V. The OCC and Climate Change: Preparing the Financial System

A. Introduction

The Office of the Comptroller of Currency (OCC) regulates the banks and national currency of the United States.[1] This longstanding organization also strives to ensure the stability and longevity of these financial institutions, bolstering a system that serves as the backbone of much of the nation.[2] On December 16, 2021, the agency invited feedback on a draft of principles that would guide financial institutions in finding and managing financial risks that are sure to arise due to climate change.[3] The threat that climate change poses to financial institutions and corporations alike is growing rapidly and is likely to come to a tipping point in the near future.[4] The effects of climate change are far-reaching, and businesses and financial organizations of all sorts are subject to the overvaluation of assets due to the lack of incorporation of climate risk.[5] The OCC hopes to prevent the potential catastrophic effects that environmental alterations may have in this area, guiding financial institutions toward a possible better future.[6]

This article will detail the OCC's efforts to curb financial instability due to climate change. Part B will describe the OCC's origins,

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[1] About Us, OFF. OF THE COMPTROLLER OF THE CURRENCY, https://www.occ.treas.gov/about/index-about.html.

[2] *See id*.

[3] *See* Al Barbarino, *OCC Urges Largest Banks' Top Brass To Address Climate Risk*, LAW360 (Dec. 16, 2021, 7:52 PM), https://www-law360-com.ezproxy.bu.edu/banking/articles/1449563/occ-urges-largest-banks-top-brass-to-address-climate-risk.

[4] *See* Alan Rappeport, *Climate Change an "Emerging Threat" to U.S. Financial Stability, Regulators Say*, N.Y. TIMES (Dec. 17, 2021), https://www.nytimes.com/2021/12/17/us/politics/climate-change-us-financial-threat.html ("laying out how the costs associated with more hurricanes, wildfires and floods caused by global warming could lead to a cascade of damage throughout the economy").

[5] *See generally*, Madison Condon, *Market Myopia's Climate Bubble*, 1 UTAH L. REV. 63 (2022) ("In April 2019, a coalition of thirty-nine central banks recognized that "there is a strong risk that climate-related financial risks are not fully reflected in asset valuations.")

[6] *See* Barbarino, *supra* note 3.

its background and its goals as an agency. Part C will discuss the reality of environmental changes as they relate to the financial world, as well as the OCC's steps towards addressing these effects. Part D elaborates on the current reporting landscape for information on climate change – noting what other agencies are doing, as well as independent third parties.

B. Background on the OCC

The OCC was established in 1863 via the National Currency Act to establish and control a scheme of "nationally chartered banks" and a "uniform national currency."[7] This agency regulates over 1,000 banks which control trillions of assets.[8] Further, with over one billion dollars in budget, the OCC employs 2,351 OCC Examiners in 90 separate locations as of February 2022 to carry out its mission.[9] The budget is predominantly funded by "assessments, fees paid by banks, interest received on investments, and other income."[10] Chiefly issuing regulations and guidelines, the OCC also has some enforcement power.[11] It can impose "corrective measures" on regulated entities when they refuse to follow rules or otherwise participate in hazardous or faulty activities.[12]

C. The OCC's Recent Concern with Climate-Related Financial Risk

The OCC has shown concern, rightfully so, as the world has become more aware of the risk climate change poses to all entities of the financial world.[13]

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[7] *See* About Us, *supra* note 1.
[8] *See id*.
[9] *See id*.
[10] *See id*.
[11] *See id*.
[12] *See id*.
[13] *See* Richard Vanderford, *Climate Risks for Big Banks Could Hurt Financial System, OCC Says*, WALL ST. J. (Dec. 16, 2021), https://www.wsj.com/articles/climate-risks-for-big-banks-could-hurt-financial-system-occ-says-11639699143 ("'Weaknesses in how banks identify, measure, monitor and control the potential physical and transition

1. *The Potential Impact of Climate Change on Financial Stability*

Unfortunately, climate change may have a substantial impact on financial stability.[14] There are two broad types of climate risk that are likely to affect businesses and their potential future activities.[15] These categories include physical risk and transition risk.[16] The former is the risk that comes from the physical world, primarily weather circumstances; the latter is that risk "associated with government and consumer moves to address climate change."[17]

One of the most prominent effects of climate change is increasing global temperatures.[18] Financial regulators indicate that rising temperatures could significantly upset property values and lead to heavy losses for insurers, banks, and pensions.[19] Regulators believe that these negative impacts could potentially be mitigated with more data of greater detail – aided by a higher level of mandatory disclosure.[20] This information would allow financial institutions and regulators alike to better understand the severity and scope of risks, and therefore, regulators could better tailor their regulatory

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risks associated with a changing climate could adversely affect a bank's safety and soundness, as well as the overall financial system,' the Office of the Comptroller of the Currency said in a draft guidance statement.")

