

February 25, 2021

The Honorable Dr. Janet L. Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen,

We, the over 145 undersigned organizations, wish you a warm congratulations on your confirmation and express our eagerness to work with you to tackle the climate crisis. We are writing to encourage you to create a robust, well-staffed climate hub at Treasury led by a senior-level person reporting directly to you and to express our concern that the principal position has yet to be created and filled.

As organizations and businesses dedicated to protecting our communities and our economy from the impacts of climate change, we were encouraged by your commitment during your confirmation hearing to “create a hub” at the Treasury Department focused on climate with a “very senior-level” role to lead it.¹ We’ve been heartened to see reports indicating that you understand that in order to implement President Biden’s whole-of-government approach to climate, we need someone with deep regulatory expertise and experience at the Federal Reserve and the Treasury Department to drive and coordinate an effective agenda among financial regulators.²

As you well know, climate change poses a clear threat to the financial system and the economy. Deliberate, organized, and coordinated action from the market and banking regulators is especially urgent as the U.S. has fallen behind. We currently lag many other countries in terms of incorporating climate into our financial regulatory frameworks or exploring the needed changes to our monetary policy to account for climate risk. Wall Street firms stand out on the global stage for fueling the climate crisis with their outsize support for fossil fuels and deforestation-risk commodities.³ These companies' activities constitute a central part of our

¹ *Hearing on the Nomination of Janet L. Yellen to be Secretary of the Treasury*, United States Senate Committee on Finance (January 2021). (In response to a question from Senator Sheldon Whitehouse, who asked, “I’m wondering where your senior-level climate person will be in the Department of Treasury. There’s no specific office. How are you going to staff addressing climate at the most senior levels of Treasury?” Secretary Yellen replied: “I will look to appoint someone at a very senior-level to lead our efforts and to create a hub within Treasury in which we particularly focus on financial system related risks and tax policy incentives toward climate change.”)

² Kate Davidson, *Yellen Is Creating a New Senior Treasury Post for Climate Czar*, Wall Street Journal (February 2021),

<https://www.wsj.com/articles/yellen-is-creating-a-new-senior-treasury-post-for-climate-czar-11613138479>.

³ Rainforest Action Network, *Banking On Climate Change: Fossil Fuel Finance report* (March 2020), https://www.ran.org/wp-content/uploads/2020/03/Banking_on_Climate_Change_2020_vF.pdf; and Amazon Watch and Friends of the Earth, *BlackRock’s Deforestation Problem*, (November 2019), <https://amazonwatch.org/assets/files/2019-blackrocks-big-deforestation-problem.pdf>.

country's carbon footprint. Many financial institutions are making pledges for net-zero financed emissions by 2050, but 2050 commitments are trivial and wholly insufficient compared to 2021 action on fossil fuels and deforestation, the two main drivers of climate change.

We cannot rely exclusively on market actors to solve the climate crisis, nor on financial engineering or voluntary corporate commitments. We agree with European Central Bank (ECB) President Christine LaGarde that “in the face of market failures to price in carbon risk” *all* central banks must ask themselves if they are “taking excessive risk by simply trusting mechanisms that have not priced in the massive risk” of climate change.⁴

The climate movement is focused on the role of financial oversight and regulation like never before. Regulators must address not only the risk that climate change poses to financial institutions and the system, but also the risk financial institutions inject into the economy through their high-carbon financing. And they must address the disproportionate impact of reckless carbon-polluting finance on the largely low-income communities of color who bear the brunt of climate harms.⁵

Assuring U.S. climate-finance leadership will require a very senior Treasury hire devoted full-time to integrating climate thoroughly and effectively into financial regulatory missions. This official will drive strategy and coordination, regularly gathering the financial regulators, ensuring the U.S. has a coordinated climate finance plan, working with Congress to rationalize current and proposed tax credits and subsidies, and engaging with our central bank and financial regulatory counterparts throughout the world. These actions are especially urgent in the lead up to the next Conference of Parties in Glasgow in November this year, which has been dubbed the “Finance COP.”

We urge you to create a Treasury climate hub as soon as possible and appoint a leader who can deliver on President Biden’s commitment to an equitable clean energy future by urgently addressing the financial stability risks from climate change. This can only be accomplished by hiring a proven leader with the depth and breadth the position demands: extensive regulatory experience; deep understanding of monetary policy; underlying expertise on climate finance across agencies; extensive relationships among regulators, central bankers, affected communities, and movements; and a dedicated commitment to the public interest, which in the case of climate change includes limiting global warming to 1.5°C.⁶

We look forward to working with you and a climate finance hub leader to assure the U.S. leapfrogs into being the global leader it can and should be.

