




European
University
Institute

ROBERT
SCHUMAN
CENTRE FOR
ADVANCED
STUDIES



 OLIVER WYMAN

A detailed photograph of a dried seahorse standing on a textured surface of small pebbles. The seahorse is positioned on top of a rolled-up Euro banknote, which is partially unrolled. The background is a soft, out-of-focus gradient of light blue and yellow. The seahorse's body is a mix of brown and orange hues, with its long, segmented tail visible. The banknote features the characteristic orange and yellow patterns of a Euro note.

CLIMATE CHANGE RISKS HIDDEN WITHIN FINANCIAL INSTITUTIONS' BALANCE SHEETS

Executive training course
28-30 October 2019



CLIMATE RISKS



The world has become increasingly aware of the mounting dangers posed by climate change. Historically, financial institutions have approached climate change through the lens of Corporate Social Responsibility (CSR). Climate risk assessments have often focused on managing impact of an institution's operations and financings on the environment, considering the bank's responsibilities as a "corporate citizen", and by extension, aiming to safeguard the institution's reputation. With increasingly high financial stakes and growing external pressures, the pure CSR approach is no longer sufficient. Climate change has become a financial risk and must be treated as such.

This course, held at introductory-intermediate level, has been designed for banks and financial supervisory authorities who wish to understand the risks that climate change may pose for them. In addition to providing topical content and practical tools, this course will be a platform to stimulate exchange and debate between public and private sectors.

Course modules focus on the risks that climate change poses to the financial services sector. Instructors will not only examine how the risk landscape has been altered by climate change, but will review practical approaches for quantifying their impact and discuss best practices for integrating climate risk into the risk management framework. Group sessions will be centered on a discussion on how to approach risk disclosure and build transparency around climate risks.

“At the Florence School of Banking and Finance and Oliver Wyman, we are very passionate about this course. We see it as a powerful way to engage together the private and the public sector and ultimately, if we get it right, help the private sector deploy its leverage to accelerate the transition towards economies that are materially more aligned to our societies' climate goals and expectations.”



Andrea Federico,
Head of EMEA
Financial Services
and Public Policy at
Oliver Wyman
(Course coordinator)

THE COURSE

PLACE

European University Institute
(EUI), Florence

DATES

28-30 October 2019

LEVEL

Introductory/Intermediate

CONFIRMED INSTRUCTORS

- Stefano Battiston
(University of Zurich)
- Mark Cornelius
(Bank of England)
- Claudio Decembrino
(ENEL S.p.a.)
- Instructors from
Oliver Wyman

COURSE COORDINATORS

- Andrea Federico (Oliver
Wyman)
- Pierre Schlosser (EUI FBF)

KEY TOPICS

- Overview of climate related financial risk (e.g., case studies, risk policy)
- Impact of climate change on the insurance and banking sectors
- Climate risk mitigation
- Quantification of climate risk (e.g., risk scenario building, transition risk, physical risk)
- Embedding of climate-related considerations into risk management frameworks (risk appetite, underwriting, limits etc.)
- Climate-related disclosure practices

LEARNING OBJECTIVES

- You will get an understanding of how the financial sector is exposed to the different implications of climate change (from sea level rise to a carbon tax) and how your organization or the organisation(s) you are supervising should be adapting
- You will learn how to define and leverage climate scenarios to quantify their potential financial impacts on financial institutions
- You will learn how these risks can be incorporated into an institution's risk management framework and how risk management approaches can be adjusted to capture climate risks
- You will learn industry practices for disclosing and supervising climate related financial risks



Ilya Khaykin,
Partner, Financial
Services Practice at
Oliver Wyman,
New York
(Course instructor)

“There is growing recognition that with climate change come a meaningful set of drivers impacting the economy and the financial sector. Successful approaches for understanding and measuring these drivers will need to bring together leading financial risk management techniques, with the latest data and analytics on climate change.”

COURSE FORMAT

SESSIONS

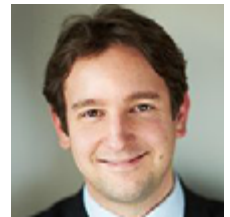
1. Introduction to climate-related financial risks
2. Climate risk metrics: theory and illustrations
3. Climate risk metrics: a practical exercise using portfolio
4. Definition and development of climate risk scenarios and stress tests
5. Quantifying the impact of climate risk – Transition risk
6. Integrating climate-related risk factors into risk management approach
7. Private sector disclosure of climate related financial risks
8. What central banks and supervisors can do

The course will include **case studies** that illustrate climate risks being realized, as well as practical exercises to walk through quantification models.

SOCIAL ACTIVITIES

Over the course of the three course days, participants will benefit from multiple networking occasions.

On the first day, participants will be offered a **guided tour** of the history of banking and finance in Florence, followed by an *aperitivo* in the city centre. The second day will be closed by a **wine tasting** and a **dinner** with a guest speaker in historical Villa Schifanoia.



Pierre Schlosser
Scientific coordinator,
Florence School of
Banking and Finance
(Course coordinator)

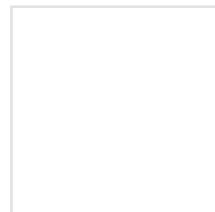
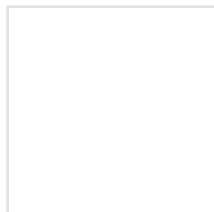
“There is no way around it: climate risks will impact the daily work of banking supervisors and central bankers over the years to come, meaning that the earlier they get to speed on the matter, the better.”



ORGANISERS

The **Florence School of Banking and Finance**, established in January 2016 at the European University Institute's Robert Schuman Centre for Advanced Studies, is a European platform bringing together practitioners and academics from the banking and finance sector to develop a common culture of regulation and supervision in the European Union. It does so through training and policy dialogue, in close interaction with its network of leading academic institutions. Since the School's inception, more than 2,200 professionals from over 68 countries took part in its training activities.

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across nearly 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has more than 4,700 professionals around the world who help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies.



CONTACTS

For more information on this course, see: <http://fbf.eui.eu/climate-change-risks/>

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