[14] *See id*. ("Michael Hsu, the acting comptroller of the currency, has urged the financial services industry to take risks posed by climate change more seriously.")

[15] *See id*.

[16] *See id*.

[17] *See id*.

[18] *See* Rappeport, *supra* note 4 ("The Financial Stability Oversight Council, a group of top financial regulators led by the Treasury secretary, offered a grim assessment of how the fallout from rising temperatures could spread, hurting property values and saddling insurers, banks and pensions that are associated with the sector with heavy losses.")

[19] *See id*.

[20] *See id*.

responses.[21] Further, market forces would push resources toward those institutions taking actions to avoid climate risk.[22] Companies and financial institutions would likely be individually responsible for gathering this data, as it pertains to the effects of their own activities and actions.[23] However, organizations could also potentially have this information audited by third parties.[24] The worlds of finance and climate change are intimately related.

In addition to climate risk at a basic level, other current events and universal struggles are perpetuating the negative impacts of climate change. For example, climate risks are likely to be exacerbated by higher than expected inflation and the effects of the pandemic, as "F.S.O.C. regulators attributed inflation in advanced economies to 'an increase in commodity prices, supply chain disruptions, and labor shortages.'"[25] There is also increasing evidence that the assets of many businesses have been severely overvalued, as they do not account for climate risk.[26] Therefore, businesses are not accurately presenting their value and their future risks to investors – assets could be lost more easily than it currently seems.[27] Overall, the OCC and other groups appear to be calling for financial organizations to pay attention to this risk for good reason.

2. The OCC's Response to Climate Risk

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[21] *See* Robert S. Kaplan and Karthik Ramanna, *Accounting for Climate Change*, HARV. BUS. REV. (Nov.-Dec. 2021), https://hbr.org/2021/11/accounting-for-climate-change.
[22] *See id*.
[23] *See id*. (noting that environmental audits would work in the same way as current financial audits: third-parties review the internal accounts of the company).
[24] *See id*.
[25] *See* Rappeport, *supra* note 4.
[26] *See generally*, Condon, *supra* note 5.
[27] *See id*. at 65 ("Any investors in these two companies paying attention to the 2018 study were likely surprised by its findings: neither of these companies' recent 10K filings meant to disclose potential risks to investors, included any mention of sea level rise.")

In December of 2021, the OCC asked generally for feedback on a recent climate change report, which described a set of "principles" that could help in addressing financial risks related to environmental issues.[28] The principles are comprehensive and meant to address a wide array of climate risks.[29] The organization emphasized that "banks' boards and management should be at the front lines of these efforts and aware of potential legal pitfalls."[30] The institutions to which these principles are directed are those with more than "$100 billion in total consolidated assets."[31] Therefore, these guidelines are intended to affect primarily large institutions.[32] The Acting Comptroller of the Currency, Michael J. Hsu, suggests in the report that the feedback from this request will help the agency to create comprehensive guidelines for next year.[33]

The agency's response is partially motivated by a Biden-administration order early in his presidency to look more seriously at climate change.[34] Also in December of 2021, President Joe Biden signed an executive order "for a government-wide approach that aims to achieve net-zero emissions 'economy-wide' by 2025."[35] It seems that with mounting evidence of financial-related climate risk and evident political pressure, the OCC is trying to keep up. In a recent guidance statement, the OCC explained that "[w]eaknesses in how banks identify, measure, monitor and control the potential physical and transition risks associated with a changing climate could adversely affect a bank's safety and soundness, as well as

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[28] *See* Barbarino, *supra* note 3.
[29] *See id*.
[30] *See id*.
[31] Press Release, Off. of the Comptroller of the Currency, OCC Seeks Feedback on Principles for Climate-Related Financial Risk Management for Large Banks (Dec. 16, 2021) (find at https://www.occ.treas.gov/news-issuances/news-releases/2021/nr-occ-2021-138.html).
[32] *See* Barbarino, *supra* note 3.
[33] *See* Press Release, supra note 31.
[34] *See* Barbarino, *supra* note 3.
[35] *See id*.

