

MBA Weekly Climate and Environmental, Social, Governance (ESG) Policy Updates (October 4 – October 8)

White House releases Federal Climate Adaption Plans

On Thursday, the White House [released](#) 20 federal agency action plans outlining the steps that each agency is taking to ensure that “their facilities and operations adapt to and are increasingly resilient to climate change impacts.” Per President Biden’s January 27, 2021, [Executive Order 14008](#), major federal agencies were required to develop an adaption and resilience plan to address their most significant climate risks and vulnerabilities.

- **Why it matters:** Agency climate action plans could impact commercial real estate finance.
- **What is next:** MBA staff is analyzing Agency action plans for potential impact on commercial and multifamily business and will inform members of any relevant issues.

Treasury Releases Climate Action Plan

On Thursday, as part of the White House release of federal agency action plans, the U.S. Department of Treasury [released](#) the “Treasury Climate Action Plan,” which outlines Treasury’s priorities to “increase resilience of Treasury facilities and operations to the impacts of climate change.” Treasury’s Climate Action Plan outlines five priority areas for the Treasury to focus on to improve its own climate resilience, including rebuilding internal climate programs and capabilities; addressing climate change impacts and vulnerabilities across Treasury operations; ensuring a climate-focused approach to managing Treasury’s real property portfolio footprint; enabling procurement management to consider climate change realities; and providing for a financial investment approach that mirrors the Treasury’s climate objectives.

- **Why it matters:** Treasury investment and procurement strategies could impact commercial real estate assets.
- **What is next:** MBA staff will review the Treasury’s Climate Action Plan for impacts on commercial real estate finance.

Fed Governor Brainard Highlights Importance of Climate Scenario Analysis

On Thursday, at the Federal Reserve Stress Testing Conference, Federal Reserve Governor Lael Brainard [highlighted](#) that the Federal Reserve is putting together large bank supervisory guidance on climate scenario analysis to guide efforts to mitigate climate-related physical and transition risk facing the financial system. In a prepared speech, Governor Brainard highlighted the challenges and opportunities presented with creating such an analysis, including opportunities for international

cooperation, However, Governor Brainard also highlighted the difficulty of modeling climate risk given existing data gaps and lack of precedents. On closing the data gaps, Governor Brainard recognized the importance of mandatory climate-related disclosures, stating, “consistent, comparable, and, ultimately, mandatory disclosures are likely to be vital to enable market participants to measure, monitor, and manage climate risks on a consistent basis across firms.” Governor Brainard recognized that this was the SEC’s responsibility, not the Federal Reserve’s. There was no update on the timing of this proposal, nor whether it would be open to comment.

- **Why it matters:** Climate-related supervisory guidance, including mandatory disclosures on climate risk, could impact the commercial real estate industry.
- **What is next:** MBA staff will continue to monitor regulators for additional climate-related action and advocate on behalf of member interests where necessary.

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