governing clean air, water and toxic chemicals."[15] Given the dire economic consequences caused by climate change and an administration that makes these problems worse, the SEC should listen to investors and stakeholders and act swiftly to protect our economy from these worsening effects by giving the public the tools necessary to assess the impacts and risks on individual companies and throughout the economy.

Investors and Stakeholders Urge the SEC to Require Standard Climate Risk Disclosures

Earlier this month, a group of institutional investors and fund managers, businesses, and former regulators and lawmakers sent you a letter about the "systemic threat to financial markets and the real economy, with significant disruptive consequences on asset valuations and our nation's economic stability" posed by the climate crisis.[16] The group also sent similar letters to the heads of the Federal Reserve System Board of Governors, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Commodity Futures Trading Commission, Federal Insurance Office, Federal Housing Finance Agency, Financial Stability Oversight Council, and various state regulators.[17] The letter calls on you to "implement a broader range of actions to explicitly integrate climate change across your mandates" and states, "[s]uch actions are needed to protect the economy from any further disruptive shocks."[18]

The group of stakeholders, which include "some of the largest pension funds in the country,"[19] also urged you to consider recommendations in Ceres's June 2020 report, which states that, among other steps, the SEC should:

- "Analyze climate risk impacts on the securities markets and on the SEC mandate, and consider establishing a cross-divisional taskforce to allow for coordinated responses.
- "Make clear that consideration of material environmental, social and governance (ESG) risk factors, such as climate change, is consistent with investor fiduciary duty.

[14] New York Times, "A Trump Insider Embeds Climate Denial in Scientific Research," Hiroko Tabuchi, March 2, 2020, https://www.nytimes.com/2020/03/02/climate/goks-uncertainty-language-interior.html.
[15] New York Times, "The Trump Administration Is Reversing 100 Environmental Rules. Here's the Full List.," Nadja Popovich, Livia Albeck-Ripka, and Kendra Pierre-Louis, July 15, 2020, https://www.nytimes.com/interactive/2020/climate/trump-environment-rollbacks.html.
[16] Ceres, "40 investors with nearly $1 trillion to join other leaders to urge U.S. financial regulators to act on climate," press release, July 21, 2020, https://www.ceres.org/news-center/press-releases/40-investors-nearly-1-trillion-join-other-leaders-urge-us-financial.
[17] *Id.*
[18] Letter from Ceres and other nonprofits, investors, businesses, and individuals to Securities and Exchange Commission Chairman Clayton, July 21, 2020, https://www.ceres.org/sites/default/files/Federal%20Regulators%20Letter.pdf.
[19] New York Times, "Climate Change Poses 'Systemic Threat' to the Economy, Big Investors Warn," Christopher Flavelle, July 21, 2020, https://www.nytimes.com/2020/07/21/climate/investors-climate-threat-regulators.html.

- "Issue rules mandating corporate climate risk disclosure, building on the framework established by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)…
- "Direct the Public Company Accounting Oversight Board (PCAOB), overseen by the SEC, to assess whether firm audits adequately detect climate risks, and issue guidance to help auditors better understand how climate risk affects audits and accounting…
- "Encourage the Financial Accounting Standards Board to drive consistency in the way that climate risk is disclosed in financial statements.
- "Issue guidance encouraging credit raters to provide more disclosure on how climate risk factors are factored in rating decisions [and] examine the extent to which climate risk is considered by credit raters, and summarize findings in annual examination reports."[20]

These recommendations are largely in line with the findings by a House Select Committee on the Climate Crisis staff report, which found that "shareholders, investors, and regulators [increasingly] demand climate-related information" and which recommends that Congress enact legislation to direct your agency to "require public companies to report climate risks in their financial disclosures."[21] The SEC can take these steps without new legislation,[22] and I urge you to immediately direct the Commission to review these recommendations and take steps to require disclosures of climate-related risks in mandatory SEC disclosures.

While you have stated that disclosures should remain based on materiality,[23] SEC Commissioner Allison Herren Lee has addressed these concerns about climate-related disclosures, stating that "[i]nvestors have been clear that this information is material to their decision-making process, and a growing body of research confirms that," but that "the broad, principles-based 'materiality' standard has not produced sufficient disclosure to ensure that investors are getting the information they need—that is, disclosures that are consistent, reliable, and comparable," and that the SEC's "routine disclosure review process could be used to improve disclosure under the materiality standard."[24] Commissioner Lee also acknowledged that "investors are overwhelmingly telling us, through comment letters and petitions for rulemaking, that they need consistent, reliable, and comparable disclosures of the risks and opportunities related to sustainability measures, particularly climate risk."[25]

