



Biotechnology Innovation Organization
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August 8, 2022

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre,
1155 21st Street NW
Washington, DC 20581.

Re: Climate-Related Financial Risk Request for Information

Submitted via CFTC Comments Portal: <https://comments.cftc.gov/>

Dear Secretary Kirkpatrick,

The Biotechnology Innovation Organization (BIO) appreciates the opportunity to provide comments to the Commodity Futures Trading Commission (CFTC or the Commission) in response to the Request for Information on Climate-Related Financial Risk.

BIO is the world's largest life sciences trade association representing nearly 1,000 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are involved in the research and development of innovative biotechnology products that will help to solve some of society's most pressing challenges, such as managing the environmental and health risks of climate change, sustainably growing nutritious food, improving animal health, enabling manufacturing processes that reduce waste and minimize water use, and advancing the health of our families.

The biotechnology industry is instrumental in advancing society and is considered a critical technology for American economic security in the new era. Accordingly, we agree that climate change is one of the defining business risks of the 21st century. The rapid swings in climate and associated costs to businesses and economies have been increasing over time, and the biotechnology industry stands at the forefront of creating new solutions to these global problems. Biotechnology has the potential to be a transformative asset in the global race to bend the arc of



climate change and offers new tools that can achieve at least three billion tons of CO₂-equivalent mitigation annually by 2030 using existing technologies.¹

BIO appreciates the efforts the Commission has undertaken to better inform its understanding and oversight of climate-related financial risk as it relates to the derivatives markets and underlying commodities markets. It is important for all stakeholders to understand and engage in these conversations related to the role of derivatives in understanding, pricing, and addressing climate-related risk and transitioning to a low-carbon economy.

Derivates have proven over time to be a reliable tool for hedging risks and protecting against uncertainty over future prices. However, the playing field for climate-related financial risk management is an evolving one still under development. It spans a mixture of programs that include both mandatory and voluntary commitments and involve a range of markets. In addition, while efforts are currently underway to develop and implement consensus principles governing these markets, emissions accounting, and auditing practices they currently remain fragmented.

Considering these dynamics BIO would urge the Commission to approach any future effort to revise or expand regulations cautiously. Broad shifts in mandates could have significant unintended consequences especially for small and emerging biotechnology companies. Those challenges include, but are not limited to, the role of capital formation cycle and the nature of the R&D pipeline where small and emerging companies in the biotechnology industry may not have product revenues for years, if ever, and must raise capital throughout their lifecycle to finance ongoing R&D pipelines.

Furthermore, in looking at the potential impact on the biotechnology industry it is important to note that while many of the feedstocks for biobased products are traded on traditional international exchanges this is not fully representative of the bioeconomy. There are additional feedstocks and products that are not traded commodities. In many instances these products offer alternatives to fossil-based goods and provide climate opportunity enabling transition without the need to retool or replace existing infrastructure. Biotechnology innovations are part of the solution for physical and transitional climate-related risks offering instead opportunities to address climate risk through increased resilience, mitigation, and abatement.

The biotechnology ecosystem represents a diverse cross-section of the economy and a range of potentially impacted stakeholders when discussing climate-related financial risk and the associated physical and transitional costs or opportunities. Policymakers must ensure that if and when

¹ [Biotech Solutions for Climate Report](#)



regulatory action is taken all efforts are made to avoid potentially burdensome or duplicative requirements. This requires dynamic coordination across regulatory actors. An all of government approach should not result in excessive layering of obligations that may not serve to enhance risk management in the long run.

BIO appreciates the opportunity to provide these comments to the Commission and looks forward to an ongoing dialogue regarding climate-related financial risk and opportunity.

Sincerely,

A handwritten signature in black ink, reading "Tamra Spielvogel". The signature is fluid and cursive.

Tamra Spielvogel
Director, Climate Policy
Biotechnology Innovation Organization