

Memorandum
**CLIMATE-RELATED
FINANCIAL DISCLOSURE FRAMEWORK**
February 7, 2023

To: Members of the Board
From: Robin M. Gilliam, Assistant Director
Thru: Monica R. Valentine, Executive Director

Subject: **Education Session on SEC Proposed Climate Rules and Comments Received**
(Topic A)

INTRODUCTION

On March 21, 2022, the Security and Exchange Commission (SEC) issued a proposal for the *Enhancement and Standardization of Climate-Related Disclosures*. The SEC received approximately 14,000 comments on this proposed rule. Staff presents an education and discussion session with the SEC on the proposed climate rules and comments received. [See SEC Response to Climate and ESG Risks and Opportunities](#) webpage for more information.

For any questions, please contact us by February 17, 2023, at gilliamr@fasab.gov with a cc to Monica Valentine at valentinem@fasab.gov.

NEXT STEPS

Staff will present education and discussion sessions on research findings to help the Board develop a climate-related financial disclosure framework.

ATTACHMENTS

1. Staff Analysis

Context

The Climate-related Financial Reporting project is developing a climate-related financial disclosure framework, which is in the research phase. To direct the research, the Board wants to address the following questions:

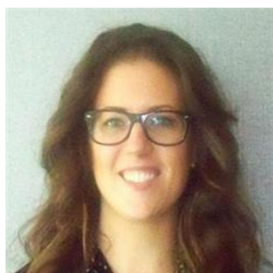
1. Which governments are using the Task Force for Climate-related Financial Disclosures (TCFD) for disclosures in their financial reports? How are these governments implementing TCFD, the challenges, and lessons learned?
2. What are the common themes from the 14K+ comment letters received by SEC on their proposed climate-related reporting rules?
3. What types of reporting are federal agencies currently using to comply with the various climate-related Executive Orders and legislative acts?
 - a. How are federal agencies calculating and tracking the cost and budget information for climate?
 - b. What information are federal agencies reporting based on the optional OMB A-136 TCFD recommendations?
4. What information will federal financial statement users find useful as it relates to climate risk?

At the December 2022 Board meeting, staff presented an education and discussion session that addressed research question #1.

- Members learned that Canadian cities are the only government implementing TCFD reporting. That TCFD was not the only model the Canadian cities used—some cities created their own framework from multiple models to report on ESG [environmental, social, and governance] and not just climate; and the cities determined the scope of ESG/climate reporting by understanding what is material and relevant to stakeholders.
- Members agreed that staff should continue to analyze TCFD recommendations and monitor the standardization of other climate reporting standards to find the balance between relevant information for users and preparation burden.

For the February 2023 Board meeting, FASAB welcomes the SEC to share insights on the comments received on their proposed climate rules published in March 2022. This education session will address research question #2.

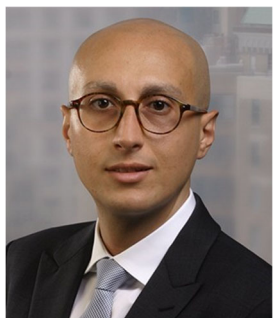
A. EDUCATION SESSION PANEL – SEC BIOS & AGENDA (1 hour)



Luna Bloom is the Chief of the Office of Rulemaking in the U.S. Securities and Exchange Commission's Division of Corporation Finance. Before joining the Office of Rulemaking in 2018, Ms. Bloom served in various roles at the Commission, including in the Office of the General Counsel and the Division of Corporation Finance's Office of Chief Counsel. Prior to joining the SEC staff, she was an associate at Shearman & Sterling in New York. Ms. Bloom received her law degree from New York Law School and B.A. from the University of California, Irvine.



Esther Eng is an engineer at the U.S. Securities and Exchange Commission, where she leads the Climate Reporting Program. She joined the Commission in March 2022. Prior to joining the Commission, she served a number of roles at the U.S. Geological Survey, including as the Technology Transfer Officer and as the Chief of the Environmental Management programs. She was also detailed at the White House Council on Environmental Quality. She received a B.S. in Chemical Engineering from North Carolina State University.



Larry Yusuf is a professional accounting fellow at the SEC's Office of Chief Accountant. He primarily works on accounting, auditing, and reporting matters for public companies and rule proposals under federal securities law. Prior to joining the SEC's Office of Chief Accountant, he spent 11 years with EY. Larry received a Bachelor of Business Administration degree from the University of Massachusetts, Amherst and a Master of Science in Accounting from the University of Virginia, Charlottesville. He is a CPA.

B. Board Questions and Answers with Panelists (1/2 hour)

C. Recommendations & Next Steps (1/2 hour)

Discuss what information from the presentations is relevant to FASAB for developing the federal climate-related financial disclosure framework.