

Chartered Banker Institute
Response to PRA Consultation Paper 23/18:
Enhancing banks' and insurers' approaches to
managing the financial risks from climate change

We welcome the opportunity to share our views on this important issue with the PRA. We have reflected on how climate-related issues might be viewed by our members and support the proposed approach taken by the regulator to clarify its expectations and requirements under existing policy rather than introduce any new regulations.

We also note that we will engage separately with FCA Discussion Paper 18/8 which also focuses on climate change risks and in response to which we will expand on some of our views below.

Our feedback

We support the PRA's action to draft this Supervisory Statement to ensure greater strategic thinking by firms with regard to the issues and impact of climate change risks and the transition to a low-carbon economy.

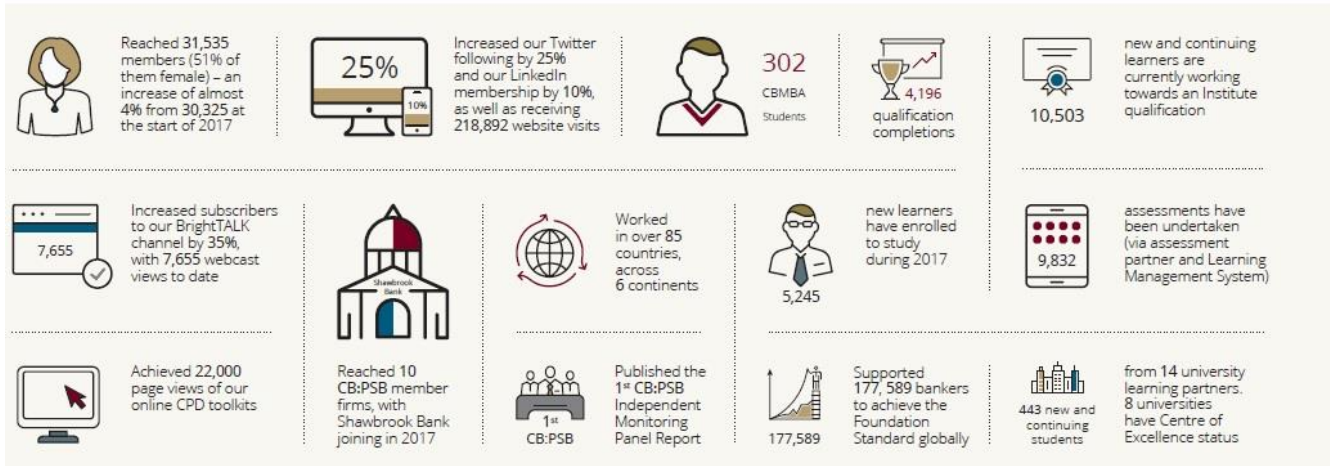
The paper's only reference to the Task Force for Climate-Related Financial Disclosure's (TCFD) recommendations comes within Section 4 Cost benefit Analysis. TCFD is emerging as the global, voluntary standard in this area. The TCFD recommendations are straightforward, proposing that organizations should determine materiality for climate-related issues consistent with how they determine the materiality of other information included in their financial filings; in line with the proposals draft in this SS. However, as the TCFD recommendations are quite general in their nature, there may be aspects where the UK regulators may wish to ensure further guidance is available to firms to support consistency of approach, such has been the case with materiality where the Climate Disclosure Standards Board [CDSB] have proposed more detailed guidance which could be highlighted, or even adapted/ adopted for use in the UK¹. As in many other areas of regulation, this would benefit through the sharing of best, and worst practice examples.

The new UK Climate Financial Risk Forum could also be used to agree a common approach to climate risk reporting on issues and developing voluntary market standards and/or guidance for such reporting , such as adopting or adapting the global standards referenced above. We would welcome the opportunity to share our thinking and the findings of any research we conduct in this area with the PRA, the Forum and its workstreams.

¹ CDSB Position Paper: https://www.cdsb.net/sites/default/files/materiality_and_tcfcd_paper.pdf

About the Chartered Banker Institute

The Institute in Numbers



The Institute is proud to be a part of the Chartered Body Alliance



Chartered Banker Institute is a trading name of The Chartered Institute of Bankers in Scotland: Charitable Body No SC013927.

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