BlackRock & Politicized Capital Markets -- "Patient Zero" documents

BlackRock CEO Larry Fink's recent letters, and a WSJ op-ed "The Plot to Politicize Banking", recalled past discoveries from open-records pursuits involving the campaign for mandatory "climate risk disclosure". "CRD" and its various rhetorical re-framings aim to restrict hydrocarbon energy interests' access to capital.

morgan.costello@ag.ny.gov

From: Siobhan Collins [mailto:collins@ceres.org]
Sent: Friday, October 19, 2012 12:12 PM
To: Siobhan Collins
Cc: Jim Coburn; Erica Scharn; Brooke Barton; Ryan Salmon
Subject: Logistics: SEC 10/23 Meetings

Dear colleagues,

I'm writing with a lunch invitation, logistics, lists of attendees, and our cell phone numbers for the three upcoming SEC meetings on Tuesday, October 23rd. In advance of the afternoon's meetings, Ceres is providing lunch for participants at 11:30 a.m. at Art and Soul (see menu here), which is a half mile/10 minute walk from the SEC. **Please let me know if you are planning to attend lunch with us at 11:30 a.m.** Here's the location for our lunch:

Art and Soul
415 New Jersey Ave., NW
Washington, D.C. 20001
(Located at The Liaison Capitol Hill Hotel, between D St NW & E St NW)

All SEC meetings will be held at SEC headquarters: 100 F Street, NE, Washington, DC 20002 (between Union Station & 2nd St., NE. See attached map). Please arrive in time to go through security in the first floor lobby. Our group will meet in the foyer at 12:45pm.

Building/Transportation Details
Everyone should report to the main headquarters at 100 F Street, NE, and make sure to have their driver's license or a government issued ID. Please allow for ten minutes to clear security. Once everyone is through security, participants will be escorted to the conference room.

For those arriving via the DC Metro, take the Red Line to Union Station. The SEC's offices are adjoined to Union Station in the Station Place Office Complex. Just go to the end of the Amtrak arrival/departure gates towards McDonald's. Enter next to McDonald's let the guard know you are here for a meeting at the SEC, proceed down the hall and take the escalator down. This puts you in the main lobby, where everyone will need to check in at the main reception desk.

Meeting Participants:
Jim Coburn, Erica Scharn, Brooke Barton, and Ryan Salmon, Ceres
Robin Brown, Joyce Haboucha (tentative), Rockefeller Financial Asset Management
Morgan Costello, New York State Attorney General's Office
Jonas Kron, Trillium Asset Management
Don Marlais, CalPERS
Chad Spitler, BlackRock
Victoria Willard, Maryland State Retirement and Pension System

10/23 Meeting Schedule:
(1) Commissioner Aguilar - 1:00-2:00 p.m.

FOIL 140072 014355

Document ID: 0.7.691.437204

As put in a WSJ LTE:

> 'Social investing' campaigns include not only promotion of preferred investments but a determined effort to disable these investments' competition. That darker flip side involves a "climate risk disclosure" industry. Players in this "CRD" movement include state attorneys general, comptrollers and treasurers, and lawmakers combining with public pension funds, interest groups and, of course, contingency-fee lawyers. Even academics admit to expecting a taste of the expected settlement fund.
>
> The campaign seeks to impede access to capital—one player called it "divestment through value destruction." The effective goal is to coerce "confessions" in energy-related interests' public filings that catastrophic man-made global warming is a real problem of

> which they constitute a significant part, that their reserves are in fact worth little to nothing and their previous filings and other statements constitute actionable misdeeds, possibly fraud.

Given its newfound prominence among regulators, and open-records scrutiny of some of the state and city treasurer/comptroller offices active in the campaign, consider the below records. They affirm that, notably, this BlackRock-led campaign was midwifed contemporaneously with the climate litigation push; was also coordinated by disgraced former New York Attorney General Eric Schneiderman's Office (key players still there); promoted by Rhode Island senators; with the obligatory Rockefeller component (Rockefeller Financial Asset Management).

From: Siobhan Collins [mailto:collins@ceres.org]
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All SEC meetings will be held at SEC headquarters: 100 F Street, NE, Washington, DC 20002 (between Union Station & 2nd St., NE. See attached map). Please arrive in time to go through security in the first floor lobby. Our group will meet in the foyer at 12:45pm.