⁴ Christine Lagarde, United Nations Environment Programme Finance Initiative, October 14, 2020, <https://www.youtube.com/watch?v=xtMYoRvxesg>.

⁵ Environmental Justice Atlas, (last accessed February 21, 2021), <https://ejatlas.org/country/usa/>.

⁶ “The central objective of the Paris Agreement is its long-term temperature goal to hold global average temperature increase to “well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” Paris Agreement Art. 2(a).

Sincerely,

National Groups:

350.org
Action Center on Race and the Economy
Amazon Watch
American Sustainable Business Council
Americans for Financial Reform
Amnesty International USA
Anthropocene Alliance
Azul
BankFWD
Better Markets
Biodiversity For A Livable Climate
Blue Future
Businesses for a Livable Climate
CatholicNetwork.US
Center for Biological Diversity
Center for Digital Democracy
Ceres
Climate Finance Action
Climate Hawks Vote
Climate Trace
Consumer Federation of America
Cultivate America
Data for Progress
Dayenu: A Jewish Call to Climate Action
Demand Progress Education Fund
Democracy Collaborative
E2 (Environmental Entrepreneurs)
Earth Action, Inc.
Earthworks
Environmental Defense Fund
Food & Water Watch
FracTracker Alliance
Friends of the Earth U.S.
Future Coalition
Global Financial Markets Center
GreenLatinos
Greenpeace US
Hip Hop Caucus

IfNotNow
Indigenous Environmental Network
Indivisible
Institute for Agriculture and Trade Policy
Institute for Policy Studies Climate Policy Program
Interfaith Power & Light
Justice Democrats
League of Conservation Voters
Majority Action
Maryknoll Office for Global Concerns
National Children's Campaign
National Coalition for Asian Pacific American Community Development
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Fair Housing Alliance
National Whistleblower Center
Nuclear Information and Resource Service
OCA - Asian Pacific American Advocates
Oceanic Preservation Society
Oil Change International
Our Revolution Hawaii
People's Justice Council
Progressive Change Campaign Committee
Public Advocacy for Kids (PAK)
Public Citizen
Rainforest Action Network
Rapid Shift Network
Revolving Door Project
Sierra Club
Stand.earth
Stop the Money Pipeline
Sunrise Movement
Sunrise Project US
Take on Wall Street
The Forum for Youth Investment
The YEARS Project
U.S. PIRG
Union of Concerned Scientists
Unitarian Universalist Ministry for Earth
Unitarian Universalists for a Just Economic Community
WATERSPIRIT
Wild Earth Institute, Inc.
Working Families Party
Young Entertainment Activists (YEA!)

Zero Hour

International Groups:

Center for International Environmental Law
Citizens' Climate International
Climate Bonds Initiative
Extinction Rebellion Boston
GreenFaith
Network for Sustainable Financial Markets
New Economics Foundation
Oxfam America
Sisters Health & Wellness Collective
SumOfUs
Women's Earth and Climate Action Network (WECAN)

State and Local Groups:

Accokeek, Mattawoman, Piscataway Creeks Communities Council
Berks Gas Truth
Better Path Coalition
Breathe Easy Susquehanna County
California Reinvestment Coalition
Call to Action Colorado
Clean Energy Action
Connecticut Citizen Action Group
Extinction Rebellion San Francisco Bay Area
Extinction Rebellion Silicon Valley
Fossil Free California
Green Education and Legal Fund
Long Beach Alliance for Clean Energy
Mainers for Accountable Leadership
Milwaukee Riverkeeper
Mosquito Fleet
New Energy Economy
New York Communities for Change (NYCC)
North Carolina Council of Churches
North Carolina Interfaith Power & Light
Occupy Bergen County (New Jersey)
Our Revolution Michigan
Physicians for Social Responsibility Pennsylvania
SanDiego350
Science For the People - Twin Cities
SEE-LA (Social Eco Education-LA)
SoCal 350 Climate Action

Sunflower Alliance
Texas Campaign for the Environment
Texas Impact
Volusia Climate Action
Washtenaw350
Women's March Ann Arbor
Woodstock Institute
350 Brooklyn
350 Butte County
350 Central Mass
350 Colorado
350 Conejo / San Fernando Valley
350 Dallas
350 Eugene
350 Everett, WA
350 Hawaii
350 Kishwaukee
350 Maine
350 Massachusetts for a Better Future
350 Montgomery County
350 NYC
350 PDX
350 Seattle
350 Silicon Valley
350 South Florida
350 Tacoma
350 Triangle