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[20] Ceres, "Addressing Climate As a Systemic Risk: A call to action for U.S. financial regulators: Executive Summary," June 1, 2020, https://www.ceres.org/sites/default/files/2020-05/Financial%20Regulator%20Executive%20Summary%20FINAL.pdf.
[21] House Select Committee on the Climate Crisis, "Solving the Climate Crisis: The Congressional Action Plan for a Clean Energy Economy and a Healthy, Resilient, and Just America," June 30, 2020, https://climatecrisis.house.gov/sites/climatecrisis.house.gov/files/Climate%20Crisis%20Action%20Plan.pdf.
[22] New York Times, "Climate Change Poses 'Systemic Threat' to the Economy, Big Investors Warn," Christopher Flavelle, July 21, 2020, https://www.nytimes.com/2020/07/21/climate/investors-climate-threat-regulators.html.
[23] Securities and Exchange Commission, "Statement on Proposed Amendments to Modernize and Enhance Financial Disclosures; Other Ongoing Disclosure Modernization Initiatives; Impact of the Coronavirus; Environmental and Climate-Related Disclosure," Public Statement by Jay Clayton, January 30, 2020, https://www.sec.gov/news/public-statement/clayton-mda-2020-01-30.
[24] Securities and Exchange Commission, "'Modernizing' Regulation S-K: Ignoring the Elephant in the Room," Public Statement by Allison Herren Lee, January 30, 2020, https://www.sec.gov/news/public-statement/lee-mda-2020-01-30.
[25] *Id.*

Possibility of Deception in Fossil Fuel Industry Disclosures

A lack of climate risk disclosure by public companies also provides perverse incentives for companies, particularly those in the fossil fuel industry, to limit or downplay the physical and transition risks associated with the climate crisis in their SEC disclosures. A new report by the National Whistleblower Center also shows that the systemic risks caused by the climate crisis are worsened by deception and potential fraud in the fossil fuel industry.[26] According to the report, "[c]oncealment of climate risks is a matter of great public interest because when it is successful, it harms investors, the environment and the economy. Investors who provide capital to these companies suffer because they invest based on a false sense of the companies' readiness for the transition to a low-carbon economy and for the physical shocks of climate change."[27] It also states, "[t]he fossil fuel sector is a prime example of an industry sector with incentives to commit fraud given that its financial stability and profitability are greatly threatened by industry conditions and larger economic trends."[28]

Without mandatory, uniform risk disclosure standards, fossil fuel companies are therefore able to limit transparency regarding how they are preparing for transitions to a clean energy economy, their justifications for optimistic price assumptions, their plans to remove greenhouse gases from their emissions, and climate-related damage to assets and infrastructure. Financial statements of fossil fuel companies may therefore omit information about risks that may materially impact returns. Requiring public companies to include information about climate-related risks in their mandatory SEC filings would better allow the Commission to mitigate the incentives for deception regarding climate risks and give the SEC stronger tools to take enforcement actions to protect investors and the economy.

Solution for Lack of Standardized Climate Risk Disclosure

The *Climate Risk Disclosure Act*, and a companion bill led by Representative Sean Casten (D-IL-06) that passed the House Financial Services Committee last year,[29] would address many the issues raised by investors and reduce the possibility of deception found in the fossil fuel industry by requiring rigorous disclosures of critical information about climate-related risks by all public companies.[30] These disclosures would include:

- Companies' direct and indirect greenhouse gas emissions;
- The total amount of assets related to fossil fuel that companies own or manage;

[26] National Whistleblower Center, "Exposing a Ticking Time Bomb: How Fossil Fuel Industry Fraud is Setting Us Up for a Financial Implosion – and What Whistleblowers Can Do About It," July 23, 2020, https://www.whistleblowers.org/news/new-report-warns-that-fossil-fuel-industry-deception-about-climate-risks-represents-a-ticking-time-bomb-threatening-the-global-financial-system/.
[27] *Id.*
[28] *Id.*
[29] Office of Representative Sean Casten, "Casten, Warren 'Climate Risk Disclosure' Act Passes House Financial Services Committee," press release, July 17, 2019, https://casten.house.gov/media/press-releases/casten-warren-climate-risk-disclosure-act-passes-house-financial-services.
[30] Climate Risk Disclosure Act of 2019, S. 2075, https://www.congress.gov/bill/116th-congress/senate-bill/2075.

