



February 25, 2021

The Honorable Maxine Waters
Chairwoman, House Financial
Services Committee
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member, House Financial
Services Committee
Washington, DC 20515

The Honorable Brad Sherman
Chairman, Subcommittee on Investor
Protection, Entrepreneurship and Capital
Markets of the House Financial Services
Committee
Washington, DC 20515

The Honorable Bill Huizenga
Ranking Member, Subcommittee on Investor
Protection, Entrepreneurship and Capital
Markets of the House Financial Services
Committee
Washington, DC 20515

Dear Chairwoman Waters, Ranking Member McHenry, and Subcommittee Chairman Sherman and Ranking Member Huizenga:

I am the CEO of Jupiter Intelligence (Jupiter), a company that has developed a technological tool that predicts the physical risks of extreme weather events, such as hurricanes, wildfires, and floods, for a range of critical infrastructure sectors, including the financial, insurance, housing, and power sectors, with the aim of helping to mitigate such risks and their impacts. Jupiter supports the Subcommittee's consideration of climate risk disclosure and Environmental, Social and Governance (ESG) requirements in today's important hearing. I commend Representatives Casten (D-IL) and Vargas (D-CA) for their climate risk disclosure bills, which are among those being discussed, and commend each of these Members for their leadership roles on this important issue. I also wish to share some additional thoughts about such climate disclosure and ESG requirements more broadly, as your Subcommittee and Committee continue to consider these important and timely topics.

I founded Jupiter in 2016, because it was clear that these risks were not well understood or acted upon, and quickly getting worse. It is critical for Americans to have and use the best available climate risk prediction capability to keep us safe from further physical and economic peril. Jupiter's expertise and its forward-focused, scenario-based physical climate risk projections empower its customers to make informed decisions that drive superior risk management, risk disclosure, and resiliency planning.¹

¹ Jupiter supports the risk assessments and resiliency investments of some of our country's largest corporations in asset management, banking, insurance, energy, and a host of other sectors, as well as the U.S. Air Force, the Federal Emergency Management Agency (FEMA), the U.S. Department of Housing and Urban Development (HUD), and public sector customers in Florida and New York.

Policy Recommendations

As your Subcommittee and Committee pursue an examination of climate risk disclosure, I suggest consideration of the following principles to help guide your process.

- Climate risk disclosure is a first step in accelerating investments in emissions reductions and resilience. Such disclosure should include physical and transition risks, as also highlighted in a recent report by the Financial Stability Board (FSB).² However, disclosure alone is by no means sufficient.
- A common, agreed-upon set of scenarios, time horizons, acceptable risk levels, and metrics are among the criteria that will enable companies to better assess and manage changes in risk over time. These criteria also would facilitate and accelerate more meaningful disclosure reporting comparisons within and across industries. Today, analytics are sufficiently mature to support comparisons among companies within a given industry or sector. However, more needs to be done to be able to accurately make comparisons across sectors.
- Such requirements should leverage private sector investments to help optimize relevant federal priorities and policies.
- Harmonization, where possible, among U.S. policies and regulations and global regulations, is an important goal, so that impacted U.S.-based multinational companies do not have to meet multiple standards here and in other parts of the world.
- The Federal government should lead by example and be held accountable to climate risk and ESG disclosure metrics and standards, as well.
- A nuanced view of the state of the science and analytics should guide the metrics and tools used, rather than a desire for a simple one-size-fits-all approach.

The Need for Climate Risk Disclosure

As also highlighted in the Committee Memorandum for today's hearing, the impacts of climate change are increasing in frequency and severity over time, and most, if not all, critical infrastructure sectors are being affected, including the financial and housing sectors. Thus, critical infrastructure sectors and government need to do more to enhance emergency preparedness, planning, and resilience to reduce the risks of impacts from extreme weather that touch nearly every urban and rural area of the nation.

² This report and point also are highlighted in the Committee Memo for today's hearing. I commend to the Subcommittee and Committee a recent report by the Commodity Futures Trading Commission's (CFTC) Climate-Related Market Risk Subcommittee of the Market Risk Advisory Committee entitled, [Managing Climate Risk in the U.S. Financial System](#). Jesse Keenan, a Jupiter advisor, is a Co-editor of this report.

In many cases, companies do not understand their current risk, let alone their future risk.³ This is one reason why requiring companies to disclose their climate risk is so important. Having them establish a baseline and measure their risk – and changes thereto – will enable companies, their investors and shareholders, as well as consumers to better understand these risks. The companies then will be able to improve their management of such risks.

According to a recent [article](#), which cites a KPMG “Survey of Sustainability Reporting 2020,” 54 percent of U.S.-based companies that are among the 250 largest globally report climate change risks. While this is a good beginning, the reporting that exists needs to be dramatically improved, as do the follow-on actions. For instance, reducing disclosure to a single number does not adequately capture the complexity or range of risks, assumptions used, or available analytics. Clearly, too, more companies need to report their climate risks. Some suggestions for improving disclosure reporting are contained in the prior *Recommendations* section of this letter.

Additional Background on Jupiter Intelligence

Jupiter’s *unique, world-class* ClimateScore™ risk platform provides hyper-local predictions of extreme weather events on time horizons ranging from a few hours to decades, and at an extremely high resolution. Jupiter’s tools enable its customers to assess the vulnerability of systems and critical infrastructure. They then can make operational and planning decisions based on their unique set of assets, risk profile, and operational time horizons that improve their resilience. Jupiter relies on and leverages best-in-science U.S. federal and other sources throughout the public and private sectors, and academia, across the globe.

Jupiter’s products combine weather prediction and climate models, with Artificial Intelligence (AI), cloud computing, satellite data, and more. Thus, Jupiter provides services that go far beyond what is available from the public sector or universities. In fact, *WIRED Magazine* wrote: “If you run a business, or maintain a city, or plan power plants or highways or bridges, you’d like to know how bad things are, and how bad they’re going to get. . . . Jupiter explicitly incorporates climate change into its models for catastroph[ic] risk, both proprietary and public, and then offers that knowledge to the kind of people who might lose money when the floods, fires, storms, and heat waves really kick in.”⁴

³ Jupiter can help a company assess its degree of risk today and decades into the future. Jupiter also can provide companies with an emergency response plan that it can integrate into its operations. See also: Katz, Neil, “Climate Corner Office: Rich Sorkin, Jupiter Intel CEO, Believes Climate Predictions Will be Big Business,” The Weather Channel, September 11, 2019, available at: <https://features.weather.com/collateral/climate-corner-office-rich-sorkin-ceo-jupiter-intel/>.

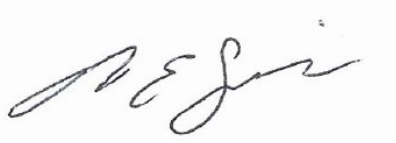
⁴ Rogers, Adam, “Companies Can Predict Climate Catastrophes for You – as a Service,” *WIRED*, April 29, 2019, available at: <https://www.wired.com/story/companies-can-predict-climate-catastrophes-for-you-as-a-service/>.

Conclusion

Jupiter understands many of the public and private sectors' needs with respect to risk and climate information. Jupiter and other innovative technology companies can offer services to the United States with significant return on investment to the U.S. economy. Where practical, enhanced and thoughtful public-private collaborations are likely to allow for unprecedented advances that will help secure the infrastructure, economy, and people across all types of communities in the United States.

Please let me know if I can be a further resource at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'RSorkin', is centered on a light gray rectangular background.

Rich Sorkin
CEO
Jupiter Intelligence

Cc: Representative Sean Casten
Representative Juan Vargas