the overall financial system…"[36] With the soundness of the financial system comes the soundness of many aspects of peoples' lives as well as other systems like the government, education, etc. – the Acting Comptroller pushes people to take the effects of climate change more in earnest.[37]

The OCC's principles cover a variety of areas of climate risk. There are four major categories of coverage in the principles: governance, strategic planning, risk management, and scenario analysis.[38] While there are two more categories, including "Policies, Procedures, and Limits" and "Data, Risk Measurement, and Reporting," they are essentially integrated into these four major groups, and so they will not be the focus of this discussion.[39]

Under governance, institutions should focus on communicating risks with all employees and assign duties to deal with climate risk in various ways at all levels of the organization.[40] Further, institutions should consider time horizons that "may include those that extend beyond the bank's typical strategic planning horizon."[41] In addition to these mandates, the OCC has noted that management should oversee compliance of its employees as well.[42]

A second major category of the OCC guidelines is strategic planning.[43] The OCC asserts that "[t]he board and management should also consider climate-related financial risk impacts on stakeholders' expectations, the bank's reputation, and LMI and other disadvantaged households and communities, including physical harm or access to bank

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[36] *See* Vanderford, *supra* note 13.
[37] *See id*.
[38] *See generally*, Press Release, Office of the Comptroller of the Currency, Principles for Climate-Related Financial Risk Management for Large Banks (Dec. 16, 2021) (find at https://www.occ.treas.gov/news-issuances/news-releases/2021/nr-occ-2021-138a.pdf).
[39] *See id*.
[40] *See id*. at 2.
[41] *See id*.
[42] *See id*.
[43] *See id*.

products and services."[44] These considerations should be continually updated over time, and the institution should ensure that public statements align with in-house strategies at the organization.[45] Overall, this area of concern for financial institutions appears to focus on forward-looking evaluation of risk, which is key for climate-related issues.[46]

The third primary category of oversight that the OCC deems key for success is risk management.[47] Here, banks should consider input from relevant stakeholders with related knowledge, such as in-house legal departments, each individual business unit, auditors, etc.[48] They should develop internal audit tools "for measuring and monitoring exposure to climate-related risks," which include "exposure analysis, heat maps, climate risk dashboards, and scenario analysis."[49] There is an overarching focus on the material nature of risk, "stemming from the bank's business activities and associated exposures."[50] Further, banks should openly define material financial risks, and support this spectrum of assessments with standard financial metrics.[51]

The fourth primary category of OCC oversight in these guidelines is scenario analysis.[52] Here, the OCC posits, "[m]anagement should develop and implement climate-related scenario analysis frameworks in a manner commensurate to the bank's size, complexity, business activity, and risk profile.

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[44] *See id*. at 3.

[45] *See id*. ("The OCC recognizes that the incorporation of material climate-related financial risks into various planning processes is iterative as measurement methodologies, models, and data for analyzing these risks continue to evolve and mature over time…. where banks engage in public communication of their climate-related strategies, boards and management should ensure that any public statements about their banks' climate-related strategies and commitments are consistent with their internal strategies and risk appetite statements.")

[46] *See id*. at 2-3.

[47] *See id*. at 3.

[48] *See id*.

[49] *Id* at 3.

[50] *Id*.

[51] *See id*. (including such metrics as risk limits and key risk indicators).

[52] *See id*. at 4.

These frameworks should include clearly defined objectives that reflect the bank's overall climate risk management strategies."[53] The OCC is specific about the kind of scenario analysis banks should conduct. It should not be traditional, evaluating temporary financial shocks to the economy like changes in demand.[54] Instead, the analysis should evaluate "the potential impact on a bank of changes in the economy, financial system, or the distribution of physical hazards resulting from climate-related risks."[55] The analysis should be carefully monitored and reviewed for quality, and the bank should relay the results of the analysis to all pertinent individuals.[56] Overall, testing for potential futures seems key to the effectiveness of the OCC's guidelines.

