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# Statement of Principles for Climate-Related Financial Risk Management for Large Financial Institutions: Federal Deposit Insurance Corporation Request for Comment

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The Federal Deposit Insurance Corporation (“FDIC”) is requesting comment on the following draft document:

*Statement of Principles for Climate-Related Financial Risk Management for Large Financial Institutions (“Statement”)*

The FDIC describes the draft Statement as providing:

... a high-level framework for the safe and sound management of exposures to climate-related financial risks.

The Statement targets financial institutions with over \$100 billion in total consolidated assets.

In introducing the draft Statement, the FDIC notes in part:

- Climate change/transition to a low carbon economy presents economic and financial risks
- Economic/financial risks threaten the safety/soundness of financial institutions
- Financial institutions are likely to be affected by both a physical risks (i.e., property damage, injuries to people, sea level rise, ocean acidification, etc.) and transition risks associated with climate change
- Damages to property, infrastructure and business disruptions can affect the value of property securing financial institutions exposures and borrowers’ ability to perform on their obligations
- Transition risks may increase litigation, liability, legal and regulatory compliance risks associated with climate-sensitive investments in businesses
- Climate-related financial risks have the potential to impact financial institutions through both macroeconomic and microeconomic factors

The FDIC describes the objective of the draft Statement as supporting efforts by financial institutions to focus on the key aspects of climate risk management.

General principles described in the Statement include:

- Governance
- Policies, Procedures, and Limits
- Strategic Planning

- Risk Management
- Data, Risk Measurement, and Reporting
- Scenario Analysis

Management of risk areas include:

- Credit Risk
- Liquidity Risk
- Other Financial Risk
- Operational Risk
- Legal/Compliance Risk
- Other Nonfinancial Risk

A link to the Federal Register Notice can be found [here](#).