- How companies' valuations would be affected if climate change continues at its current pace or if policymakers successfully restrict greenhouse emissions to meet the 1.5 degrees Celsius above pre-industrial levels goal in the Paris Agreement;[31] and
- Companies' risk management strategies related to the physical and transition risks posed by the climate crisis.[32]

These disclosures, however, do not require legislation. The SEC can require them using its current authority under Section 13 of the *Securities Exchange Act of 1934*.[33] While I am disappointed that the SEC did not implement these requirements as it considers potential changes to financial disclosures, such as proposed amendments to Regulation S-K,[34] and while I will work to make my bill law, I urge you to take immediate action to require mandatory climate disclosures and ensure that investors and the public have the tools and information they need to assess climate-related risks, prevent deception about fossil fuel assets, and make well-informed investment decisions.

In order to better understand how the Commission views climate-related risks and the concerns raised by institutional investors and other stakeholders, as well as my *Climate Risk Disclosure Act*, I urge you to respond to the following questions no later than Wednesday, August 26, 2020.

1. The group of stakeholders that wrote to you on July 21, 2020, regarding the systemic threat of climate change, which include "some of the largest pension funds in the country,"[35] urged you to consider recommendations in Ceres's June 2020 report.[36]
    a. Please explain your views on each of the following recommendations included in the June 2020 Ceres report:
        i. "Analyze climate risk impacts on the securities markets and on the SEC mandate, and consider establishing a cross-divisional taskforce to allow for coordinated responses.
        ii. "Make clear that consideration of material environmental, social and governance (ESG) risk factors, such as climate change, is consistent with investor fiduciary duty.

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[31] United Nations Framework Convention on Climate Change, "The Paris Agreement," Accessed August 7, 2020, https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.
[32] Office of Senator Elizabeth Warren, "Senator Warren, Representative Casten Lead Colleagues Introducing a Bill to Require Every Public Company to Disclose Climate-Related Risks," press release, July 10, 2019, https://www.warren.senate.gov/newsroom/press-releases/senator-warren-representative-casten-lead-colleagues-introducing-a-bill-to-require-every-public-company-to-disclose-climate-related-risks.
[33] 15 U.S.C. 78m.
[34] Letter from Senator Elizabeth Warren to Securities and Exchange Commission Chairman Clayton, April 28, 2020, https://www.warren.senate.gov/imo/media/doc/File%20Number%20S7-01-20%20-%2004.28.2020%20Letter%20from%20Senator%20Warren%20to%20SEC%20Chairman%20Jay%20Clayton.pdf.
[35] New York Times, "Climate Change Poses 'Systemic Threat' to the Economy, Big Investors Warn," Christopher Flavelle, July 21, 2020, https://www.nytimes.com/2020/07/21/climate/investors-climate-threat-regulators.html.
[36] Ceres, "Addressing Climate As a Systemic Risk: A call to action for U.S. financial regulators: Executive Summary," June 1, 2020, https://www.ceres.org/sites/default/files/2020-05/Financial%20Regulator%20Executive%20Summary%20FINAL.pdf.

iii. “Issue rules mandating corporate climate risk disclosure, building on the framework established by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD)…
iv. “Direct the Public Company Accounting Oversight Board (PCAOB), overseen by the SEC, to assess whether firm audits adequately detect climate risks, and issue guidance to help auditors better understand how climate risk affects audits and accounting…
v. “Encourage the Financial Accounting Standards Board to drive consistency in the way that climate risk is disclosed in financial statements.
vi. “Issue guidance encouraging credit raters to provide more disclosure on how climate risk factors are factored in rating decisions [and] examine the extent to which climate risk is considered by credit raters, and summarize findings in annual examination reports.”[37]

2. In your public statement regarding proposed amendments to Regulation S-K, you stated that disclosures should remain based on materiality.[38] SEC Commissioner Allison Herren Lee, however, addressed your concerns about climate-related disclosures, stating that “[i]nvestors have been clear that this information is material to their decision-making process, and a growing body of research confirms that,” that “the broad, principles-based ‘materiality’ standard has not produced sufficient disclosure to ensure that investors are getting the information they need—that is, disclosures that are consistent, reliable, and comparable,” and that the SEC’s “routine disclosure review process could be used to improve disclosure under the materiality standard.”[39]
    i. Do you believe that understanding which assets of public companies may be materially affected by climate change may help investors make more informed decisions about the risk of their investments?
    ii. Do you agree that information concerning the impacts of climate on public company assets and business is material to the proper valuation of investments by investors and markets?
    iii. Do you believe it would be useful for investors to understand public companies’ contributions to greenhouse gas emissions and their exposure in the event of a government- or market-mandated transition towards a lower-carbon economy?

