



Ceres

Sustainability is the bottom line.

Investor Policy Working Group

Monthly Call | July 20, 2021 | 1:00 - 2:00 pm Eastern

Join Zoom Meeting

<https://us02web.zoom.us/j/88040988378>

Meeting ID: 880 4098 8378

One tap mobile +13462487799,,88040988378# US (Houston)



Meeting

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We are happy to see your **shining faces** via video and we love **participation**. You are the investor **Voice**.

Please **mute yourself** if you are not speaking.

Please use the **chat box** & feel free to share links.

Preferably use “**hand raise**” to speak and possibly **introduce yourself** at the start of any comments.

Ceres Investor Policy Working Group

Your **PWG** works with global investors and partners to engage a variety of global, federal & state policy makers on key climate, energy and sustainability issues.

With you, we leverage the **Ceres Policy team** and **BICEP Network** (Business for Innovative Climate and Energy Policy), the **Ceres Accelerator for Sustainable Capital Markets**, the [Paris Aligned Investment Initiative](#) and [The Investor Agenda](#) (AIGCC, CDP, Ceres, PRI, IGCC, IIGCC and UNEP-FI: your networks)

We work with the **Ceres Company Network**, internal program teams such as **Climate & Energy**, Investor Network Working Groups such as [Climate Action 100+](#) and **Carbon Asset Risk** and other diverse actors including industry associations, NGOs and standard-setting organizations.

Our group meets regularly on the *3rd Tuesday of every month*

2021: Top 8 Ceres Investor Policy Targets

- 1) **Climate Risk Disclosure**. Mandatory climate & material risks (TCFD, SASB)
- 2) **Systemic Risk Supervision**. Implementation of systemic risk and prudential bank supervision (scenario analysis, stress-testing, bank examiner work, etc.)
- 3) **Net Zero Transition**. Clean Renewable Energy, Clean Energy Standard, Sustainable Infrastructure and Policies for Robust Transition Pathways
- 4) **Carbon Regulation**. Standards or Pricing. Comprehensive & robust economy-wide regulation via mix of market or rule-based mechanisms
- 5) **Environmental Justice & The Just Transition** Human health and good jobs
- 6) **Responsible Policy Engagement**. Climate Lobbying, Trade Association Alignment, Disclosure & Political Spending
- 7) **ESG Disclosure**. Mandatory, fiduciary duty, product descriptions, standards
- 8) **Super Pollutant Regulation**. Federal and State. No bad stuff like methane.

Meeting Agenda

Welcome & Global Update (10) Billy Gridley	1:00 - 1:10
Responsible Policy Engagement Report (10) Margaret Fleming	1:10 - 1:20
SEC Mandatory Disclosure: Comment Analysis; Next Steps? (20) Isabel Munilla & Jim Coburn	1:20 - 1:40
U.S. Federal (10) Billy Gridley & Zach Friedman Infrastructure: The Investor Agenda Letter Infrastructure: Bipartisan Bill & Reconciliation Update Infrastructure: Focus Clean Electricity Standard	1:40 - 1:50
State Policy: Clean Trucks! (5) Jennifer Helfrich	1:50 - 1:55

G20 July Moment Recaps

8 July. V20. [Vulnerable 20 Group Communique](#)



9 July. Symposium on Tax Policy and Climate Change

[Secretary Yellen Speech](#): we must deal with global competitiveness and “carbon leakage” issues; any carbon border adjustment system should “focus on the degree to which a country’s climate policies reduce emissions (and hence carbon content), rather than focus only on explicit carbon pricing.”

10 July. Finance Ministerial. The Membership was split 12 vs 8 and blocked language on “Net Zero by 2050”. Instead, only just keeping 1.5 within reach, they referred to a transition to a “low GHG emissions economy”, to coal being incompatible with climate goals, and to ending fossil fuel subsidies by 2025. [G20 Communique](#)

11 July. Venice International Conference on Climate. [Larry's Speech](#)

Glasgow Financial Alliance for Net Zero

Launched by the [COP26](#) Private Finance Hub in April 2021, circling up all the [The Race To Zero](#) Finance initiatives, including the [Paris Aligned Investment Initiative \(PAII\)](#), [Net Zero Asset Managers Initiative](#), [Net-Zero Asset Owners Alliance](#) and [Net Zero Banking Alliance](#) the purpose is to enable coordination among net zero initiatives in the finance sector and mobilise more signatories.

