

Executive training course

Climate Risks Academy

2-3 October 2023

Location: European University Institute, Florence (Italy)

Organisers:

- Maria Ana Barata (EUI)
- Pierre Schlosser (EUI)
- Andrea Federico (Oliver Wyman)
- Alban Pyanet (Oliver Wyman)
- Ilya Khaykin (Oliver Wyman)

Faculty

- Beverly Adams (Marsh)
- Kern Alexander (University of Zurich and FBF/EUI)
- Simon Dikau (LSE)
- Paul Hiebert (European Central Bank)
- Michala Marcussen (SocGen)
- Reiner Martin (National Bank of Slovakia)
- Pierre Monnin (CEP)
- Agnieszka Smoleńska (Institute of Law Studies of the Polish Academy of Sciences)
- Susannah Fitzherbert Brockholes (HSBC)

Introduction

This Climate Risks Academy co-organized by Oliver Wyman and the Florence School of Banking and Finance (EUI) combines the expertise and tools of the financial industry to assess and grasp the risks posed by climate change to the financial sector. To understand the physical risk exposure of the financial system, it is essential to realise the link between physical phenomena such as global warming, sea level rise, more frequent flooding and droughts with the corresponding financial losses and risks. The same goes for transition risks and their still poorly understood repercussions.

The Academy is held in a context in which climate change is deeply transforming the role of central banks and of prudential authorities. In particular, it focuses on exercises of Stress Testing of financial risks stemming from climate change and on the crucial role of Climate Transition Plans within financial institutions. Instead of examining how the risk landscape has been altered by climate change, the Academy will review practical approaches for quantifying their impact and explore best practices for integrating climate risk into both prudential and risk management frameworks.

This Academy has been designed for staff members of financial institutions, prudential authorities and development banks who wish to deeply understand the crucial risks that climate change pose to the financial system. In addition to providing topical content and practical tools, this Academy will also act as a platform to stimulate exchange and debate between public officials, academics, and private practitioners.

In terms of **format**, this course will be delivered during a **2-day residential course** at the EUI premises in Florence (Italy). It will also include interactive practical activities and exercises. Two weeks before the start of the course, participants will be provided with a reading list as well as selected videos to ensure they can become more acquainted to key issues that will underpin the Academy.

Level: Introductory/Intermediate

Learning Objectives

- Identify climate-related financial risks and the impact of climate change on the financial sector;
- Understand how the financial sector is exposed to the different implications of climate change (from sea level rise to carbon pricing);
- Calculate and quantify climate risks and exposures (e.g., climate scenarios, transition risks);
- Debate the impact of physical risks on the global economy;
- Discuss how climate risks can be incorporated into an institution' risk management framework and how risk management approaches can be adjusted to capture such risks;
- Comprehend the role of Climate Stress Tests as a key tool for financial supervisors;
- Describe the potential implications of climate change for financial stability;
- Define the need of credible Climate Transition Plans within financial institutions.

Programme

Sunday 1 October 2023

19:30 – Aperitivo (Downtown Florence, Rooftop)

Monday 2 October 2023

09:15 – 09:45 – Presentation of the School, of Oliver Wyman and of the Academy followed by a *Tour de Table*

09:45 – 11:15 – Session 1 - *Intro Session: Defining, measuring, and managing climate-related financial risks* led by Pierre Monnin (CEP)

11:15 – 11:45 – *Coffee Break*

11:45 – 13:00 – Session 2 - *Deep-Dive Session: Physical Risks and illustrative examples* led by Ilya Khaykin (Oliver Wyman) and by Beverly Adams (Marsh)

13:00 – 14:00 – *Lunch*

14:00 – 15:15 – Session 3 - *Deep-Dive Session: Transition Risks and illustrative examples* led by Alban Pyanet (Oliver Wyman)

15:15 – 15:45 – *Coffee Break*

15:45 – 17:15 – Session 4 - *Practical Activity: Exercises on Physical and Transition Risks* led by Ilya Khaykin (Oliver Wyman) and by Alban Pyanet (Oliver Wyman)

17:15 – 19:00 – *Refreshments*

19:00 – 21:00 – *Dinner*

09:00 – 09:15 – *Coffee Break*

09:15 – 09:45 – *Interactive Recap of Day 1* led by EUI and OW

09:45 – 11:15 – Session 5 - *Deep-Dive Session: Climate Stress Tests – A global overview* led by Paul Hiebert (ECB) and by Michala Marcussen (SocGen)

11:15 – 11:45 – *Coffee Break*

11:45 – 13:00 – Session 6 - *Deep-dive Session: Financial institutions' Transition Plans: What are the different types of transition plans? What purpose do TPs serve in the context of risk management?* led by Agnieszka Smoleńska (Institute of Law Studies of the Polish Academy of Sciences) and by Simon Dikau (LSE)

13:00 – 14:00 – *Lunch*

14:00 – 15:30 – Session 7 - *Practical Activity: Drafting a Bank 'Net zero' Transition Plan* led by Susannah Fitzherbert Brockholes (HSBC), Agnieszka Smoleńska (Institute of Law Studies of the Polish Academy of Sciences) and by Simon Dikau (LSE)

15:30 – 16:00 – *Coffee Break*

16:00 – 17:30 – Session 8 – *Roundtable: The Frontier*

Panel debate moderated by Andrea Federico (Oliver Wyman)

Panellists:

- Kern Alexander (University of Zurich and FBF/EUI)
- Susannah Fitzherbert Brockholes (HSBC)
- Michala Marcussen (SocGen)
- Pierre Monnin (CEP)
- Reiner Martin (National Bank of Slovakia)

17:30 – 18:30 – *Refreshments and end of the Academy*