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Don Marlais, CalPERS
Chad Spitler, BlackRock
Victoria Willard, Maryland State Retirement and Pension System

10/23 Meeting Schedule:
(1) Commissioner Aguilar - 1:00-2:00 p.m.

FOIL 140072 014355

These parallels with the climate campaign continued with the Rockefeller Family Fund's Lee Wasserman — who, with tort lawyer Matt Pawa initiated Eric Schneiderman's Climate-RICO coalition — chiming in with a cheerleading Journal LTE, right below the one cited above.[1]

These players are joined by Ceres, some "social investing" outlets that very deliberately occupied certain SEC committees such as the IAC (Investor as Owner Committee), and some labor pension funds.

Sometime after the NY OAG email listing the core group, we see a damning confession, if one nonetheless somewhat guarded on certain details. Prompted by this item:

Lueders-Dumont, Tim

From: sicsgroup@googlegroups.com on behalf of Smith, Timothy <tsmith@bostontrust.com>
Sent: Monday, March 21, 2016 1:30 PM
To: Smith, Timothy
Subject: [SICS] FW: As Coal's Future Grows Murkier, Banks Pull Financing - NYTimes.com

As I read this NYT article on bank financing of coal this morning it was a powerful reminder of the impact of bank financing in our climate change work. And here we see the retreat of large bank financing into an almost inevitable position of no further funding of coal .
Our colleague Elizabeth McGeveran of the McKnight Foundation sent some reflections on the history of this decision that I thought was worth sharing with a broader audience. She reminds us of the long term effect of engagement by shareowners that led to this turn in the road.

In the world of impact investment arguments are made that you can't get a lot of impact with equity funds. To me, this article in today's NYT on coal financing is the perfect antidote to that claim.

Here is the PERFECT example about the powerful ecosystem build by ESG/SRI public funds. This work with banks to truly assess and understand ESG risks in long-term, high cost bonding and project financing was started back in 1999 by ICCR, F&C, Trillium, Domini, Friends of the Earth and Christian Brothers & others around 3 Gorges Dam bonding syndicate. It led to the Equator Principals, hiring ESG staff into banks, policies on forest financing, fracking, mountain top removal etc. It prompted the banks to set up the infrastructure and insights today to understand both the climate and pollution risks related to an industry in decline.

Those who argue that public ESG funds aren't high impact have a short-term horizon.

http://www.nytimes.com/2016/03/21/business/dealbook/as-coals-future-grows-murkier-banks-pull-financing.html?emc=edit_th_20160321&nl=todaysheadlines&nlid=46676105&_r=1

Elizabeth E. McGeveran
Director, Impact Investing
The McKnight Foundation

Timothy Smith
Director of Environmental Social and Governance Shareowner Engagement
Walden Asset Management
One Beacon Street, 33rd Floor | Boston, Massachusetts 02108
Phone: 617.726.7155| Fax: 617.227.3664
tsmith@bostontrust.com | www.waldenassetmgmt.com

http://mobile.nytimes.com/2016/03/21/business/dealbook/as-coals-future-grows-murkier-banks-pull-financing.html?emc=edit_th_20160321&nl=todaysheadlines&nlid=46676105&_r=3&referer=

[1] In an interesting side note, a 2018 WSJ editorial suggested that the disconnect between California's assertions to investors and to the courts about climate risk, pointed out by energy company defendants in "climate nuisance" suits, could prompt the SEC to abandon its hands off approach and, beginning with at least local governments, cleverly take steps toward the mandatory "CRD" agenda.

