

Account of Meeting No. 3 of the Climate Risk and Sustainable Finance Forum (the Climate Forum)

08 May 2023

In attendance:

- Members ([here](#))¹
- Central Bank:
 - o Deputy Governor, Sharon Donnery (Financial Regulation), Chair;
 - o Gerry Cross (Director of Financial Regulation: Policy and Risk);
 - o Mark Cassidy (Director of Financial Stability); and
 - o 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 third meeting, the Chair summarised the topics covered to date (exploring the impact of climate change on the Irish economy and financial system), noted the establishment and operation of two working groups within the forum (capacity building and risk management), and highlighted the focus of the 3rd meeting (the EU sustainable finance framework). She also noted that the Central Bank has published its first climate action roadmap, which sets out how the Central Bank is working to meet its commitments from an operational perspective, as a public sector organisation, to meaningful change. The Chair also noted that the Central Bank has published climate-related financial disclosures of its investment assets for the first time. The Chair concluded her remarks by laying out the agenda of the meeting and introducing Martin Spolc of the European Commission.

2. Presentation by Martin Spolc: The EU Sustainable Finance Framework

Martin Spolc opened the presentation by identifying the foundation of the EU sustainable finance framework: with the 2018 Action Plan on Financing Sustainable Growth, and the subsequent development of the EU taxonomy, disclosures, and tools. Mr Spolc then spoke about the Renewed Strategy established in 2021 and the goals behind its four main areas: (i) financing the transition to sustainability, (ii) inclusiveness, (iii) financial sector resilience and, (iv) global ambition. Mr Spolc spoke about the importance of the EU's "double materiality" approach, which seeks to ensure the systematic integration of both financially material sustainability risks (outside-in) and sustainable impacts (inside-out) in financial decision-making processes. Mr Spolc went on to explain the meaning and intention of the EU Taxonomy, and he spoke about the recently developed EU Taxonomy Navigator tools. Mr Spolc provided updates on the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosures Regulation (SFDR), and gave a brief overview of what could be expected in the upcoming June legislative package. A Q&A session followed Mr Spolc's presentation.

¹ Apologies SEAI, IAAM, IOB.

3. Presentation on working groups

The Chair introduced the speakers and thanked the working groups for their ongoing work.

Risk Management Working Group

This working group is co-chaired by the BPF and Invesco Investment Management Limited. The BPF provided an update on its development - with the working group having met numerous times 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 to the leveraging of opportunities provided by the evolving climate agenda. The risk management working group co-chair identified progress achieved within the working groups and noted that responses from the recently issued survey to financial market participants within Ireland would further assist in developing its report.

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 numerous times 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. The co-chairs noted progress achieved within the working group and noted that responses from the recently issued survey to financial market participants within Ireland would further assist in developing its report.

5. Presentation by Anna Marie Finnegan, Head of Function: Consumer Policy and Research – Consideration of Climate Matters

Anna Marie Finnegan presented on the initial findings of the responses to the theme of *Climate Matters* arising from the Consumer Protection Code Review Discussion Paper. Ms Finnegan stated that this theme had set out that climate change significantly impacts all consumers, and that consumers should have assurance that 'green' financial products are accurately and fairly represented - while consideration needs to be given to the consumer impact of climate risk and climate transition on access to, and the pricing of, certain financial services into the future. Ms Finnegan noted that whilst findings were still being considered, the responses received to the various questions may suggest a lack of awareness of existing sustainable finance measures, and there would also appear to be a need to increase trust in the sustainability claims of the products currently being offered. She concluded by saying that in 2024, the Central Bank plans to finalise a revised Retail Conduct Framework. A discussion followed the presentation.

Closing remarks were provided by the Chair - before concluding the Chair noted that, as set out in the Terms of Reference, Climate Forum membership would be reviewed to ensure representativeness of the Irish financial sector.

The next meeting will take place on 6 December 2023.