3. Response to OCC Principles

Following the OCC's request for comments, there are over 30 official comments as of March 13, 2022.[57] The American Bankers Association (ABA) responded to the OCC's principles in early February of 2022.[58] The ABA "called on the OCC to continue taking a 'principles-based approach that is flexible and iterative' to climate-related financial risk management for large financial institutions. ABA also urged the agency not to extend its guidance to midsize and

[53] *Id.*
[54] *See id.*
[55] *Id* at 4.
[56] *See id.* ("Climate-related scenario analyses should be subject to oversight, validation, and quality control standards that would be commensurate to their risk. Climate-related scenario analysis results should be clearly and regularly communicated to all relevant individuals within the bank…").
[57] Comments on the Office of the Comptroller of the Currency (OCC) Draft Principles for Climate-Related Financial Risk Management for Large Banks, Docket ID OCC-2021-0023 (find at https://www.regulations.gov/search/comment?filter=Docket%20ID%20OCC-2021-0023).
[58] ABA Calls for Principles-Based Approach to Large Bank Climate-Related Financial Risk Guidance, ABA BANKING J. (Feb. 14, 2022), https://bankingjournal.aba.com/2022/02/aba-calls-for-principles-based-approach-to-large-bank-climate-related-financial-risk-guidance/.

community banks 'until more robust data is available, and the climate-related financial risks and opportunities are better understood.'"[59] The organization asked the OCC to shed light on its position on "climate scenario analysis."[60] Further, their comment letter made their opposition to "regulatory consequences" clear.[61] Environmental organizations also responded, including a joint response by the Environmental Defense Fund, the Institute for Policy Integrity at NYU School of Law, and the Initiative on Climate Risk and Resilience Law.[62] These groups call for the OCC to provide more detailed guidance and to emphasize the importance of accurate data.[63] They provide an emphasis on holding financial institutions accountable for handling these issues.[64]

Specifically, environmental groups state that, "[t]he OCC should consider guiding banks on best practices regarding sources and analytical methods for climate risk data."[65] Other nonprofits looking to combat climate change support the OCC in spirit, but believe that the OCC should take more drastic actions.[66] They too reference the possible problems with data accuracy, but suggest additional solutions, arguing that "the OCC could partner with climate scientists to provide public

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[59] *Id*.
[60] *See id*.
[61] *See id*.
[62] *See, e.g.*, Env't Def. Fund, Inst. For Pol'y Integrity at NYU Sch. of L., & Initiative on Climate Risk and Resilience L., Comment on Principles for Climate-Related Fin. Risk Mgmt. for Large Banks (Feb. 14, 2022), https://www.icrrl.org/files/2022/02/EDF-IPI-ICRRL-Comments-to-OCC-re-Climate-Risk-2022.02.14.pdf.
[63] *See id*.
[64] *See id*. ("The OCC should consider requiring banks to incorporate climate risk into the disclosures made in their quarterly Consolidated Reports of Condition and Income ("call reports") and any other regulatory reports where such information is relevant.")
[65] *Id* at 7.
[66] *See, e.g.*, CarbonPlan, Comment on the Office of the Comptroller of the Currency (OCC) Draft Principles for Climate-Related Financial Risk Management for Large Banks (Feb. 14, 2022), file:///C:/Users/donahoe_tayl/Downloads/OCC-2021-0023-0151_attachment_1.pdf.

resources — for instance, non-proprietary infrastructure and supply chain data, or frameworks and heuristics for decision-making under climate-induced uncertainty."[67] Other groups, such as bank-related trade associations, think differently.[68] They advocate for the OCC to continue broad, flexible oversight of climate risk in banks.[69] The Mortgage Bankers Association goes on: "We also urge the OCC to appropriately temper its expectations by balancing its intent to increase banks' efforts in the area of climate-related financial risk with the recognition that this an evolving area and, as such, banks are at the early stages of learning to assess and understand the nature of the associated risks."[70] While all parties on various ends of the spectrum of environmental awareness support addressing risks posed by climate change, it seems that environmental groups call for financial institution responsibility and detail, while trade associations call for forgiveness and high-level requirements.[71]

D. Other Regulators' Responses to Climate Risk

1. The Securities and Exchange Commission

As a business's effects on climate change and the environment have become increasingly recognized as financially material, on March 15, 2021, the Securities and Exchange Commission (SEC) also called for comment in advance of promulgating mandatory climate disclosures for

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[67] *Id*. at 6.

[68] *See, e.g*. Mortg. Bankers Ass'n, Comment on the Office of the Comptroller of the Currency (OCC) Draft Principles for Climate-Related Financial Risk Management for Large Banks (Feb. 14, 2022), file:///C:/Users/donahoe_tayl/Downloads/OCC-2021-0023-0098_attachment_1.pdf (indicating the Mortgage Bankers Association is encouraging more flexible oversight).

[69] *See id*. at 5.

[70] *Id*.

