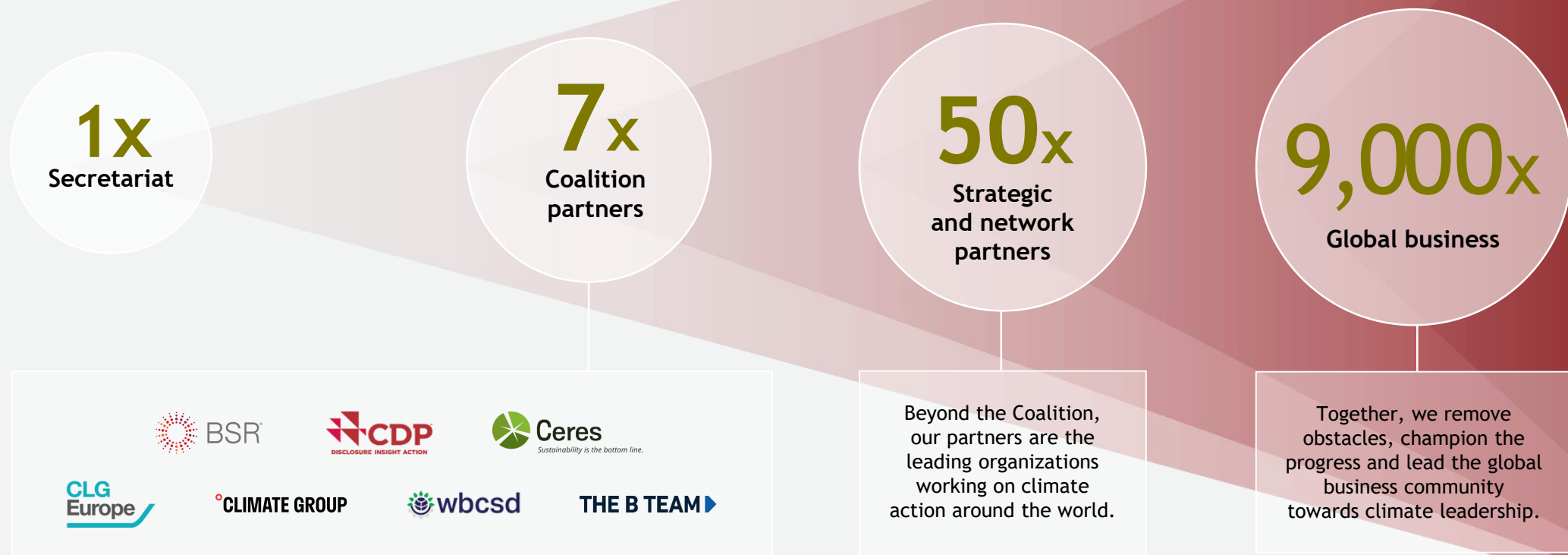


WHAT CONGRESS NEEDS TO KNOW ABOUT CORPORATE CLIMATE RISK, RESILIENCE, AND DISCLOSURES

By: Dr. Jane Thostrup Jagd, Deputy Director, Net Zero Finance

WHO WE ARE

WE GALVANIZE GLOBAL BUSINESS INTO CLIMATE LEADERSHIP



Navigating the landscape

NEW STANDARDS AND LEGISLATION



WMBC supports the US SEC Climate reporting proposal

BENEFITS AND IMPACTS OF INTERNATIONAL ALIGNMENT

- Cost-efficient solution for companies
- Clearest possible picture to investors
- Provide accountability for corporate climate reporting
=> less greenwashing

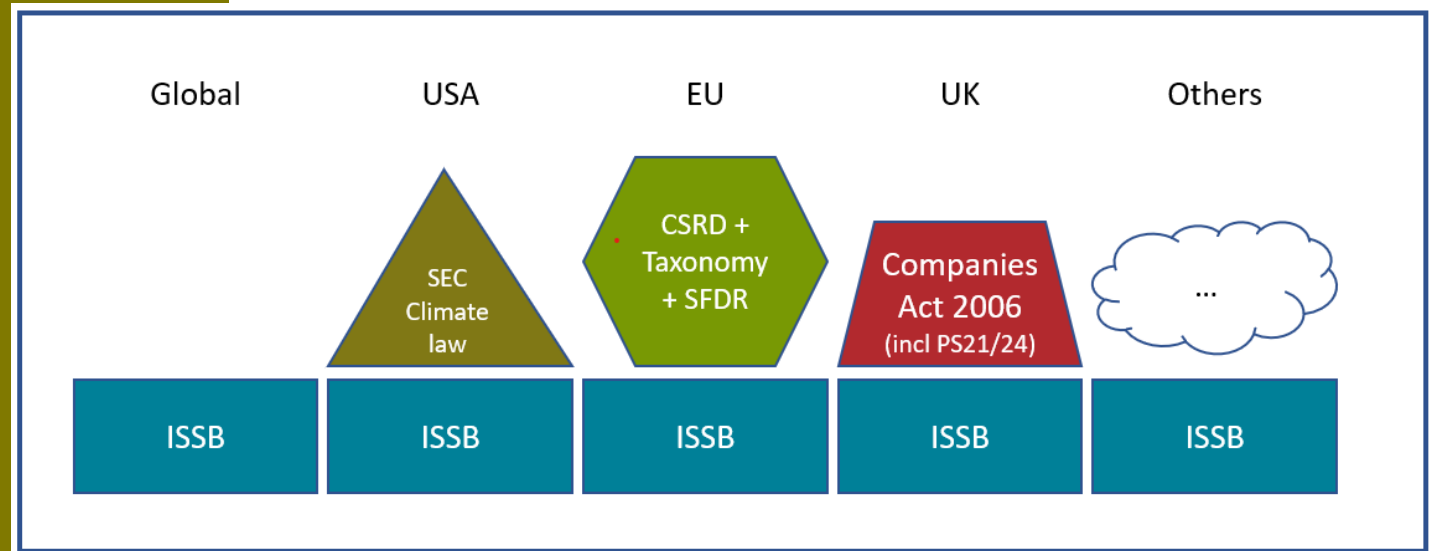


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How do ISSB and US SEC climate law fit?

They fit fairly well - for now

- Two things must change to future prove that fit
- One clarification is needed to secure cost-efficiency and usability



First thing

ISSB REFERENCE

- To future proof the alignment - US SEC Climate law should refer to ISSB
- ISSB will develop - just like the financial reporting regulations like US GAAP and IFRS have done. So, a reference to ISSB would make continued convergence and comparability across jurisdictions more likely.



Second thing

SAFE HARBOR FOR FORWARD LOOKING STATEMENTS ON CLIMATE

- US SEC Climate law is based on TCFD - good
- TCFD => Scenario reporting on climate resilience
- This will also cover opportunities
- Thus, climate scenario reporting and target setting **should be** subject to the general safe harbor protections under the Private Securities Litigation Reform Act (PLSRA)



The clarification that is needed

FINANCIAL BOUNDARIES ARE KEY

- Boundaries for GHG reporting (scope 1+2) should follow the financial boundaries; meaning:
 - Follow financial consolidation rules
 - Extend financial leasing rules (right-of-use)
- Financial systems can be extended - no need for new systems
- Integrated KPIs like Carbon intensity (GHG vs Revenue) will be useful, as the nominator and denominator are referring the same data boundaries.
- Auditor can assess completeness of GHG reporting.



So,

IT IS CLOSE

- Good legislation draft
- To future proof the international alignment:
 - Refer to ISSB
 - Safe harbor for forward looking statements on climate
- To make it cost efficient and investor useful:
 - Use financial boundaries



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