

# RESCINDED

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Outdated

## Risk Management: Principles for Climate-Related Financial Risk Management for Large Banks; Request for Feedback

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

### Summary

The Office of the Comptroller of the Currency (OCC) today announced draft principles designed to support the identification and management of climate-related financial risks by banks with more than \$100 billion in total consolidated assets.<sup>[1](#)</sup> The OCC is seeking feedback through February 14, 2022, on all aspects of these draft principles. It will use this feedback to inform any future guidance on climate-related financial risk.

## Note for Community Banks

All banks, regardless of size, may have material exposures to climate-related financial risks. These principles are targeted, however, at the largest banks, those with over \$100 billion in total consolidated assets.

## Highlights

The principles are intended to

- support banks' efforts to focus on key aspects of climate-related financial risk management.
- provide a high-level framework for climate-related financial risk management consistent with existing OCC rules and guidance.

## Background

Weaknesses in how banks identify, measure, monitor, and control the potential physical and transition risks associated with a changing climate could adversely affect banks' safety and soundness. Banks are likely to be affected by both the physical risks and transition risks associated with climate change (referred to in the principles as climate-related financial risks). Physical risks refer to the harm to people and property arising from acute, climate-related events, such as hurricanes, wildfires, floods, and heatwaves, and chronic shifts in climate, including higher average temperatures, changes in precipitation patterns, sea level rise, and ocean acidification. Transition risks refer to stresses to certain banks or sectors arising from the shifts in policy, consumer and business sentiment, or technologies associated with the changes necessary to limit climate change. While many banks already consider these risks, the principles support banks' efforts to focus on key aspects of climate-

related financial risk management, allowing bank boards of directors and management to identify risks and develop and implement appropriate strategies to mitigate those risks.

The OCC plans to elaborate on these principles in subsequent guidance that would distinguish roles and responsibilities of boards and management, incorporate the feedback received on the principles, and consider lessons learned and best practices from the industry and other jurisdictions.

Feedback on these principles and the included questions must be received by February 14, 2022, and may be provided by any of the following methods:

- Federal eRulemaking Portal at Regulations.gov: Go to <https://regulations.gov/>. Enter "Docket ID OCC-2021-0023" in the search box and click "Search." Feedback can be submitted via the "Comment" box below the displayed document information or by clicking on the document title and then clicking the "Comment" box on the top-left side of the screen. For help with submitting effective feedback, please click "Commenter's Checklist." For assistance with the Regulations.gov site, please call (877) 378-5457 (toll free) or (703) 454-9859 Monday–Friday, 9:00 a.m. to 5:00 p.m. Eastern or email [regulations@erulemakinghelpdesk.com](mailto:regulations@erulemakinghelpdesk.com).
- Postal mail: Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th St. SW, Suite 3E-218, Washington, DC 20219.
- Hand delivery or courier: 400 7th Street SW, Suite 3E-218, Washington, DC 20219.

For all feedback, submissions must include "OCC" as the agency name and "Docket ID OCC-2021-0023". Please also use the title "Principles for Climate-Related Financial Risk Management for Large Banks" to facilitate the organization and distribution of submissions. In general, the OCC will enter all submissions received into the docket and publish the submissions on the Regulations.gov website without change, including any business or

personal information provided such as name and address information, email addresses, or phone numbers. Submissions received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Submitters should not include any information in the submission or supporting materials that is considered confidential or inappropriate for public disclosure.

Submissions and other related materials that pertain to this action may be viewed at [Regulations.gov](https://www.regulations.gov).

## Further Information

Please contact David Bates, Director for Commercial Credit Risk, at (202)-649-6670 or Russell D'Costa, Program Analyst, Supervision Risk and Analysis, at (202) 649-8283, or send an email to [climate@occ.treas.gov](mailto:climate@occ.treas.gov).

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Senior Deputy Comptroller for Bank Supervision Policy

## Related Link

- ["Principles for Climate-Related Financial Risk Management for Large Banks"](#) (PDF)

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<sup>1</sup> "Banks" collectively refers to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

Topic(s): ■ BANK MANAGEMENT ■ CORPORATE & RISK GOVERNANCE (CARG)

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