1368 / 1377 100%

To: SICSgroup@googlegroups.com[]
Cc: "Smith, Timothy" <tsmith@bostontrust.com>[]
Bcc: []
From: sicsgroup@googlegroups.com
Sent: Mon 3/21/2016 2:31:02 PM
Subject: Re: [SICS] FW: As Coal's Future Grows Murkier, Banks Pull Financing - NYTimes.com
MAIL_RECEIVED: Mon 3/21/2016 2:51:18 PM
image003.png

Thanks Tim, excellent point. There is an incredibly long and rich advocacy history leading to this decision, Ms. McGeveran certainly highlights one critical piece of it. Interestingly one of the most important steps to get here involved replacing one of the ESG staff at JPMorgan Chase, although I'm not going to go into that particular strategy in writing. A few personal highlights along the way:

1) The launch of the Sierra Club's campaign to highlight JPMorgan Chase's specific involvement in destructive coal projects in the U.S.: http://www.huffingtonpost.com/bruce-nilles/jp-morgan-chase-ceo-jamie_b_253024.html. One of the tactics involved getting community representatives to the annual meeting, which couldn't have happened without this incredible group!

2) 6 years worth of engagement by Rainforest Action Network (with a little token help from Sierra Club and BankTrack along the way), including annual report cards and extensive dialogues with dozens of banks, including Chase. If you haven't ever read the report cards, they're worth checking out. 2015 version is here: http://www.banktrack.org/manage/ems_files/download/the_end_of_coal_2015_pdf/the_end_of_coal_2015_0.pdf

3) The campaign to actually get the country to move beyond coal, which was a critical part of demonstrating to the banks that these companies really are terrible investment choices, which I've had the privilege of being a part of for the last decade: http://www.politico.com/agenda/story/2015/05/inside-war-on-coal-000002

The progress we've seen on the financial industry and coal in the last few months demonstrates the effectiveness and importance of every component to a successful advocacy campaign, from direct dialogue to investor engagement, grassroots power to effective communications, solid data and analytics to persuasive lobbying.

Mark Kresowik

On Mon, Mar 21, 2016 at 1:30 PM, Smith, Timothy <tsmith@bostontrust.com> wrote:

As I read this NYT article on bank financing of coal this morning it was a powerful reminder of the impact of bank financing in our climate change work. And here we see the retreat of large bank financing into an almost inevitable position of no further funding of coal .

Our colleague Elizabeth McGeveran of the McKnight Foundation sent some reflections on the history of this decision that I thought was worth sharing with a broader audience. She reminds us of the long term effect of engagement by shareowners that led to this turn in the road.

Elsewhere one sees what record productions revealed about the BlackRock partnership with NRDC, part of the lobbying campaign these groups undertook in comptroller offices and with sympathetic SEC Commissioners, according to public record productions. Other examples:

140072 Responsive Docs pgs 28671-29802.pdf
Modified on April 6

Document ID: 0.7.691.322407

From: Morgan Costello </o=lawnet/ou=first administrative group/cn=recipients/cn=morgancostello>
To: Daniel Sangeap </o=lawnet/ou=first administrative group/cn=recipients/cn=danielsangeap>; Isaac Cheng </o=lawnet/ou=first administrative group/cn=recipients/cn=isaaccheng>; Robert Schuwerk </o=lawnet/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=rschuwer>
Cc: Michael J. Myers </o=lawnet/ou=first administrative group/cn=recipients/cn=michaelmyers>; Alan Belensz </o=lawnet/ou=first administrative group/cn=recipients/cn=abelenz>; Jeremy Magliaro </o=lawnet/ou=first administrative group/cn=recipients/cn=jeremymagliaro>
Bcc:
Subject: FW: SEC INCR Prep Call: Today 10/17 1:00-2:00pmET
Date: Wed Oct 17 2012 09:18:50 EDT
Attachments: ATT00001..htm
ATT00002..htm
ATT00003..htm
Ceres Analysis of SEC Climate Change Disclosure_4-11-12_FINAL-INTERNAL USE ONLY STAMP.pdf
Draft Internal Agendas-SEC Meetings.doc
Recommendations for SEC Actions to Improve Climate Disclosure.doc

Here are the agenda and some materials that Ceres prepared for the call today.

Morgan A. Costello
Assistant Attorney General
New York State Office of the Attorney General
Environmental Protection Bureau
The Capitol
Albany, NY 12224
(518) 473-5843
morgan.costello@ag.ny.gov

From: Siobhan Collins [mailto:collins@ceres.org]
Sent: Wednesday, October 17, 2012 9:16 AM
To: Siobhan Collins
Cc: Jim Coburn; Erica Scham
Subject: SEC INCR Prep Call: Today 10/17 1:00-2:00pmET

Good Morning,

FOIL 140072 029243

140072 Responsive Docs pgs 28671-29802.pdf
Modified on April 6

Ceres looks forward to having you participate in the upcoming SEC Commissioner and Corporation Finance meetings regarding climate change disclosure. As a reminder, this conversation is scheduled for this afternoon, Wednesday, October 17th from 1:00-2:00pmET.

