SOLVING THE CLIMATE CRISIS

The Congressional Action Plan for a Clean Energy Economy and a Healthy, Resilient, and Just America

Managing Climate-Related Financial Risks

The climate crisis poses multiple risks to companies and the financial system through physical risks—such as extreme weather events and sea level rise—and transition risks—such as policy reforms and market changes associated with transitioning to a lower-carbon economy. Although these risks have become more apparent and measurable, shareholders, investors, and regulators lack information about companies' and investments' exposure to climate-related risks. These physical and transition risks also increase systemic risk to the financial sector, but U.S. financial regulators are behind their global counterparts in deploying the financial and monetary policy tools needed to mitigate the systemic risks of climate change.

HOUSE SELECT COMMITTEE ON THE
CLIMATE CRISIS

SHIFT PRIVATE CAPITAL TOWARD CLIMATE-SMART INVESTMENTS

For the United States to meet its goals for decarbonization and climate resilience, private investment must shift away from activities that exacerbate the climate crisis and focus on the deployment of clean technologies and resilient infrastructure. Congress also must ensure the financial system is resilient to the economic transition and climate impacts to come.

CONGRESS SHOULD:

Expose climate-related risks to investors and the public by requiring public companies to disclose their climate risks and credit agencies to disclose how they evaluate climate risk.

Identify and manage climate-related financial risks through the Federal Reserve, including applying climate change scenarios to financial stress tests.

Assess and report on the systemic risk climate change poses to the U.S. financial system through the Financial Stability Oversight Council and Commodity Futures Trading Commission.