



TCB Digest for Executives

October 17th, 2023

Welcome to the 10th edition of The Climate Board's Digest for Executives - a summary of key climate-related events, publications, and insights for cross-functional corporate leaders.

This digest was written in the weeks following the United Nations General Assembly and NYC Climate Week, when a wide range of global stakeholders underscored not just the need for faster action on climate-related issues, but the need for more coordination.

Outside the conference rooms, action by governments was in fact uncoordinated and bifurcated. As the UK backpedaled on previous green commitments by loosening regulation, California stepped out ahead of other jurisdictions with bold legislation on corporate emissions and climate risk disclosure – effectively front-running national decision-making in the US.

Look for TCB's Climate Week Key Takeaways later this week, which will be published [here](#).

Regulatory and Government Updates

- California legislators passed two historic climate bills on September 14: the [Climate Corporate Data Accountability Act](#) (SB 253) and the [Climate-Related Financial Risk Act](#) (SB 261), and Governor Newsom signed both on October 7th. SB 261, a climate-related risk disclosure law, will require U.S. companies doing business in California and with annual revenues greater than \$500 million to prepare annual climate-related financial risk reports. This law is the first of its kind to take effect in the US - preceding Gary Gensler's proposed rules at the SEC, which have yet to be finalized and don't cover private companies. SB 253 will require public and private U.S.-based corporations with operations in California and annual gross revenues above \$1 billion to disclose greenhouse gas emissions, including Scope 3. Corporates will also be required to hire third-party auditors to substantiate reported emissions.
- [Britain's Prime Minister softens Net Zero initiatives](#) (September 20) - Just days after he [announced record climate aid funding](#) at the G20 summit in India, Rishi Sunak pushed back the deadline for phasing out gasoline and diesel-powered cars, as well as gas boilers in homes, to 2035. The announcement was [met with disappointment from scientists and climate activists](#), as well as [members of London's green finance sector](#).
- [France's Macron Unveils Latest Plan for Meeting Climate-Related Commitments](#) (Associated Press, September 26) - In order to reach France's goal of 55% emissions reductions of 1990 levels by 2030, the French president announced the need for the country to reduce emissions by 5% each year until 2030. Macron also unveiled a new state-sponsored program to make public transportation and EVs more accessible, and announced that the 50 most climate-damaging industrial sites (accounting for about

10% of France's greenhouse gas emissions) must formally sign a plan to reduce emissions by 45% by 2030.

- [European Union Releases Carbon Border Adjustment Mechanism \(CBAM\)](#) (October 1) - The Carbon Border Adjustment Mechanism (CBAM) entered its transitional phase, with the first reporting period for importers of select goods at most significant risk of carbon leakage (aluminum, cement, iron and steel, electricity and hydrogen, and fertilizers) 31 January 2024. The CBAM tool aims to address carbon leakage that occurs when companies based in the EU move carbon-intensive production to countries with less rigid climate policies - and ensure that a fair price has been paid for embedded carbon emissions generated in imported goods. The objective of this transitional period is "to serve as a pilot and learning period for all stakeholders (importers, producers and authorities) and to collect useful information on embedded emissions to refine the methodology for the definitive period."

Corporate Updates

- [People of the State of California v. Big Oil](#) (September 16) - California is [suing](#) five major oil companies (Exxon, Shell, Chevron, ConocoPhillips and BP), saying they failed to disclose known harms associated with the use of fossil fuels and participated in a "campaign of deception." The lawsuit demands that oil companies contribute to funding for recovery efforts from and protection efforts for climate-change-induced natural disasters (including superstorms, wildfires, extreme heat, drought, and rising sea levels) and asks the court to prohibit further pollution.
- [Volvo Cars Declares End of Diesel](#) (September 19) - The automaker, whose vehicles were once overwhelmingly diesel-based, announced it will sell only fully electric cars by 2030, and that the last diesel model will be produced in early 2024. This announcement follows Volvo's decision in 2022 to shutter its R&D budget for combustion engines. Volvo also announced its goal to be carbon neutral by 2040.

Climate & Environmental Updates

- [September 2023 Was Earth's Warmest September in 174 Years](#) (October 13) - Data from the National Oceanic and Atmospheric Administration also show September was the fourth month in a row of record-breaking warm temperatures globally. Ocean surface temperatures were the highest on record (tied with August of this year), and the month also saw lower sea ice coverage than any previous September.
- [Heavy Precipitation in New York Underscores Urgency to Address Human-Driven Climate Change](#) (October 2) - New York City [saw intense rainfall and flash flooding](#) at the end of September. This study found that low pressure systems, like the one that impacted New York, are 3-15mm/day wetter than they have been previously, and that heavier precipitation in New York is likely influenced by human-driven climate change.

Publications

- [The Role of the Chief Financial Officer in Driving Low-Carbon Transition](#) (Climate Bonds Initiative, September 12) - The Climate Bonds initiative published guidance to support CFOs in working towards industry-specific decarbonization. Some of the report's main recommendations were that companies start their decarbonization efforts early to gain a competitive advantage and demonstrate leadership and support these efforts with a business case that emphasizes the costs of inaction. The

CFO position plays a critical role in the low-carbon transition as these executives are stewards of trillions of dollars in global corporate investments. (Note: TCB was a contributor to and reviewer of the final publication.)

- [Climate Change is Costing the World \\$16 Million Per Hour](#) (World Economic Forum, October 12) - We have seen extreme weather events increase globally. A new study finds that extreme weather over the past 20 years has cost \$2.8 trillion, which breaks down to about \$16.3 million per hour. The researchers posited that human-related climate change could be connected to a net of \$260.8 billion in damages from the 185 events studied (about 53% total damages).
- [After a Wave of Criticism, What's on the Horizon for ESG Strategy?](#) (GreenBiz, October 16) - Because of the political polarization surrounding ESG issues, many corporations are participating in "greenhushing:" backtracking or staying quiet about previous ESG commitments. There is also still a lack of clarity on evaluating sustainability performance, given that a lack of consistency in the data provided by individual companies makes comparability impossible. However, new regulations, such as California's Corporate Data Accountability Act, demonstrate that corporate reporting requirements are continuing to expand. ESG will continue to become deeply embedded in core business activities, rather than managed on an ad-hoc, episodic basis.

More Must-Reads

- Noah Smith, September 7 - [Our climate change debates are out of date](#)
- Reuters, September 25 - [DWS to pay \\$25 million to end US probe into greenwashing](#)
- The Science of the Total Environment, September 26 - [PFAS 'forever chemicals' harming wildlife the world over](#)
- Columbia University SIPA, Center on Global Energy Policy, September 26 - [Climate Change in Court: New Trends and Legal Grounds](#)

**Thank you,
The TCB Team**



THE CLIMATE BOARD

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