Call-In Information:

- Toll-Free Access: 877-326-0011

- Meeting #: [redacted]

Agenda for today's prep call:

- Briefly outline past INCR efforts to improve climate disclosure

- Discuss state of climate disclosure in SEC filings

- Review 10/23 Meeting Goals and Agendas

- Determine Investor Roles

Attached materials:

- Draft internal agendas for SEC meetings

- Recommendations for SEC actions to improve disclosure

As a reminder, the SEC meetings scheduled for 10/23 include:

(1) Commissioner Aguilar - 1:00-2:00 p.m.

(2) Corporation Finance staff from Natural Resources office - 2:00-3:00 p.m.

(3) Commissioner Walter - 4:00-5:00 p.m.

Thank you in advance for your time and participation. We look forward to speaking with you this afternoon.

Best Regards,

Siobhan

FOIL 140072 029244

From: Michael J. Myers </o=lawnet/ou=first administrative group/cn=recipients/cn=michaelmyers>
To: Siobhan Collins <collins@ceres.org>
Cc: Morgan Costello </o=lawnet/ou=first administrative group/cn=recipients/cn=morgancostello>
Bcc:
Subject: RE: INVITE: SEC Commissioner Meetings [Tuesday, October 23rd]
Date: Wed Sep 26 2012 13:03:31 EDT
Attachments:

Siobhan--Either Morgan Costello or I would like to attend on behalf of the NY AG's office. Thanks much for the invite. We need to obtain formal travel approval here, but please plan on one of us attending.--Mike

Michael J. Myers

Chief, Affirmative Litigation Section

Environmental Protection Bureau

New York State Attorney General

The Capitol

Albany, NY 12224

(518) 402-2594

Michael.myers@ag.ny.gov

From: Siobhan Collins [mailto:collins@ceres.org]
Sent: Friday, September 21, 2012 1:17 PM
To: Michael J. Myers
Subject: INVITE: SEC Commissioner Meetings [Tuesday, October 23rd]

Dear Mr. Myers,

I'm writing to invite you to join Ceres staff on Tuesday, October 23rd at two INCR meetings with SEC Commissioners Aguilar and Walter at the U.S. Securities and Exchange Commission in Washington, D.C. At these meetings we'll be focused on SEC comment letters, plus climate risks related to oil and gas and water. In addition to these two meetings, we are hoping to confirm times with Chair Mary Schapiro and Corporation Finance Staff. The confirmed meeting times are as follows:

FOIL 140072 002443

*1:00 - 2:00pm ET: Commissioner Aguilar
*4:00 - 5:00pm ET: Commissioner Walter

The purpose of these meetings is to discuss the state of climate change-related disclosure in SEC filings. As a reminder, INCR members were the key driver in encouraging the SEC to issue its groundbreaking interpretive guidance on climate change disclosure in 2010, and it's important for the SEC to hear from investors--in person--about the need for the Commission to better implement its guidance.

The SEC mentioned climate change disclosure in only 17 out of over 20,000 SEC comment letters sent to companies in the year and a-half after the guidance was issued. This level of implementation of the guidance indicates that SEC staff is missing opportunities to improve disclosure from corporations facing material climate risks and opportunities. At a time when the SEC is facing many constraints, it's especially important for us to position ourselves as a resource for the Commission and help them improve implementation of the guidance.

Please RSVP to these meetings by COB next Wednesday, September 26th. Due to limited space, we have capacity for one person from each organization at the meetings. If you should have any questions, please feel free to either e-mail me or call at (617) 247-0700 ex. 162.

Best Regards,

Siobhan

Siobhan Collins

Coordinator, Investor Programs | Ceres

99 Chauncy Street, 6th Floor | Boston, MA 02111

T: (617) 247-0700 X 162

collins@ceres.org | www.ceres.org | www.incr.com

Ceres is an advocate for sustainability leadership. Our mission is to mobilize investor and business leadership to build a thriving, sustainable global economy.

