



It's Time to Start Assessing Climate Change Risk

New York, May 3, 2021 – The risks to companies, their assets and supply chains from climate change include physical risks, such as flooding or drought, and transition risks, such as new policy and regulatory developments, the advancement of competing lower carbon technology, and changes in public sentiment.

Businesses in all sectors should be aware of several regulatory developments regarding climate change risk that are on the horizon.

On March 25th, the NYS Department of Financial Services issued proposed guidance for insurers on managing the financial risks from climate change, which is subject to public comment through June 23, 2021. On April 9th DFS issued separate guidance for New York banks outlining the department's expectations for how banks should manage the financial risks from climate change.

On the federal level, the Securities and Exchange Commission is seeking public input through June 15, 2021 on a number of questions related to climate change with the goal of facilitating the disclosure of consistent, comparable and reliable information. The questions include, among many others: what information related to climate risks can be quantified and measured; whether disclosure standards developed by the regulated community should satisfy minimum standards of the SEC; whether existing frameworks for disclosure developed by the Task Force on Climate-Related Financial Disclosures, the Sustainability Accounting Standards Board, and the Climate Disclosure Standards Board, for example, should be considered by the SEC; and whether a “comply or explain” framework should apply to climate change disclosures.

With all this activity, businesses that have not already started to think about their own climate change risk should do so sooner rather than later, as it will be on the minds of insurers, lenders, and regulators.

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