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Launch of Congressional Sustainable Investment Caucus

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On January 25, Representatives **Sean Casten** and **Juan Vargas** announced the launch of the Congressional Sustainable Investment Caucus (CSIC). According to the press releases, the “CSIC will bring together Members of Congress with experts to better understand sustainable investing and inform policy making that provides investor protections and transparency of information to market participants.” The caucus will be co-chaired by Representatives Casten and Vargas with the other founding members being Representatives Bill Foster, Seth Magaziner, Raúl Grijalva, Brad Sherman and Emanuel Cleaver.

Representative Casten stated that “given the significant growth of assets under management in funds that prioritize ESG factors, Congress has a duty to craft policies that provide investor protections and transparency of information to market participants.”

Representative Vargas commented that “sustainable investment has increased tremendously as investors in my district and across the country consider environmental, social, and governance (ESG) factors in their investment decisions. ESG impacts the health and vibrancy of our communities, workplaces, and ecosystem. As our economy continues to grow, we must work together with the SEC to ensure that investors, asset managers, and market advocates receive the disclosures needed to make profitable and ethical decisions in our capital markets.”

Taking the Temperature: In the U.S., the drumbeat of ESG politicization continues. We have [written](#) about actions by various state finance officials to limit business dealings with financial institutions deemed insufficiently supportive of the fossil fuel industry or that consider ESG factors in investment decisions. Within the last week twenty-five Republican state attorneys general along with two energy companies have commenced an action against the U.S. Department of Labor seeking to “hold unlawful and set aside” rules governing how retirement plan managers can [consider](#) climate change and other ESG factors. Additionally, Republican members of the House Judiciary committee commenced an [inquiry](#) into Climate Action 100+, a continuation of assertions that industry climate collaborations raise antitrust concerns. On the other hand, “pro-ESG”

forces have mobilized, including via the launch of the Congressional Sustainable Investment Caucus. Another example is the November 2022 letter from 17 state attorneys general to the chairs and ranking members of the Senate Banking, Housing and Urban Affairs Committee and the House Financial Services Committee. The letter **states** that investment managers have a fiduciary duty to include ESG considerations as part of their investment decision-making process and that consideration of “ESG factors is consistent with legal responsibilities to evaluate potential risk and reward in assessing the merits of an investment. Consideration of those factors does not categorically block investment in any given industry or sector, but merely allows for an evaluation of the expected impact of environmental, social, and governance events on returns.”