FOIL 140072 002444

From: Siobhan Collins <collins@ceres.org>
To: Siobhan Collins <collins@ceres.org>
Cc: Jim Coburn <coburn@ceres.org>; Erica Scharn <scharn@ceres.org>
Bcc:
Subject: Scheduling SEC Meeting Prep Call: Doodle Poll (October 16,17,18)
Date: Tue Oct 02 2012 10:05:11 EDT
Attachments:

Good Morning,

Ceres looks forward to your participation in the upcoming SEC Commissioners Meetings in Washington, D.C. on Tuesday, October 23rd. We will circulate the draft agenda and prep materials by October 15th and welcome any questions from you prior to that date.

In preparation for meetings with Commissioner Elisse B. Walter, Commissioner Luis A. Aguilar and Corporate Finance staff, please let me know your availability for an hour-long prep call on the dates below by filling out this online poll: http://doodle.com/uzuib9u6if98tmmt.

Tuesday, 10/16: 3:00 - 4:00pm ET
Wednesday, 10/17: 1:00 - 2:00pm ET
Thursday, 10/18: 2:00 - 3:00pm ET

Please feel free to reach out to me via. email or phone (617) 247-0700 ex. 162 with any questions or concerns.

Best Regards,

Siobhan

Siobhan Collins
Coordinator, Investor Programs | Ceres
99 Chauncy Street, 6th Floor | Boston, MA 02111
T: (617) 247-0700 X 162
collins@ceres.org | www.ceres.org | www.incr.com

Ceres is an advocate for sustainability leadership. Our mission is to mobilize investor and business leadership to build a thriving, sustainable global economy.

INTERNAL AGENDA:
Meeting with SEC Commissioner Luis Aguilar
Tuesday, October 23, 2012
1:00-2:00 p.m. ET

Attendees:
Commissioner Aguilar
Commissioner's counsel
Jim Coburn, Erica Scharn, Brooke Barton, and Andrew Logan, Ceres
Joyce Haboucha and Robin Brown, Rockefeller Financial Asset Management
Jonas Kron, Trillium Asset Management
Don Marlais, CalPERS
Michael Myers and Morgan Costello, New York State Attorney General's Office
Chad Spitler, BlackRock
Victoria Willard, Maryland State Retirement and Pension System

Goals:
-- Demonstrate our continued interest in improving climate disclosure in SEC filings
-- Discuss some key developments in climate change and climate disclosure within the last year
-- Provide specific recommendations for improving SEC implementation of the climate disclosure guidance
-- Position Ceres and INCR members as an ongoing resource for the SEC on climate disclosure
-- Get a sense of Commissioners Aguilar's current thinking about climate disclosure and implementation of the guidance

Agenda:
-- Ask Commissioner current state of play at the SEC and disclosure priorities (Jim)
-- Overview of Ceres and INCR members' role in asking for the guidance (Erica), and recent climate change impacts and the growing case for materiality (Andrew: 3 minutes)
-- Discuss water disclosure research (Brooke: 3 minutes)
-- Discuss oil and gas disclosure research (Andrew: 3 minutes)
-- Discussion of your own work on climate change and need for SEC action to improve disclosure (Investors: 12 minutes)
-- Discuss research on SEC comment letters on climate change (Jim: 3 minutes)

Materials:
-- Ceres reports: *Stormy FutureClearing the WatersPhysical Risks from Climate Changeand Sustainable Extraction?*
-- PowerPoint handout: key material risks from climate change & quality of disclosure in SEC filings
-- Recommendations for SEC actions to improve climate disclosure
-- News clips
-- Issue briefings on climate disclosure in the food and oil & gas sectors
-- Ceres memo on the nature of SEC comment letters re: climate change disclosure

INTERNAL AGENDA:
Meeting with Leaders of Natural Resources Office, SEC Division of Corporation Finance
Tuesday, October 23, 2012
2:00-3:00 p.m. ET

