

9 September 2021

The Honorable Tom Carper  
The Honorable Shelley Moore Capito  
410 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chair Carper & Ranking Member Capito,

I am writing on behalf of the Principles for Responsible Investment (PRI). The PRI is the world's leading initiative on responsible investment. The PRI has over 4,000 signatories (pension funds, insurers, investment managers and service providers) worldwide with approximately \$121 trillion in assets under management.

I write to strongly encourage Members of Congress to draft and ultimately pass budget legislation that considers climate change across every committee jurisdiction and works to accelerate the shift toward a sustainable, net zero economy.

If unabated, climate change threatens to destabilize financial markets, erode retirement savings and do severe damage to lives and livelihoods. Reducing and managing the threat posed by climate change requires a whole of government approach where every policy and budgeting provision is viewed through a climate lens, ensuring that every federal investment looks to limit its contribution to climate change and build toward a sustainable economy.

Budget legislation that funds bold climate action and considers climate impact across every committee represents an opportunity to create sustainable jobs and support a just transition, limit climate risk in financial markets and drive global climate action ahead of COP26.

As Congress continues to negotiate budget legislation, the PRI recommends Congress include:

- **Fully funded clean energy standard or payment program** with incentives and penalties for utilities to rapidly scale up their share of clean energy.
- **10-year extension of existing clean energy tax credits**, including the ITC and PTC, providing a direct payment option for smaller companies.
- **Funding and tax incentives for cross-state transmission infrastructure** to build a grid capable of fully utilizing America's vast renewable energy resources.
- **Methane emission reduction program**, similar to clean energy incentives and penalties, utilizing fees to plug orphan wells.
- **Incentives for transportation electrification** including expanded tax credits for manufacturing of zero-emission vehicles and consumer incentives for EV adoption targeting low- and middle-income families.

- **Clean energy and sustainability accelerator** to crowd in private finance for distributed energy, low-carbon infrastructure and building retrofits.
- **Require the Congressional Budget Office to conduct regular reviews** of the present day and future impacts of climate change on the US budget and national debt.
- **Fully fund the newly created Office of Climate Change and Health Equity** and fund a comprehensive report that works to attribute negative health equity impacts to specific polluting sectors and actors to begin accurately accounting for the costs of climate change.

In addition to those measures, overarching reforms are prerequisites for a successful economic transition to sustainable investment:

- **Phase out of fossil fuel subsidies**, repurposing funds for carbon mitigation programs.
- **Require all construction projects utilizing federal funding to consider climate impacts** across project design, planning, construction, maintenance and decommissioning, both reducing carbon intensity of construction as well as emissions generated through lifetime use.

While a rapid reduction in emissions is not without challenges, there are far greater opportunities in the net-zero transition for workers and investors to create a more equitable and sustainable economy. Therefore, the PRI recommends:

- **Establishing a federal office for the just transition**, building on President Biden's creation of the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization.
- **Providing funding for states to develop state-wide and county-specific transition plans** for fossil fuel dependent workers and communities to fully prepare for retirement, health care, education and retraining needs.

The most recent IPCC report makes clear there is no time to waste. Congressional passage of concrete climate legislation holds significant implications not only for the US but for the world. A delayed, disruptive and disorderly policy response to climate change risks undermining the value of financial assets as well as increasing the difficulty of reducing emissions at the required rate. Rather, timely and decisive action creates certainty for markets to seize the opportunities provided by the sustainable and low-carbon industries of the future.

Should you or your staff like to discuss these recommendations and how the PRI can support your work on these topics, please do not hesitate to reach out to our policy team, at [policy@unpri.org](mailto:policy@unpri.org).

Yours sincerely,



Fiona Reynolds

CEO, Principles for Responsible Investment