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

1x Secretariat

7x Coalition partners

50x Strategic and network partners

9,000x Global business

Beyond the Coalition, our partners are the leading organizations working on climate action around the world.

Together, we remove obstacles, champion the progress and lead the global business community towards climate leadership.
Navigating the landscape

NEW STANDARDS AND LEGISLATION

ISSB

U.S. SECURITIES AND EXCHANGE COMMISSION

wemeanbusinesscoalition.org
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
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)
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