Attendees:
Barry Summer, Associate Director, SEC Division of Corporation Finance
Roger Schwall, Assistant Director, Office of Natural Resources, SEC Division of Corporation Finance
Jim Coburn, Erica Scharn, Brooke Barton, and Andrew Logan, Ceres
Joyce Haboucha and Robin Brown, Rockefeller Financial Asset Management
Jonas Kron, Trillium Asset Management
Don Marlais, CalPERS
Michael Myers and Morgan Costello, New York State Attorney General's Office
Chad Spitler, BlackRock
Victoria Willard, Maryland State Retirement and Pension System

Goals:
-- Establish a relationship with staff responsible for disclosure reviews for key climate change-related industries: food, oil and gas
-- Discuss some key developments in climate change and climate disclosure within the last year
-- Provide staff disclosure excerpts about material risks, and guidance on questions to ask when reviewing filings
-- Encourage staff to improve their implementation of the climate change guidance, including issuing more comment letters to companies
-- Position Ceres and INCR members as an ongoing resource for the SEC on climate disclosure
-- Get a sense of staff's current thinking about climate disclosure and implementation of the guidance

Agenda:
-- Ask Natural Resources team about current priorities regarding food and oil and gas disclosure (Jim)
-- Overview of Ceres and INCR members' role in asking for the guidance (Erica), and recent climate change impacts and the growing case for materiality (Andrew: 3 minutes)
-- Discussion of your own work on climate change and need for SEC action to improve disclosure (Investors: 12 minutes)
-- Make the case for materiality of key food climate disclosure issues (Brooke: 3 minutes)
   -- Suggest and discuss questions SEC staff should ask when reviewing filings
-- Make the case for materiality of key oil and gas climate disclosure issues (Andrew: 3 minutes)
   -- Suggest and discuss questions SEC staff should ask when reviewing filings

Materials:
-- Ceres reports: *Stormy FutureClearing the WatersPhysical Risks from Climate Changeand Sustainable Extraction?*
-- PowerPoint handout: key material risks from climate change & quality of disclosure in SEC filings
-- Recommendations for SEC actions to improve climate disclosure
-- News clips
-- Issue briefings on climate disclosure in the food and oil & gas sectors
INTERNAL AGENDA:

Meeting with SEC Commissioner Elisse Walter
Tuesday, October 23, 2012
4:00-5:00 p.m. ET

Attendees:
Commissioner Walter
Commissioner's counsel
Corporation Finance staff (invited by Commissioner Walter)
Jim Coburn, Erica Scharn, Brooke Barton, and Andrew Logan, Ceres
Joyce Haboucha and Robin Brown, Rockefeller Financial Asset Management
Jonas Kron, Trillium Asset Management
Don Marlais, CalPERS
Michael Myers and Morgan Costello, New York State Attorney General's Office
Chad Spitler, BlackRock
Victoria Willard, Maryland State Retirement and Pension System

Goals:
-- Demonstrate our continued interest in improving climate disclosure in SEC filings
-- Discuss some key developments in climate change and climate disclosure within the last year
-- Provide specific recommendations for improving SEC implementation of the climate disclosure guidance
-- Position Ceres and INCR members as an ongoing resource for the SEC on climate disclosure
-- Get a sense of Commissioners Walter's current thinking about climate disclosure and implementation of the guidance

Agenda:
-- Ask Commissioner current state of play at the SEC and disclosure priorities (Jim)
-- Overview of Ceres and INCR members' role in asking for the guidance (Erica), and recent climate change impacts and the growing case for materiality (Andrew: 3 minutes)
-- Discuss water disclosure research (Brooke: 3 minutes)
-- Discuss oil and gas disclosure research (Andrew: 3 minutes)
-- Discussion of your own work on climate change and need for SEC action to improve disclosure (Investors: 12 minutes)
-- Discuss research on SEC comment letters on climate change (Jim: 3 minutes)

Materials:
-- Ceres reports: *Stormy FutureClearing the WatersPhysical Risks from Climate Changeand Sustainable Extraction?*
-- PowerPoint handout: key material risks from climate change & quality of disclosure in SEC filings
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-- News clips
-- Issue briefings on climate disclosure in the food and oil & gas sectors
-- Ceres memo on the nature of SEC comment letters re: climate change disclosure

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On Oct 24, 2012, at 11:56 AM, Jim Coburn wrote:

Dear colleagues,

I'm writing on behalf of Erica, Brooke, Ryan and all of us at Ceres who work on SEC disclosure: thank you so much for taking the time yesterday to join us at the SEC meetings. We really appreciate your time and your very valuable contributions to the meetings.