14Jul2021. Mark Carney: Now is not the time for half measures

On July 6th NZAM announced its Wave 4 of 41 new signatories with \$7 trillion bringing the total since December 2020 to 128 investors managing \$43 trillion and nearing a 'net zero tipping point' with 40% of global \$110 in managed assets (source PwC). [NZAM Release](#)

The Global Investor Statement

First close was 457 Investors with \$41 trillion. Second Close August 30th
[The 2021 Global Investor Statement to Governments on the Climate Crisis.](#)

- Urging a global race-to-the-top on climate policy
- Targeted to global policy-makers in the run-up to COP26 (November 2021)
- Open for signatures up until COP26 after first close in June before G7

[The Investor Agenda](#) (AIGCC, CDP, Ceres, IGCC, IIGCC, PRI, UNEP-FI)

[Press Release](#) **Investors tell governments to get climate policy right and massive investment will flow**

To support the statement, please complete this short form at [Sign On](#)

The 2019 [Global Investor Statement](#) was signed by 631 investors with \$37 trillion, in the largest ever concerted global investor policy intervention

TCFD Consultation: “Forward Guidance”

The TCFD had announced a public consultation to inform its [Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans](#) and the associated [Portfolio Alignment Technical Supplement](#) of the Portfolio Alignment Team. It extended its deadline to July 18.

[19Jul2021. UNEP FI's TCFD Response](#)

[11Jul2021 Mike's Statement on the G20's Support of TCFD Framework](#)

The Taskforce on Scaling Voluntary Carbon Markets (TFSVCM) Phase 2 reports Issued In July 2021

[08Jul2021 PR Taskforce on Scaling Voluntary Carbon Markets Publishes Roadmap for Strengthening Market Integrity](#)

Links: [Phase 2 Report Summary](#), [Phase 2 Report](#), [Phase 2 Report Governance](#), [Phase 2 Report Technical Appendix](#)

Launched by Mark Carney, UN Special Envoy for Climate Action and Finance, chaired by Bill Winters, Group Chief Executive, Standard Chartered and sponsored by the Institute of International Finance (IIF) The public consultation elicited strong support for the mandate and mission of the Governance Body, which include **setting the legal principles to guide the market and the criteria for carbon credit integrity – the Core Carbon Principles (CCPs)**

Practicing Responsible Policy Engagement

An assessment of how large U.S.
companies lobby on climate
change



Ceres has analyzed how the largest publicly traded U.S. companies* perform against the expectations laid out in the 2020 Ceres Blueprint, which called on companies to:

- **Assess climate-related risks to the company**, including physical and transition risks
- **Systematize decision-making for climate risks**, including climate lobbying, across the company
- **Advocate** in favor of science-based climate policies
- **Engage their trade associations** to support science-based climate policies



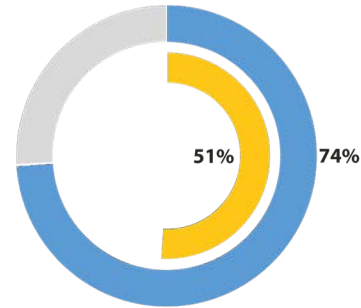
The **digital tool** features:

- Recommendations, trend analysis, and leading practices
- Database of company performance across 14 indicators via recommendation pages, company summaries, and a downloadable excel file

While large U.S companies are putting in place the right internal systems and processes to address climate risks, companies provide minimal insight on how they consider climate change policy as a part of the overall climate risk landscape



92% plan to clean up their own operations by setting emission reduction goals; **88%** formally charge their boards with the responsibility to oversee sustainability/climate change; **74%** acknowledge that climate change poses a material risk to their enterprises

