



Account of Meeting No. 1 of the Climate Risk and Sustainable Finance Forum (the Climate Forum)

29 June 2022

In attendance:

- **Members** ([here](#))¹
- **Central Bank:**
 - Deputy Governor, Sharon Donnery (Financial Regulation), **Chair**;
 - Gerry Cross (Director of Financial Regulation: Policy and Risk);
 - Vasileios Madouros (Director of Financial Stability); and
 - Yvonne McCarthy (Head of Climate Change Unit).

1. Introduction by Chair

The Chair opened the meeting and welcomed members to the Climate Forum. The Chair referred to work ongoing at the Central Bank to bolster understanding of the implications of climate change for the economy and financial system, and to incorporate climate change considerations into all aspects of work across the Central Bank's broad mandate; the Chair referenced the Central Bank's strategic focus on climate change in its latest [Strategy](#). The Chair noted that by establishing the Climate Forum, the Central Bank is seeking to embed climate change considerations not just within the Central Bank of Ireland but across the wider financial system. It is also seeking to collectively build understanding on the risks and opportunities posed by climate change, and to share collective expertise in developing best practices to address the significant challenge presented.

2. Terms of Reference

The terms of reference were approved.

¹ Apologies: Environmental Protection Agency, KBI Global Investors



3. Presentation: The Science of Climate Change by Dr Gerard McCarthy, Maynooth University

Dr McCarthy presented on “*The Science of Climate Change*”. This presentation comprehensively set out the evidence on climate change and its implications. Drawing on a range of sources including the Intergovernmental Panel on Climate Change (IPCC)² and the European Environmental Agency, Dr McCarthy illustrated the negative implications of climate change in an Irish context (sea level rise, increased severity of droughts, storms and precipitation). Dr McCarthy discussed the Irish carbon budgets, referencing how Ireland is different to its EU peers as it has a large agricultural sector that accounts for almost 40 per cent of emissions. Dr McCarthy concluded that even if climate change mitigation is successful there will still be a need for climate change adaptation to occur.

There followed a general discussion on the presentation.

4. Presentation: Implications of Climate Change for the Financial Sector by Dr Sabine Mauderer, Deutsche Bundesbank, Network for Greening the Financial System (NGFS)

Dr Mauderer discussed the need for the transition to a net-zero economy and the investments required, and that renewable energies play a significant role in this transition and are already competitive with fossil fuels. She emphasised that the financial sector has a key role to play in financing the transition and discussed how central banks and regulators can support these efforts. She presented the work of the NGFS and pointed out that the NGFS has become a global hub in sharing best practices. Further, Dr Mauderer gave an overview of the NGFS scenarios, which allow us to put a price tag on different emission and policy pathways, explained the three NGFS scenarios³: (i) an orderly transition, (ii) a disorderly transition, and (iii) a hot house world scenario; and how each scenario has different physical and transition risks. She stressed that the scenarios make it

² IPCC AR6, 2021: [link](#)

³ [link](#)



clear: acting now is expensive, but acting later is even more expensive. She referenced different stress tests that employ the NGFS scenarios, including recent work by the ECB. Finally, Dr Mauderer provided a brief outlook on the NGFS work programme for the coming years.

There followed a general discussion on the presentation.

5. Discussion on establishment of working groups to develop industry-led initiatives or materials to address climate change related issues

The Central Bank delivered a short presentation on a proposal to establish working groups within the Climate Forum. The working groups would facilitate cross-industry work on high-priority issues relating to climate change. Members discussed possible topics for the working groups (for example, data and disclosures, governance and capacity building). Members agreed that the working groups would be established by written procedure following the meeting.

Closing remarks were provided by the Chair. The next meeting will take place in Q4.