We learned a lot about how to influence SEC staff to improve climate disclosure, as well as learning about your latest views on disclosure and work on climate change.

I'll schedule a debriefing call soon, and we'll also discuss the meetings at our next INCR SEC working group call, probably in mid-late November.

If you have any thoughts on any aspects of the meetings while they're fresh in your mind, please let me know. I look forward to hearing your views on our best strategies to influence the Commission.

Best regards,

Jim

140072 Responsive Docs pgs 28671-29802.pdf
Modified on April 6

Recommendations for SEC Actions to Improve Climate Disclosure.doc for Printed Item: 64 (Attachment 6 of 6)

Ceres

Recommendations for SEC Actions to Improve Climate Risk Disclosure

Outlined below are five recommendations for how the SEC could improve staff use and implementation of the Interpretive Guidance on climate change disclosure to improve the quality of disclosure in registrants' mandatory filings:

1. Designate climate risk disclosure as a "target issue" warranting special attention from Commission staff
2. Create a task force to focus on reviewing climate change disclosures
3. Focus on the adequacy of disclosures concerning recent, major physical impacts and regulatory developments
4. Provide Ceres/Bloomberg training to Corporation Finance staff on researching climate risk data, including climate-related water risks
5. Add staff positions focused on material environmental, social and governance (ESG) disclosure issues, including climate risk disclosure

1. Designate Climate Risk Disclosure as a "Target Issue" Warranting Special Attention from Commission Staff

Given the importance of climate risk to many companies and of climate risk disclosure to investors, and the diverse and fast-evolving factors that bear on climate risk, the Commission should make climate risk disclosure a "target issue" that receives focused attention in staff review of filings in key sectors.

A recent review of 48 10-K filings found that despite issuance of the Guidance, climate change disclosure in six key industries—autos, utilities, real estate, insurance, banks and airlines—remains inconsistent and largely boilerplate. In this sample, at least 60% of the companies in each industry provided no disclosure or boilerplate statements, as opposed to industry specific climate disclosure or quantitative metrics.[1]

Climate risk disclosure is important enough to warrant a special dedication of SEC staff resources, and a closer review of climate risk disclosure than would otherwise be possible.

2. Create a Task Force to Focus on Reviewing Climate Change Disclosures

In some instances when the Commission adopted new disclosure rules, the Commission has created a task force of reviewers trained in a substantive topic area who focus their review on that area. A recent example of this was when the SEC changed the rules governing executive compensation disclosure in 2006.[2] Commission staff reviewed the executive compensation and related disclosures of 350 public companies representing a broad range of industries. In addition to providing guidance on disclosure issues to the specific companies selected for this review, the comment letters from this review influenced other companies' disclosures. Also, Commission staff published a report outlining its general observations regarding disclosures made in response to the new compensation disclosure rules.

[1] Robert G. Eccles, Harvard Business School, Michael P. Krzus, Mike Krzus Consulting, Jean Rogers, Sustainability Accounting Standards Board and George Serafeim,Harvard Business School, *Journal of Applied Corporate Finance: A Morgan Stanley Publication* Spring 2012, The Need for Sector-Specific Materiality and Sustainability Reporting Standards at 68.
[2] See Division of Corporation Finance, Staff Observations in the Review of Executive Compensation Disclosure, http://www.sec.gov/divisions/corpfin/guidance/execcompdisclosure.htm.

FOIL 140072 029257

140072 Responsive Docs pgs 28671-29802.pdf
Modified on April 6

Recommendations for SEC Actions to Improve Climate Disclosure.doc for Printed Item: 64 (Attachment 6 of 6)

Now that issuers have had sufficient time to understand the Guidance and put in place systems to collect climate-related information, Commission staff should undertake a similar task force review approach to help promote better disclosure of climate risks and opportunities. The Commission staff could review disclosures in key industries, issue comment letters regarding inadequate disclosure issues they find, and prepare a summary of the most frequent issues which came up in the course of the review process. This would provide useful direction for companies seeking to comply with the Guidance.