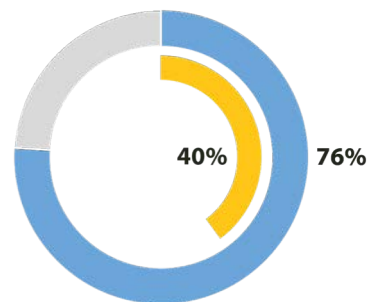


Yet, 51% describe policies or legislation to address climate change as a short-term financial risk, a sign that they are primarily focused on short-term compliance impacts rather than the longer term, significant costs associated with unabated climate change

The majority of large companies assessed have not translated their broader statements on the importance of climate change policy into consistent advocacy in favor of specific climate policies



76% of assessed companies have publicly affirmed the science of climate change and **57%** supported the need for science-based climate change policies

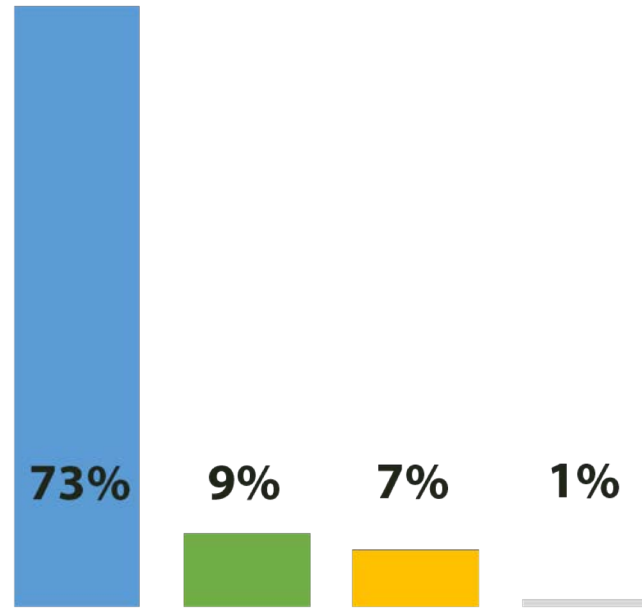


Only 40% engaged directly with lawmakers—indicating a failure to turn statements of support for climate policy into direct advocacy.



Further 21% of assessed companies have lobbied in opposition to science-based climate policies. Yet at the same time, nearly all of these companies have set or committed to set emissions reduction targets.

Nearly three-quarters of assessed companies remain members of the U.S. Chamber of Commerce, with only a handful pushing back against the trade organization's long-time obstruction of climate policy



- 73% of assessed companies have affirmed that they are members of the Chamber of Commerce
- 9% have acknowledged the Chamber's historic track record on climate change and the importance of science-based climate policies
- 7% have disclosed that they have engaged with the Chamber to evolve its climate change position to align with climate science.
- 1 company has left the Chamber over its climate stance

Why Focus on the U.S. Chamber of Commerce?

The U.S. Chamber of Commerce is one of the largest and most influential trade associations in the world. It also has a long track record of playing an obstructionist role on science-based climate policies.

Wide-ranging research by the [InfluenceMap](#), [Chamber of Commerce Watch](#), and [Change the Chamber](#) reveals how the Chamber has consistently worked to undermine ambitious U.S. climate policies over the past two decades.

Oppositional tactics include:

- **Debunked research** criticizing the Paris climate accord
- **Litigation** to repeal the U.S. Clean Power Plan
- **Opposition to GHG regulatory efforts** through existing statutes
- **Support for the Trump administration's rollback** of federal vehicle emissions standards

The Chamber's recent steps forward, such as offering broad support in 2021 for a "market-based approach" to accelerate GHG reduction, have been followed by inconsistent actions that are more in line with the Chamber's traditionally obstructionist role on climate change policies such as:

- Opposing the White House's halt of the Keystone XL Pipeline
- Partnering with the API to oppose the federal government's moratorium on new oil and gas leases on public lands
- Reiterated to the administration that coal is "critical to America's energy and economic security," a position that is not aligned with the IPCC's recommendations for limiting warming to 1.5°C.

How can investors get involved?

