

**What Congress Needs to Know About Corporate  
Climate Risk, Resilience, and Disclosures  
EESI Briefing, September 20, 2022**

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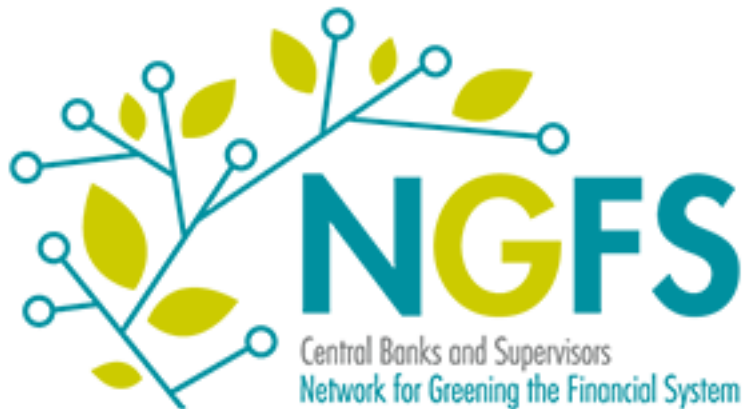
# The Biden Administration's "Whole of Government" Approach to Climate Change: Executive Order 14030



BRIEFING ROOM

## Executive Order on Climate-Related Financial Risk

MAY 20, 2021 • PRESIDENTIAL ACTIONS



- \*All\* financial regulatory agencies now have a climate risk mandate
- Some are farther along than others in rulemaking proceedings, notably SEC with three rules in works
- Several agencies, in addition to the Federal Reserve (not covered by EO 14030), have joined the international Network for Greening the Financial System

## 2022 Climate Risk Scorecard

This table assesses more than 230 public actions that federal financial regulators have already implemented to address climate-related financial risk.

	FED	FDIC	OCC	NCUA	SEC	MSRB	CFTC	FHFA	Treasury
<b>1 Publicly affirm</b> climate as a systemic risk	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>2 Produce</b> research and data on climate change	—	—	—	—	✓	—	✓	—	✓
<b>3 Assess</b> climate risks on “financially vulnerable communities”	—	—	—	X	X	n/a	X	✓	—
<b>4 Appoint</b> senior staff to focus on climate change	✓	—	✓	—	✓	—	✓	✓	✓
<b>5 Improve</b> climate-related disclosure	X	X	X	X	✓	—	—	—	—
<b>6 Include</b> climate risk in supervision and regulation	X	—	—	—	✓	X	X	—	—

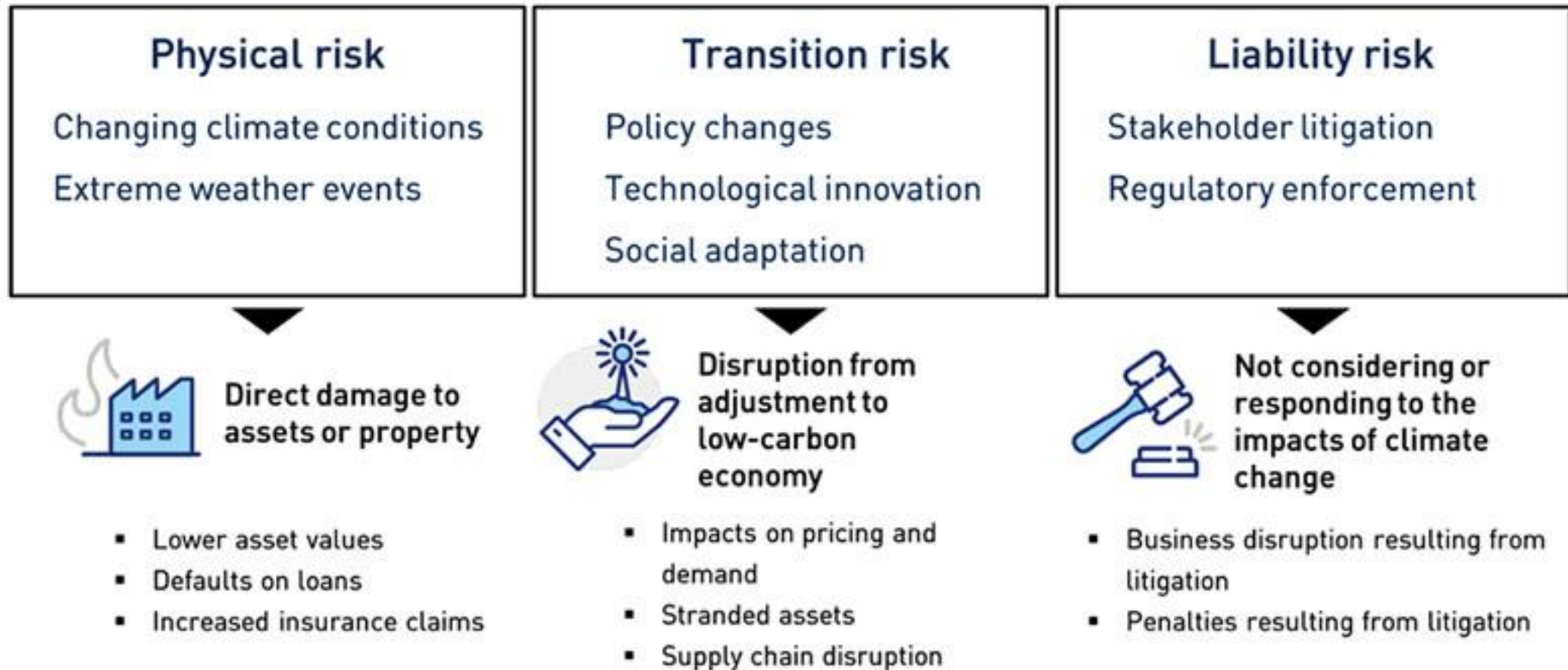
■ Notable progress or action completed
 ■ Some Progress
 ■ No Progress
 ■ Not Applicable