[37] Ceres, “Addressing Climate As a Systemic Risk: A call to action for U.S. financial regulators: Executive Summary,” June 1, 2020, https://www.ceres.org/sites/default/files/2020-05/Financial%20Regulator%20Executive%20Summary%20FINAL.pdf.
[38] Securities and Exchange Commission, “Statement on Proposed Amendments to Modernize and Enhance Financial Disclosures; Other Ongoing Disclosure Modernization Initiatives; Impact of the Coronavirus; Environmental and Climate-Related Disclosure,” Public Statement by Jay Clayton, January 30, 2020, https://www.sec.gov/news/public-statement/clayton-mda-2020-01-30.
[39] Securities and Exchange Commission, “’Modernizing’ Regulation S-K: Ignoring the Elephant in the Room,” Public Statement by Allison Herren Lee, January 30, 2020, https://www.sec.gov/news/public-statement/lee-mda-2020-01-30.

3. A 2018 Government Accountability Office report found that "[i]mpacts from a changing climate can pose serious risks to the global economy and affect many economic sectors" and that "SEC reviewers may not have access to the detailed information that companies use to arrive at their determination of whether risks, including climate-related risks, must be disclosed in their SEC filings."[40] While the SEC has issued some guidance for considering climate effects,[41] it has not mandated disclosures for how that risk materially affects returns.
    a. What is the SEC doing to address the concerns raised by the Government Accountability Office report?
    b. If federal regulators do not have the information needed to fully understand public companies' climate-related risks under current rules, do investors have the adequate information needed to make informed decisions about companies' risks, as well as exposure in the event of a government- or market-mandated transition towards a lower-carbon economy?

4. The July 2020 National Whistleblower Center report stated, "[t]he fossil fuel sector is a prime example of an industry sector with incentives to commit fraud given that its financial stability and profitability are greatly threatened by industry conditions and larger economic trends."[42]
    a. Without standard, mandatory climate risk disclosures, how is the SEC addressing potential harmful incentives and conflicts of interest in the disclosure of material climate-related risks in the fossil fuel industry?

5. My *Climate Risk Disclosure Act* would require rigorous disclosures of critical information about climate-related risks by all public companies, including companies' direct and indirect greenhouse gas emissions; assets related to fossil fuel that companies own or manage; how companies' financial valuations would be affected under various climate scenarios; and companies' risk management strategies related to the physical and transition climate change risks.[43] The SEC, however, can issue rules using its authority under Section 13 of the *Securities and Exchange Act of 1934*,[44] requiring these disclosures without new legislation.
    a. The most recent volume of the National Climate Assessment, a scientific report issued by 13 federal agencies in November 2018, stated that climate

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[40] Government Accountability Office, "CLIMATE-RELATED RISKS: SEC Has Taken Steps to Clarify Disclosure Requirements," February 2018, https://www.gao.gov/assets/700/690197.pdf.
[41] Securities and Exchange Commission, "Commission Guidance Regarding Disclosure Related to Climate Change," February 8, 2010, https://www.sec.gov/rules/interp/2010/33-9106.pdf.
[42] National Whistleblower Center, "Exposing a Ticking Time Bomb: How Fossil Fuel Industry Fraud is Setting Us Up for a Financial Implosion – and What Whistleblowers Can Do About It," July 23, 2020, https://www.whistleblowers.org/news/new-report-warns-that-fossil-fuel-industry-deception-about-climate-risks-represents-a-ticking-time-bomb-threatening-the-global-financial-system/.
[43] Office of Senator Warren, "Senator Warren, Representative Casten Lead Colleagues Introducing a Bill to Require Every Public Company to Disclose Climate-Related Risks," press release, July 10, 2019, https://www.warren.senate.gov/newsroom/press-releases/senator-warren-representative-casten-lead-colleagues-introducing-a-bill-to-require-every-public-company-to-disclose-climate-related-risks.
[44] 15 U.S.C. 78m.

change may cause losses of up to 10 percent of the U.S. economy by 2100.[45] Additionally, a 2015 report from the Economist Intelligence Unit wrote that, of the world's current stock of manageable assets, the expected losses due to climate change are valued at $4.2 trillion by the end of the century.[46]

i. Given these threats to the economy, please provide information about the steps, if any, that the SEC is taking to address the disclosure of the physical and transition risks associated with the climate crisis, including exposure in the event of a government- or market-mandated transition towards a lower-carbon economy, for publicly traded companies.

Thank you for your consideration of this important issue, and I look forward to your response.

Sincerely,

Elizabeth Warren
United States Senator

[45] New York Times, "U.S. Climate Report Warns of Damaged Environment and Shrinking Economy," Coral Davenport and Kendra Pierre-Louis, November, 23, 2018, https://www.nytimes.com/2018/11/23/climate/us-climate-report.html.

[46] The Economist Intelligence Unit, "The cost of inaction," 2015, p. 41, https://eiuperspectives.economist.com/sites/default/files/The%20cost%20of%20inaction_0.pdf.