3. Focus on the Adequacy of Disclosures Concerning Recent, Major Physical Impacts and Regulatory Developments

The growing costs and risks of extreme weather events provides a focal point for staff review of climate disclosures. According to Swiss Re, the average weather-related insurance industry loss in the U.S. was about $3 billion a year in the 1980s compared to approximately $20 billion annually by the end of the past decade. Today, rising losses related to extreme weather events are significantly impacting the insurance industry and will increasingly challenge the sector's risk models and underwriting capabilities. In coastal and non-coastal areas alike, U.S. insured losses triggered by volatile weather events are steeply rising. Extreme weather events cost U.S. property/casualty insurers more than $32 billion in losses in 2011.

Investors in insurance companies are not the only ones affected by these issues. Extreme weather is already causing more businesses and properties to be uninsurable in the private insurance markets, leaving the higher risks and costs to governments, taxpayers, individuals and companies in other industries. For example, since 1990, total government exposure to losses in hurricane-exposed states has risen more than 15-fold to $885 billion in 2011.

The expansion of federal greenhouse gas (GHG) regulation over the last two years provides a second focal point for review of disclosures. For example, EPA has issued GHG emissions standards for passenger cars and light trucks (such as SUVs) beginning with Model Year 2012, issued regulations providing for the phasing in (beginning in January 2011) of GHG controls and permit requirements for new and "modified" large stationary sources of GHGs such as power plants and factories, issued GHG emissions standards for medium and heavy duty trucks, and proposed New Source Performance Standards for electric generating units. California's comprehensive climate regulation scheme has continued to develop, including a cap-and-trade program for GHGs. Important GHG regulations continue to be adopted or extended overseas – such as Australia's adoption of a broadly applicable carbon tax in late 2011, China's recent pilot cap-and-trade program that will lead to a national emissions market in three years, and the European Union's decision to regulate GHG emissions from aircraft – that will materially affect some U.S. multinational firms.

4. Provide Ceres/Bloomberg Training to Corporation Finance Staff on Researching Climate Risk Data

In recent years, Bloomberg has become the market leader in bringing ESG data to the financial markets by incorporating a wide variety of climate change and ESG data into its terminals. Ceres, in partnership with Bloomberg, proposes to provide training to SEC staff on how to review climate change disclosure and data on Bloomberg terminals, in order to improve

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It was also in 2016 that <u>we were treated to the damning quote</u> about this campaign, "divestment through value destruction", from one of its proponents (Michael Liebreich, the founder and chairman of the advisory board of Bloomberg New Energy Finance).

THE NEW YORKER

THE CLIMATE SUMMIT OF MONEY

By Katy Lederer February 24, 2016

The Investor Summit on Climate Risk aims to
energy, as set forth in the Paris Climate Summ
Photograph by Jeff Kowalsky / Bloomberg via Getty

THE NEW YORKER

The International Energy Agency has estimated that it will cost sixteen and a half trillion dollars for the world to meet its collective Paris goals, and the presenters at the conference sliced and diced this ambitious mandate from a variety of angles. Panels on the disruptive potential of electric cars took place alongside conversations about how to bring power to the more than one billion people who are living without it. (Many speakers at the conference touted investment in clean energy as an economic stimulus program, opening up new markets and revitalizing old ones.) The environmental and financial perils of remaining invested in fossil fuels was cast in a pixelated PowerPoint relief. "I call this 'divestment through value destruction,'" Michael Liebreich, the founder and chairman of the advisory board of Bloomberg New Energy Finance, said while pointing up at a scary-looking graph of coal's recent precipitous decline. Mark Lewis, a managing director at Barclays, estimated that if companies and investors don't adequately anticipate shifts in the energy markets, roughly thirty-four trillion dollars in value is at risk. "Investing in the wrong type of assets," he said, "in fossil-fuel assets specifically, in an environment where we're moving to a much less carbon-intensive world, damages your wealth." This analysis assumes that, if investors don't effect what economists call "an orderly transition" by thoughtfully deflating the fossil-based energy markets, climate change will catalyze its own much more "disorderly" transition—deflating not only the fossil-based markets but, eventually, the world financial system as we know it.