

Statement

By

**Acting Comptroller of the Currency Michael J. Hsu at the
Financial Stability Oversight Council**

October 21, 2021

Thank you, Madam Chair, and thank you to the FSOC and interagency staff for today's excellent and timely presentation and the work underlying it to address climate change. I fully support the FSOC's Climate Change Report and its recommendations, issued in response to President Biden's Executive Order 14030.

The Report provides valuable information on the risks climate change pose to OCC regulated institutions as well as to the entire financial system. The Report's recommendations provide a clear framework and lay out concrete steps for the OCC, FSOC, and other FSOC members to take to better measure, monitor, and address climate-related financial risks.

At the OCC, we are especially focused on the safety and soundness risks to banks from climate change. This starts with sound risk management. We are learning a lot by collaborating with peers and participating in international forums like the Basel Committee and the Network for Greening the Financial System. Building on that and the FSOC Report's recommendations, we are developing high

level climate risk management supervisory expectations for large banks and hope to issue framework guidance in the near future.

Finally, I greatly appreciate the Report's focus on the disproportionate potential impact of climate change on disadvantaged and financially vulnerable communities. In many cases, these are the same communities that have been adversely impacted by the pandemic. Bearing this and inequality challenges in mind is important as we tackle climate change risks.

The OCC is strongly committed to acting on the risks that climate change present to the financial system and will approach this issue with the urgency it warrants. The FSOC Climate Change Report provides an excellent road map for us and the other FSOC members. Thank you for your leadership on this issue.