

December 14, 2020

Dear Mr. Deese,

President-elect Biden won with the strongest climate mandate in U.S. history and has made climate justice a “core tenet” of his climate plan. Fulfilling that mandate will require decisive and urgent action from all parts of the administration, including those that oversee the economy and the financial system. As the Paris Agreement and the IPCC make clear, climate action in the U.S. means phasing out fossil fuels in line with a 1.5 degree trajectory and building a just transition to a carbon-free economy. And a commitment to climate justice means a commitment to addressing and repairing the harm caused to Black, Indigenous and people of color, and other frontline communities by the industries that cause climate change.

That is why we agree with the President-elect that naming someone as NEC Director with a clear record of climate change policy and a commitment to racial justice is necessary. However, your most recent experience working for BlackRock raises concerns over conflicts of interest. As a financial firm, BlackRock stands out on the global stage for 1) its outsized role in fueling the climate crisis through its huge investments in fossil fuels and deforestation-risk commodities, with little regard to impacts on frontline communities, and 2) its current role as manager of the Federal Reserve’s corporate credit facilities, which are significantly overweight with fossil fuel debt.

That is why we call on you to commit to making regulation of the financial industry’s contributions to the climate crisis and the related impacts on frontline communities a top priority for your role in the Biden administration -- even if it goes against the interests of your former employer.

The country is at the precipice of a recession while reckoning with systemic racism and climate catastrophe. There is no time left for half measures. By COP26 in November 2021, all U.S. financial institutions should be on a clear path to zero climate impact, and the pandemic recovery should be green and center the needs of Black, Indigenous, people of color and the communities who have faced generations of environmental injustice.

To achieve that, we call on you to do everything within the powers of your office to support the following policy goals; please note this is not an exhaustive list:

- Prioritize consultation with and accountability to Black, Indigenous, people of color and other frontline stakeholders
 - Meet monthly with our organizations and other racial and climate justice groups or community leaders that we may wish to invite;
 - Designate a high-level NEC position to work on climate and financial regulation, and another to work solely on racial and economic justice.
- Provide direct relief to cities and states for green recovery and future infrastructure

- Convene a task force or council to study and design a public investment authority to lend directly (fee free, at zero percent interest with 30-year repayment terms) to cities, counties, states, and other public borrowers for Green New Deal type initiatives and green infrastructure projects;
- Until such an authority is established, work with the Federal Reserve to carry out this lending, particularly to help cities recover from the economic collapse triggered by the COVID-19 pandemic.
- Decarbonize the Federal Reserve's balance sheet
 - Ensure that fossil fuel exposure in the Federal Reserve's emergency lending facilities is wound down by COP26;¹
 - End BlackRock's management of the Federal Reserve's corporate credit facilities and appoint a manager without conflicts of interest.
- Incorporate climate into all financial regulation through the work of the Financial Stability Oversight Council
 - Ensure that the relevant regulatory agencies conduct climate stress tests of all systemically important financial institutions (SIFIs), large bank holding companies, large asset managers, and large insurance companies by COP26 and periodically afterwards;
 - Invest in rebuilding the Office of Financial Research (OFR) with a clear climate research agenda;
 - Ensure that relevant regulatory agencies integrate climate risk into their regulatory oversight in order to ensure that U.S. financial institutions are on a path to zero climate impact, making use of tools like capital requirements, portfolio limits and concentration limits.
- Strengthen banking rules to ensure climate and racial justice
 - Ensure that the next update of the Community Reinvestment Act includes a climate resilience and environmental justice mandate and strengthen measures to proactively and systematically eliminate racial inequalities in community banking.

President-elect Biden and your supporters have assured us that you will deliver bold climate action with a racial justice lens in your work in the White House. Now that you are named to become the NEC Director and are unrestrained by the interests of a private employer, you have the opportunity to demonstrate your commitment to ambitious, measurable action.

We look forward to hearing from you about your plans to take these specific steps.

Sincerely,

Action Center on Race and the Economy
 Amazon Watch
 Catholic Network US

¹ Currently, \$902.5 million or 19.32 percent of the portfolio is composed of bonds from the Energy or Utilities sector, as of the November 23, 2020 SMCCF transaction disclosures.

Call to Action Colorado
Climate Finance Action
Colorado Businesses for a Livable Climate
Earth Action, Inc.
ESG Transparency Initiative
Food and Water Watch
Friends of the Earth US
Greenpeace US
Liberation in a Generation
MassDivest Coalition
Mothers Out Front
New York Communities for Change
Oil Change US
Rainforest Action Network
RapidShift Network
Revolving Door Project
Stop the Algonquin Pipeline Expansion
Sunrise Movement
Sunrise NYC
Texas Campaign for the Environment
TIAA-Divest! from Climate Destruction
350 Butte County
350 Hawaii
350 NYC
350.org