

Account of Meeting No. 4 of the Climate Risk and Sustainable Finance Forum (the Climate Forum)

6 December 2023

In attendance:

- Members ([here](#))¹

- Central Bank:

Deputy Governor, Sharon Donnery (Financial Regulation), Chair;

Gerry Cross (Director of Financial Regulation: Policy and Risk); and

Yvonne McCarthy (Head of 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). Noting that it was the fourth meeting, the Chair summarised the topics covered to date and highlighted the focus of the meeting (the working group reports). She noted ongoing climate-related developments internationally (COP28) and domestically (the recent Climate Finance Week and a speech delivered on transition planning by the Chair – the key messages were that extreme weather events are becoming more common, transition planning must start now and investment in high impact sectors is required). She also provided a brief update on some of the climate-related developments at the Central Bank, namely, the launch of a dedicated climate change page on the Central Bank website, and a *Climate Observatory Report* that was published alongside two *Behind the Data* reports. The Chair also noted that as set out in the Terms of Reference, Climate Forum membership was reviewed to ensure representativeness of the Irish financial sector, and that consequently PTSB and IBEC had been invited to join the Climate Forum.

2. Presentation by co-chairs of the Capacity Building working group:

The co-chairs of the working group (from the Davy Group and RSA Insurance Ireland DAC) provided an overview of their draft report. The chairs outlined the aim, scope and deliverables of the working group. Its aim is to build and accelerate capacity building in the financial sector in Ireland on the financial risks and opportunities posed by climate change, and illustrate some industry-identified practices on managing these. The chairs referred to the need to fill capacity gaps in Irish financial market providers and the different stages of maturity across financial sub-sectors. There followed a general discussion among Climate Forum members on the draft report and the topic in general. The Chair noted that written comments on the draft report could be submitted up to 12 January.

¹ Apologies IAIM, IBEC, IOB, SEAI.

3. Presentation by co-chairs of the Risk Management working group:

The co-chairs of the working group (from the BPF and Invesco Investment Management Limited) provided an overview of their draft report. The chairs outlined the aim, scope and deliverables of the working group. Its aim to identify approaches to climate-related risk management within financial services in Ireland, and to the leveraging of opportunities provided by the evolving climate agenda. The chairs noted that the report aims to provide a baseline view of how the financial services industry is actively addressing these issues. The report aims to share some examples of industry-identified practices on embedding climate risk management in financial institutions. There followed a general discussion among Climate Forum members on the draft report and the topic in general. The Chair noted that written comments on the draft report could be submitted up to 12 January.

4. Presentation by Emily Duffy, Head of Function, Actuarial Services: Flood Risk Protection Gap - Challenges & Opportunities

Emily Duffy presented on the work conducted by the Insurance Supervision Division of the Central Bank of Ireland on understanding the flood risk protection gap. Dr Duffy outlined how more frequent and severe flooding is a key physical risk for Ireland due to climate change. She noted that there is a flood protection gap, between total economic losses and those covered by insurance, and this is expected to widen in the coming years. The impacts of worsening natural catastrophes is an issue internationally. According to EIOPA, the share of insured economic losses related to natural catastrophes in Europe is low - only 35% of the total losses caused by extreme weather and climate-related events across Europe are insured. She noted work by the Central Bank to better understand the nature and scale of the flood protection gap in Ireland, and work to engage with stakeholders on the topic. Further engagement is planned for H1 2024.

Closing remarks were provided by the Chair.

The next meeting will take place on 30 May 2024.