



Account of Meeting No. 2 of the Climate Risk and Sustainable Finance Forum (the Climate Forum)

14 December 2022

In attendance:

- **Members** ([here](#))
- **Central Bank:**
 - Deputy Governor, Sharon Donnery (Financial Regulation), **Chair**;
 - Gerry Cross (Director of Financial Regulation: Policy and Risk);
 - Mark Cassidy (Director of Financial Stability); and
 - Philip Brennan (Climate Change Unit).

1. Introduction by Chair

The Chair welcomed members and introduced the speakers to the Climate Risk and Sustainable Finance Forum (the Climate Forum). The Chair referenced the broad theme of the first meeting to understand the implications of climate change and noted that today's meeting would look at the challenges of climate change through a different lens - looking at some of the recent climate policy developments in Ireland, our targets, progress and gaps. She also noted the financial system needs to be resilient to climate related risks and capable of supporting the transition to a climate neutral future. The Chair also gave an update on where the Central Bank had led and contributed to significant climate related developments in the banking, insurance, and funds areas since the last meeting and noted that the ECB had set deadlines for banks designated as significant to progressively meet supervisory expectations by end 2024. The Chair concluded her remarks by noting that to address the challenges of climate change the participants, stakeholders, and custodians of the financial system must go beyond the minimum of what is set out in regulation.

2. Presentation by Professor John FitzGerald: *Financing Action on Climate Change*

Prof. John FitzGerald opened the presentation by stating that the prospect of financing effective action on climate change is a huge challenge in both Ireland and the world. He set out that while



climate science is well understood it is multifaceted and complex, and that therefore, the ability to communicate the issue clearly and comprehensively is vital. On the macroeconomic challenge, he noted that investment of 2% to 3% of national income is needed across the developed world to at least 2030. This necessary investment will need to be funded by savings and taxation (which will need to play a role in order to alter the current behaviours of households and businesses). On financing the transition and adaptation, Prof. FitzGerald stressed that the solution should be led by innovation and not de-growth. He identified the need to transition to low carbon activities across society and the broader economy. Prof. FitzGerald also identified the need for government to budget for adaptation such as flood barriers in major Irish cities, wild fire contingency plans and heat-proofing homes.

3. Update from the Department of Finance – Dr Paul Ryan

Dr Paul Ryan gave an update on the climate work undertaken by the Department of Finance. He focussed on domestic climate action, and continued EU and international engagement.

There followed a general discussion on issues raised in the presentations and other climate risk and sustainable finance related matters.

4. Presentation on working groups

The Chair introduced the speakers and requested that any comments on the terms of reference for these working groups be submitted in the coming weeks.

Capacity Building Working Group

The co-chairs of this working group (from the Davy Group and RSA Insurance Ireland DAC) gave an update on its development - with the working group having met once prior to this meeting. The aim of this working group is to build and accelerate capacity in the financial sector in Ireland on the risks and opportunities posed by climate change. A report will be submitted to the Climate Forum for the end-2023 meeting. This report will include a roadmap, action plan, and the best practices to enhance capacity building in the financial sector.

Risk Management Working Group

This working group is co-chaired by the BPF and Invesco Investment Management Limited. The BPF gave an update on its development - with the working group having met once prior to this meeting. The aim of this working group is to identify approaches to climate-related risk management within financial services in Ireland, and on the leveraging of the opportunities of the evolving climate agenda. A report will be submitted to the Climate Forum for the end-2023 meeting. This report will give recommendations for development of approaches to climate risk management in the financial sector in Ireland and include case studies of best practice, description



of the current data gaps and how to address these in the short term, and recommendations for actions.

There followed a general discussion on these presentations, with general support for the approach taken, while noting the need to avoid both overlaps between the two groups and duplication with existing work being conducted in other fora.

Closing remarks were provided by the Chair.

The next meeting will take place on 8 May 2023.