

May 14, 2020

Re: Comments to the Climate-Related Market Risk Subcommittee under the Market Risk Advisory Committee of the Commodity Futures Trading Commission

Dear Climate-Related Market Risk Subcommittee,

Thank you for the opportunity to comment on this pressing issue related to climate finance.

Climate change threatens us all, and consequences of inaction have been dire for many of the world's most vulnerable. We face a present and future with rising sea levels, extreme weather events, drought, poor air and water quality. The risks that climate change pose to the stability of the financial system are clear, including massive global economic losses if temperatures continue to rise that far surpass the scale of the 2008 financial crisis and recession. Ignoring these risks will have severe social and economic consequences.

Banks, as financiers for all industries, and especially to the fossil fuel industry, must take action to reduce the carbon footprint of their investments. In order to do so, banks should measure, disclose, and set targets to reduce their contributions to greenhouse gas emissions and ecological destruction. The largest funders of fossil fuels in the US especially must be held accountable for their role in accelerating the climate crisis. Investors and the public deserve full transparency of the systemic risks borne by us all as a result of banks' financing activities.

Financial regulators must use their existing authorities to mandate that financial institutions disclose their exposure to climate risk, their direct level of greenhouse gas emissions, as well as the emissions of the assets they finance. It is not enough for banks to disclose their financing activities only in response to heightened media coverage of oil spills, mass school shootings, the proliferation of private prisons and detention centers; nor should the burden of pressuring banks or revealing bank involvement in financing climate change fall on citizens' groups and grassroots coalitions. Disclosures should be mandatory – including and especially disclosures of financed emissions. For publicly traded companies who have an obligation to their shareholders to disclose material risk, transparency is particularly urgent.

Some values-driven banks in the US, including our bank, Beneficial State Bank, have already stepped up to voluntarily measure the carbon footprint of all their activities through the Partnership for Carbon Accounting Financials (PCAF). By participating in PCAF, calculating Beneficial State Bank's emissions contributions, and soon disclosing them, is the first step to reduce the bank's portfolio of emissions. Most importantly, PCAF is a demonstration to all other banks that it is possible and necessary to not only make these disclosures, but to plan for reductions.

Regulators should also embed climate risk into their prudential regulatory and supervisory frameworks for systemically important financial institutions. It is critical for banks to internalize the costs of the risks they are placing on the broader financial system and they must be resilient in the

face of a potential climate-driven shock. Regulators already have the tools and the authority to develop these policies to mitigate climate-related risks to the financial system, and in turn, the broader economy and our planet.

Banks cannot continue to accelerate climate chaos. Banks themselves have publicly admitted that fossil fuel finance is risky business. Climate change is already destabilizing our planet, and the pace at which it will continue to rock our financial system if financial institutions continue to support the fossil fuel industry is tremendous. Banks must disclose their climate risk, and financial regulators must require those disclosures, and seek to mitigate climate-related risks. It is regulators' statutory mandate to identify and mitigate threats to the financial institutions and markets under their respective jurisdictions.

Then, we can focus on the necessary work to justly transition to a modern and regenerative economy.

Thank you again for the opportunity to comment. We will gladly provide additional input and/or answer any questions.

Sincerely,



Emma Guttman-Slater

Policy Advocacy & Field Building Director