[71] *See, e.g*. CarbonPlan, *supra* note 68; Mortg. Bankers Ass'n, *supra* note 70.

companies.[72] The SEC received thousands of comments from various industry players.[73] There were a few items of general consensus among these comment letters. Many commenters expressed a preference for some safe harbor provisions in reporting.[74] A safe harbor in reporting means that covered companies have some leeway in terms of the accuracy of the data they reported if companies meet certain metrics.[75] Another common recommendation was that the reporting be furnished not filed, so companies would not be subject to the same level of liability for inaccuracies that usually apply to normal financial reporting.[76] A final sentiment that many comments shared was that the rules should only require reporting on Scope 1 and 2 greenhouse gas emissions but not Scope 3.[77]

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[72] *See* Press Release, Sec. & Exch. Comm'n, Public Input Welcomed on Climate Change Disclosures (Mar. 15, 2021) (find at https://www.sec.gov/news/public-statement/lee-climate-change-disclosures).

[73] *See* Sec. & Exch. Comm'n, Comments on Climate Change Disclosures (last accessed Apr. 4, 2022), https://www.sec.gov/comments/climate-disclosure/cll12.htm.

[74] *See, e.g.*, Retail Indus. Leaders Ass'n, Comment on Climate Change Disclosures (June 12, 2021), https://www.sec.gov/comments/climate-disclosure/cll12-8911533-244349.pdf ("Therefore, in the event the SEC adopts mandatory climate-specific disclosure requirements, disclosures that are not based solely on historical fact but instead involve predictions, projections, or assumptions should be considered forward-looking statements and afforded the associated safe harbors under the PSLRA.")

[75] *See* Adam Hayes, *Safe Harbor*, INVESTOPEDIA (Nov. 21, 2020),https://www.investopedia.com/terms/s/safeharbor.asp#:~:text=A%20safe%20harbor%20is%20a%20legal%20provision%20to%20reduce%20or,as%20certain%20conditions%20are%20met.&text=Safe%20harbor%20can%20also%20refer,avoids%20legal%20or%20tax%20regulations.

[76] *See, e.g.*, Retail Indus. Leaders Ass'n, *supra* note 76.

[77] *See, e.g.*, id. ("Based on member feedback, RILA notes that, in general, the climate data that issuers are able to collect from internal sources (e.g., scopes 1 and 2 GHG emissions related to stores and facilities) can be subject to reasonable validation processes. However, requiring assurance for all scope 3 GHG data for which collection is entirely dependent on the cooperation of third-party suppliers or service providers would be challenging.")

"Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain."[78] Evidently, according to commenters, reporting on Scope 3 emissions would likely require a significant amount of data collection, capital, and time.[79]

In considering this mandatory reporting, many SEC employees, including the SEC Investor Advisory Committee and the ESG Subcommittee of the SEC Asset Management Advisory Committee, indicated the materiality of climate effect information for investors.[80] In contrast, some industry leaders and trade associations pushed back on this notion, stating that most of the information that the SEC planned to include in its disclosure requirements did not meet the legal standard for materiality.[81] Further, some groups are convinced of the material adequacy of current disclosures of climate-related information.[82] The National Mining Association stands firm in the belief that "public companies have diligently disclosed in various SEC filings material climate risks, especially since the SEC issued its 2010 'Guidance Regarding Disclosure Related to Climate Change.'"[83] The Association goes on to reference the SEC's codification of the definition of "materiality," and argues that the breadth of climate information that the SEC

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[78] *See* Briefing: What are Scope 3 emissions?, CARBON TRUST, https://www.carbontrust.com/resources/briefing-what-are-scope-3-emissions#:~:text=Scope%201%20covers%20direct%20emissions,in%20a%20company's%20value%20chain.

[79] *See, e.g.*, Retail Indus. Leaders Ass'n, *supra* note 76.

[80] *See* Press Release, *supra* note 74.

[81] *See, e.g.*, The Nat'l. Mining Ass'n, Comment on Climate Change Disclosures (June 11, 2021), https://www.sec.gov/comments/climate-disclosure/cll12-8911809-244413.pdf.

[82] *See, e.g.*, *id*.