Continue to talk to policymakers about why climate change is an investment risk, how you are reducing your own emissions, and what climate policies you support

Please consider using this in active engagements with the companies in your portfolio and please underscore that to be silent is not best practice and that you are evaluating their progress on this issue.

- a) If your portfolio companies were included in the RPE analysis (top 96 companies) review their assessments for what improvements they should consider making
- b) For the companies not in the analysis, consider sending the link to [the microsite](#) and ask them to evaluate themselves against the expectations.

Reach out to Ceres for additional details on the assessed companies

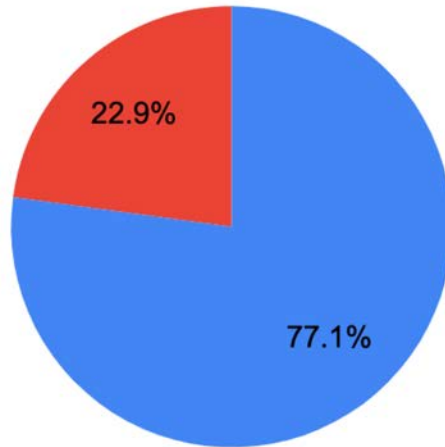
· Ceres' asks for SEC climate disclosure rules

- **TCFD in Reg S-K**
- **Scopes 1, 2 and 3 GHG emissions**
- Net Zero scenario analysis
- Industry-specific metrics
- Progress on announced SBTs
- Internal emissions pricing
- Capex (transition risks/opportunities, adaptation/mitigation)
- Climate-related environmental risks
- Climate-related social risks

SEC Comment File: Investor Network responses

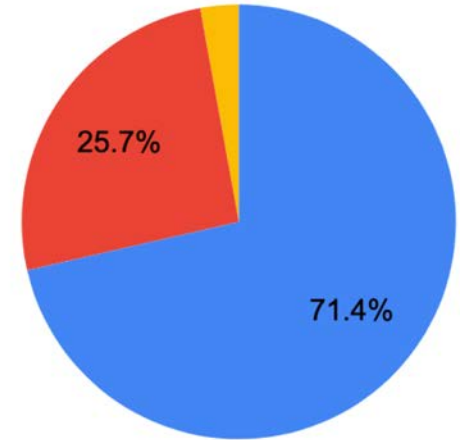
Investor Network Members for TCFD

- Call for TCFD Implementation
- Does Not Mention TCFD



Investor Network Members for GHG Scopes 1,2,3

- Call for Scopes GHG Scopes 1,2,3
- Do not mention GHG Scopes 1,2,3
- Against scope 3



SEC Comment File: Investor Network responses

(out of 100 investor commenters)

- **35 IN members responded (approx \$16.7 trillion AUM)**
- **77% of IN called for TCFD (71% of total investor commenters)**
- **71% called for GHG Scopes 1 - 3 (64%)**

IN variation in Scope 3 asks:

- 5 call for “safe harbors” or liability protection
- 2 say “when appropriate”
- 2 call for “a delayed rollout”
- Association says “comply & explain” may be appropriate

Member responses (all investors)

- **57% called for material, industry-specific climate metrics (50%)**
- **51% called for (or mentioned):**
 - Human Capital
 - community impact, or
 - Just Transition (39%)
- **49% called for (or mentioned) scenario analysis disclosure (31%)**
- **29% called for disclosure in financial filings (24%)**

Trade association responses are concerning

Analyzed 43 submissions

(eg. BRT, Chamber and API)

- Most support TCFD-aligned, ***principles-based*** disclosure of industry-specific, material information
- **Majority called for enhanced liability protections:**
 - safe harbor
 - “furnished not filed”
 - phased-in implementation
- **GHG emissions positions:**
 - **Only 4 submissions** called for Scopes 1 and 2
 - **Most opposed Scope 3**
- **Key association concerns:** Mandatory disclosure of scenario analyses, Capex, emissions pricing, board oversight, other ESG metrics

Next Steps:

CERES SEC TEAM:

- 1) **Unpack priority ask positions** - GHG Emissions disclosure
- 1) **Identify** areas of alignment & advocacy opportunities
- 1) **Influence draft rule**

INVESTORS:

- 1) **Please meet with us!**
- 1) **Consider submitting a letter to SEC:**
 - Scope 3 emissions
 - **Benefits** of disclosure
 - **Costs** of status quo to your firm

Ceres on TCFD, Scopes 1-3

- SEC should incorporate 11 recommendations of the TCFD into Reg. S-K
- SEC should require tabular disclosure of a company's estimated Scope 1, 2 and 3 GHG emissions, by category, assured at reasonable assurance level, based on GHG Protocol's framework

Ceres timeline re: SEC climate rulemaking

2021

- **July-September:** Analyze letters, *calls w/ investors to discuss additional input to SEC*
- **October:** Draft rule released

2022

- **January-March:** Present draft rule analysis to investor members
- **April-June:** SEC adopts final rule
- **July-September:** SEC has evidence/co-defendants/amici to defend final rule in courts
- **October-December:** Collaborate with investors on making use of the disclosures

Investor Agenda US Federal Infrastructure Letter

15 July 2021. The Investor Agenda, US Country Policy Group (CDP, Ceres, PRI). [Statement to US Policymakers on Infrastructure](#) and [Press Release](#)

“We urge Congress to move ahead with comprehensive infrastructure plans and packages that include strong climate-focused and environmental justice policies and which go beyond the current bipartisan infrastructure framework”

Key Tenets of Infrastructure Legislation that we called out: Clean Electricity Standard, Green Jobs and Innovation, Clean Transportation, Environmental Justice and Sustainable Buildings/Housing/Utilities

Infrastructure Plans in Congress

- Bipartisan Infrastructure Framework
- Budget Reconciliation Package

[24June2021. Ceres. Bipartisan infrastructure package must be strengthened to accelerate urgent climate action](#)

Federal Clean Electricity Standard (CES) Letter

- Letter from both power purchasers and producers and investors calling on Congress to support a CES that achieves at least 80% clean electricity by 2030 and 100% clean electricity by 2035
- **Deadline to [sign-on](#) is 7/23 COB (5 PM PST)**
- Currently 90+ signatories including **TechNet** and **Exelon**
- Supporting materials:
 - [Fact Sheet](#)
 - [Roadmap](#)
 - [Memo of Support.](#)

Federal Methane Rulemaking

Website to post public comments on the methane rulemaking:

[Comment Submission](#)

For this comment, the common ask to the administration from our partners and peers is:

“We urge the EPA to cut oil and gas methane pollution 65% from 2012 levels by the year 2025 to protect children’s health and their futures.”

Ceres has not submitted a comment yet but plans to do so by the **deadline of July 29th**

State Policy: Advanced Clean Trucks (ACT)

Policy Overview: ACT is the nation's first zero-emission truck regulation, essential for rapidly decarbonizing the MHDV sector. ACT requires a certain percentage of trucks sold each year to be zero emission vehicles, meaning they are powered by a rechargeable electric battery or hydrogen fuel cells.

Sign-on Letter Opportunity:

- Four states (MA, NJ, OR, and WA) have initiated rulemaking processes to adopt ACT this year.
- Consider joining Ceres' [sign-on letter](#) supporting ACT. Over the coming months, the letter will be shared with lawmakers and regulators in each state considering adoption.
- Use [this link to sign-on](#) by August 6th.

Thanks to those who signed our CA-specific investor letter last May.

Contact Mel Mackin
(mackin@ceres.org)
and Jenny Helfrich
(helfrich@ceres.org)
with any questions.

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Major Investor Support for Updated Advanced Clean Truck (ACT) Proposal

Dear Chair Nichols and CARB Board Members,

June 25th, 2020

We urge you to expeditiously adopt the updated ACT rule. We understand that the COVID-19 pandemic creates challenges around the rulemaking process, but as California responds to the crisis, this rule will ensure the long-term health of the state's economy and citizens. It will also set a policy model for addressing climate risks and realizing the economic value of tackling the GHG emissions from medium- and heavy-duty vehicles.