Source: Ceres (2022)

# Three ESG-related SEC Rules in the works:

- Proposed Rule to Enhance and Standardize **Climate-Related Disclosures** for Investors  
- comments closed June 17, 2022
- Proposed Investment Company **Names Rule**  
- comments closed Aug. 16, 2022
- Proposed **ESG Disclosure Rules** for investment funds and advisers - comments closed Aug. 16, 2022





Source: [APRA](#) (2021).

# Climate Risk and Analytics is a Big & Growing Business

**Bloomberg**



Green | ESG

## 90% of World's Biggest Firms Will Have at Least One Asset Exposed to Climate Risk, Fresh Data Show

By [Greg Ritchie](#) +Follow  
September 15, 2022 at 12:01 AM EDT

The fallout from climate change will be felt across industries, eroding asset values and forcing investors to make new risk assessments, according to a fresh data analysis tool launched by a unit of S&P Global.

## Accelerating M&A Activity Involving Climate or ESG Firms

Buyer	Target	Target Type	Date
Goldman Sachs	NN Investment Partners	Asset Manager	Aug. 21
Moody's	RMS	Data/Analytics	Aug. 21
AMG	Parnassus	Investment firm	Jul. 21
Blackstone	Sphera	Software/FinTech	Jul. 21
AXA	ClimateSeed	Marketplace	Jul. 21
JPMorgan	OpenInvest	Software/FinTech	Jun-21
BlackRock	Baringa Climate Change Scenario Model	Data/Analytics	Jun. 21
KKR	ERM	Consulting	May-21
Deutsche Börse	ISS	Data/Analytics	Feb-21
McKinsey	Vivid Economics & Planetrics	Data/Analytics, Consulting	Mar-21
Perpetual Asset Management	Trillium	Asset manager	Jul-20
Morningstar	Sustainalytics	Data/Analytics	Apr-20
MSCI	Carbon Delta	Data/Analytics	Sep-19
Moody's	Four Twenty Seven	Data/Analytics	Jul-19

*Selected deals; list not exhaustive*

Table: Shравan Bhat • Source: Center for Climate-Aligned Finance • Created with Datawrapper

# Greenwashing concerns at corporate level?

- Are net-zero goals achievable? Based on science? Do they over-rely on unproven or unreliable technologies like carbon capture, removal, or offsets?
- Are “Scope” emissions reporting accurate? Audited?
- Are emissions scenarios used by the company for assessing transition risks reasonable and do they represent a reasonable range of plausible energy demand futures?
- Physical risk has received less attention so far but needs to be a bigger concern, proposal asks for disclosure of location-based risks

# Concerns at the fund level?

- Did the fund simply rebrand as ESG with no substantive change to methodology?
- Is the composition of the fund consistent with the prospectus description?
- Do fund investors understand what ESG metrics mean and how they are used? Is the misunderstanding substantial enough to be misleading?
- Fund shareholder voting record on ESG issues?



# Types of ESG Funds

- ESG Integration - ESG considered as one of many factors with no special weight
- ESG Focused - with ESG metrics or other factors determining fund strategy and composition
- ESG Impact - seeks to engage and push for change at certain companies in certain ways