[83] *See id*.; *see also* SEC, Commission Guidance Regarding Disclosure Related to Climate Change, Release No. 33-9106 (Feb. 2, 2010), 75 Fed. Reg. 6290 (Feb. 8, 2010) ("2010 Climate Change Guidance").

intends to require will not meet such materiality.[84] The SEC, in March 2022, finally promulgated a set of mandatory climate reporting metrics that will now undergo another round of public comment before they are finalized.[85]

The discussion of relevant information, and whether such climate information is material, is central to the larger ongoing debate surrounding environmental reporting for companies and banks. It brings context to the reason why banks and companies alike aim to incorporate this newly identified source of risk.[86] It has recently become clear the potential adverse effect that climate change has on financial institutions and other firms, as well as the importance of requiring the reporting of specific climate-related data.[87] One quote sums up the modern reporting space: "As Fed Governor Lael Brainard stated recently, '[s]upervisors have a responsibility to ensure that financial institutions are resilient to all material risks—including those related to climate change—both currently and into the future.'"[88]

2. *Voluntary Climate Reporting Metrics*

There are also multiple voluntary climate reporting metrics that companies utilize.[89] Currently, the primary reporting metrics are the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related

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[84] *See* The Nat'l Mining Ass'n, *supra* note 83; 17 CFR § 230.405.
[85] *See* Press Release, Sec. & Exch. Comm'n, SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors (Mar. 21, 2022) (find at https://www.sec.gov/news/press-release/2022-46).
[86] Gregg Gelzinis, *Addressing Climate-Related Financial Risk Through Bank Capital Requirements*, CTR. FOR AM. PROGRESS (May 11, 2021), https://www.americanprogress.org/article/addressing-climate-related-financial-risk-bank-capital-requirements/.
[87] *See id*.
[88] *See id*.
[89] *See* Cydney Posner, *Financial Stability Oversight Council reports on climate-related financial risk*, COOLEY PUBCO (Oct. 27, 2021), https://cooleypubco.com/2021/10/27/fsoc-climate-related-financial-risk/.

Financial Disclosures (TCFD).[90] The TCFD centers around four core elements for companies to disclose: (1) governance; (2) strategy; (3) risk management; and (4) metrics and targets.[91] However, only around half of the TCFD-reporting companies seem to be meeting the actual guidelines in their reporting.[92] SASB standards are more industry-specific and focus on "[e]ffectively managing these [environmental] issues over the long-term."[93] Further, they strive to form a "common language" for the monetary effects of climate information.[94]

Both of these voluntary reporting frameworks appear to align well with the OCC's recent guidelines.[95] For example:

> In today's economy, sustainability issues are global business issues that impact the financial condition, operating performance, and enterprise value of companies… Effectively managing these issues over the long-term is likely to improve business performance in the form of reduced operating costs, enhanced reputation, greater resilience to risks, the potential for competitive advantage, and drive long-term enterprise value.[96]

Many of the organizations and agencies supporting climate disclosures are concerned with the long-term value of assets and running metrics to evaluate the climate risk of various institutions.[97] This seems consistent with the concerns expressed by the OCC in its recent guidelines. Overall, many

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[90] *See SASB + TCFD = Common ESG Disclosure Standards?*, PORTFOLIO FOR THE FUTURE (Jan. 26, 2020),
[91] *See* Posner, *supra* note 91.
[92] *See id*.
[93] About Us, VALUE REPORTING FOUNDATION – SASB STANDARDS, https://www.sasb.org/about/.
[94] *See id*.
[95] *See* Posner, *supra* note 91; About Us, *supra* note 95.
[96] About Us, *supra* note 95.
[97] *See SASB + TCFD = Common ESG Disclosure Standards?*, *supra* note 90; Press Release, *supra* note 73.

individuals and organizations are deeply apprehensive of the potential negative effects of climate change on businesses and financial institutions and are looking to combat such risks as best they can.[98]

E. Conclusion

In the near future, companies and banks will be forced to face the climate impact of their actions. Although many already report on this topic to some degree, investors and regulators are continuing to demand mandatory disclosures and more specific metrics. This information is recognized as being material to investors.[99] There is mounting evidence of climate change's massive impact on the financial industry as a whole.[100] There is a need for banks to integrate climate considerations, evaluating the risks of "carbon-intensive balance sheets," and primarily transition threats.[101] The issue is of the utmost importance. Climate-conscious principles for banks and other financial institutions may help these massive entities address pressing climate-related risk. These management tools will be helpful in combatting this real concern, but are only the first step in addressing the intersection of environmental issues and the financial world.

Taylor Donahoe[102]

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[98] *See, e.g.*, Press Release, *supra* note 38.
[99] *See*, *e.g*. Press Release, *supra* note 74.
[100] *See* Gelzinis, *supra* note 88.
[101] *See id*.
[102] Student, Boston University School of Law (J.D. 2023).