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Chris Barnard

12 May 2022

**- RIN 3064-ZA32**  
**- Statement of Principles for Climate Related Financial Risk Management for Large Financial Institutions**

Dear Sir.

Thank you for giving us the opportunity to comment on your notice of proposed policy statement on Statement of Principles for Climate Related Financial Risk Management for Large Financial Institutions.

You are requesting comment on draft principles that would provide a high-level framework for the safe and sound management of exposures to climate-related financial risks. Although all financial institutions, regardless of size, may have material exposures to climate-related financial risks, these draft principles are targeted at the largest financial institutions, those with over \$100 billion in total consolidated assets. The draft principles are intended to support efforts by large financial institutions to focus on key aspects of climate-related financial risk management.

I agree with you that: “Climate-related financial risks pose a clear and significant risk to the U.S. financial system and, if unmitigated, may pose a near-term threat to safe and sound banking and financial stability. Weaknesses in how institutions identify, measure, monitor, and control the physical and transition risks associated with a changing climate could adversely affect a financial institution’s safety and soundness, as well as the overall financial system.”<sup>1</sup> While measurement, assessment and quantification of climate-related risks is still a growing area, the minimum expectation for financial institutions is that they should have in place the appropriate focus and governance covering the overall topic. The recently

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<sup>1</sup> See draft principles, 87 FR 19509 (April 4, 2022), available at <https://www.govinfo.gov/content/pkg/FR-2022-04-04/pdf/2022-07065.pdf>

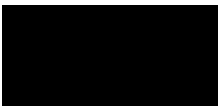
Please note that the comments expressed herein are solely my personal views

published Principles for Sustainable Insurance (PSI),<sup>2</sup> developed by UN Environment Programme's Finance Initiative, clearly delineate the kind of governance steps that need to be addressed for completeness, as follows:

- Establishing ESG risk appetite
- Integrating ESG risks
- Establishing roles and responsibilities for ESG risks
- Escalating ESG risks
- Detecting and analysing ESG risks
- Decision-making on ESG risks
- Reporting on ESG risks

Although the PSI have been developed primarily for Insurance underwriting, the delineated governance steps are fully appropriate for other financial institutions.

Yours faithfully



Chris Barnard

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<sup>2</sup> See [https://www.unepfi.org/psi/wp-content/uploads/2022/04/LH-Guide\\_-\\_Public-Consultation.pdf](https://www.unepfi.org/psi/wp-content/uploads/2022/04/LH-Guide_-_Public-Consultation.pdf)