Thank you for your time and consideration.

Sincerely,

As You Sow
Boston Common Asset Management
Capricorn Investment Group, LLC
Domini Impact Investments, LLC
Friends Fiduciary Corporation
Hannon Armstrong
Impax Asset Management
Inherent Group, LP
Macroclimate LLC
Mercy Investment Services, Inc.
Miller/Howard Investments
New York City Comptroller's Office
NEI Investments
Pax World Funds
Sant Charitable Foundation
Seventh Generation Interfaith Inc
Sisters of St. Dominic of Caldwell NJ
Trillium Asset Management
Vert Asset Management

Preview of Next Month: August 17 at 1 pm ET

The Ceres Investor Policy Working Group works with global investors and partner organizations to engage a variety of global, federal and state policy makers on key climate, energy and sustainability issues. It convenes monthly on the 3rd Tuesday from 1:00 - 2:00 pm.

Previous Presentations: [Ceres Investor PWG May2021](#) and [Ceres Investor PWG June 2021](#)

Next Month:

Federal Transportation

Global Carbon Policy: Schrodinger's Cat

State Update

To become a member of the Ceres PWG please contact: Billy Gridley wgridley@ceres.org,
Clausell Stokes cstokes@ceres.org, Marcella Rizzuti mrizzuti@ceres.org

Links I

[The Investor Agenda_ Investor Climate Action Plans \(ICAPs\)](#) (Investor Agenda, 5/20/21)

[How investors can develop climate action plans wherever they are on their climate journey](#) (Ceres, 5/20/21)

[AOA Carbon pricing July 2021](#)

[The Changing Climate for Private Equity](#) (Ceres, 6/3/21)

[Net Zero by 2050](#) (IEA Flagship report, May 2021)

[Ceres comment letter to the SEC](#) (June 2021-Public input on climate change disclosures)

[Benchmarking Methane and Other GHG Emissions](#) (Ceres, 6/1/21)

Links II

[09Jul2021. Vox. Dave Roberts. On climate policy, there's one main thing and then there's everything else](#)

[12Jul2021. Forbes, Why The American Jobs Plan Would Benefit Coal-Heavy Utility Stocks](#)

[06Jul2021. Evergreen. 6 Key Climate Investments that Must Be in Budget Reconciliation](#)
<https://www.nytimes.com/2021/07/13/us/politics/infrastructure-deal-budget.html>

[06Jul2021. Gina McCarthy. Gina McCarthy: White House to use 'regulatory authority' on climate](#)

[08Jul2021. CIO. GOP Senators Lash Out at BlackRock, State Street for 'Left-Leaning' ESG 'Pressure'](#)

Links III

[The Role of Natural Climate Solutions in Corporate Climate Commitments](#) (Ceres, 6/18/21)

[Why the Energy Industry Needs to Build its Own Carbon Offset Exchange](#) (Kimmeridge Energy, 6/3/21)

[How Third-Party Auditors Make Oil Industry Fraud Possible](#) (DeSmog, 6/3/21)

[How bankruptcy lets oil and gas companies evade cleanup rules “It’s basically bankruptcy for profit.”](#) (Grist, 6/7/21)

[Living in a Material World: Myths and Misconceptions about ‘Materiality.’](#) (speech by Allison Herron Lee, 5/24/21)

[The Little Engine That Won an Environmental Victory Over Exxon](#) (Bloomberg Green, 6/9/21)

Links IV

[14Jul2021. Ceres Congressional testimony: Financial institutions' role in staving off the climate crisis and protecting our financial system](#)

[13Jul2021. Federal Reserve Vice Chair Addresses Climate-Related Financial Risks](#)

[20Jul2021 PRI webinar Investor Climate Action Plans](#)

[19Jul2021. The Missing Element of Private Equity: Creating Long-term Value Through Portfolio Company Board Diversity](#)

[July 2021 IEN Net Zero Endowments TO ADDRESS THE CLIMATE CRISIS & LEAD A JUST TRANSITION](#)