Collaboratively Building a Climate-Resilient Economy and Financial System in BC

Workshop Summary and Next Steps

Vancouver Economic Commission
URBC Understanding Risk Symposium
BCFSA BC Financial Services Authority
Pembina Institute
Canada Climate Law Initiative | L'Initiative canadienne de droit climatique
British Consulate-General Vancouver

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1. Preface

When the United Nations Conference on Environment and Development (the "Rio Summit") ended in 1992, arguably setting in place our current global paradigm for sustainability, the final declaration only mentioned finance once. Fast forward to 2022, climate finance and financing sustainable development are front and centre. Governments, businesses, and activists alike recognize that a stable, just, and resilient green economy must be one that not only recognizes climate change, but one that actively integrates an effective, long-term view of the environment within it.

The Bank of International Settlement summarized that economic costs and financial losses may result from climate change and could potentially impact the safety and soundness of individual financial institutions and have broader financial stability implications for the banking system. The Basel Committee on Banking Supervision, major asset managers networks, and governments all over the world recognize the role finance has in contributing to or halting climate change, but also, equally important, the role climate change now plays in shaping the economy.

The Task Force on Climate-related Financial Disclosures (TCFD) helped define physical, transition, and liability risks related to climate change. We know now that we will face transition risks across all sectors as we seek to reach net-zero greenhouse gas (GHG) emissions by 2050, while we also brace to adapt to the physical risks of climate change's impacts across society.

In 2021, British Columbians faced one of the worst years for natural disasters on record, meanwhile numerous industries continued to work to decarbonize and position themselves competitively in our future zero-carbon global economy. As we work to address climate risks, we must be mindful that negative feedback loops of value loss and investment needs could be a significant impediment to the economy. The need for urgent action across the public and private sectors cannot be understated. If we successfully collaborate; a shared agenda can protect the people of British Columbia, while ensuring a future for all in a zero-carbon world.

2. Context

2.1 Rationale for the workshop / overview of partners

Collaboratively Building a Climate-Resilient Financial System in BC was a first of its kind workshop of financial sector organizations, financial service providers, risk consultancy providers, climate action professionals and financial regulators. The workshop was hosted collaboratively by the Vancouver Economic Commission, the Pembina Institute, the BC Financial Services Authority as an invitation-only portion of the Understanding Risk BC (URBC) Symposium. The Canada Climate Law Initiative, at the University of British Columbia, generously provided facilitation support and climate risk and governance expertise.

The focus of the event was to:

- Lay out global state of play on efforts to reduce climate risks in financial systems.
- Share lessons learned from the United Kingdom, and their agenda for climate finance in COP26.
- Identify major threats and opportunities in BC on climate risks (including physical, transition, and liability risks); and
- Lay out quick-start actions to build towards an overall climate-resilient economic agenda for BC, particularly with reference to the forthcoming BC Climate Preparedness Strategy.

The organizers are providing this report back to all stakeholders with an overview of action areas that can be tackled in the coming months and years, particularly in view of aligning with the BC Government's Climate Preparedness and Adaptation Strategy.

It is important to note that the workshop was designed to bring focus to the financial sector and its role in both addressing, and responding to the impacts of, climate change in BC, but quickly over the course of the breakouts, the conversation quickly turned to questions of the overall readiness of the entire economy for climate change. A climate-resilient economy for BC was the definitive desire and outcome of this conversation and recommendations and outputs herein attempt to thread the balance between that original intention and authentically representing the final conversation that occurred.

2.2 Global trends on climate risk in finance

Box 1. What is climate finance?
The UNFCC (United Nations Framework Convention on Climate Change) defines climate finance as the "local, national, or transitional financing – drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change." However, there are a variety of ways to define climate finance. At present, the Granthan Institute argues that the term climate finance is most associated with the mobilizing funds from developed countries for developing countries.

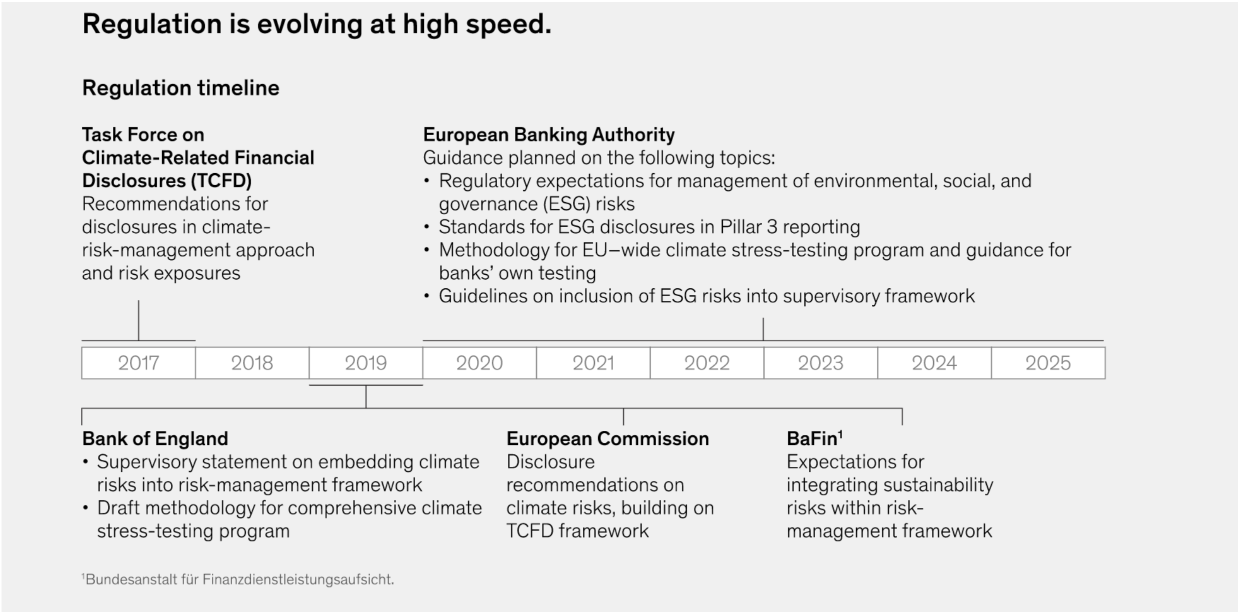
For our report purposes, the term climate finance will refer to the aspect of financing climate change related activities (mitigation and adaptation) drawn from public, private, and alternative sources of financing.

The timing of this workshop came after one of the most natural disaster struck year for BC; from devastating forest fires, the loss of 700 lives from the worst heat wave in BC's history, and one of the worst flood-seasons in recent memory. The human and material costs of climate change in our province could not be more evident. At the same time as we grapple with climate impacts, the global consensus on the need to decarbonize our global economy continues to grow stronger—with more ambitious goals set. In 2021, the International Energy Agency (IEA) released its Net Zero by 2050 report, a roadmap for the global energy sector to decarbonize in keeping with limiting global warming to less than 1.5 degrees Celsius. **In it, they unequivocally state that the pathway to a net-zero economy is "narrow but brings huge benefits" and that within such a pathway, "there is no need for investment in new fossil fuel supply in our net zero pathway."** Finance will be one of the critical elements to delivering this new economy.

Globally, discussions of climate-related risks to the economy have grown exponentially in 2021. COP26 concluded with a spate of finance-related announcements and we can see significant and growing action in both the public and private sectors. In many ways, this links back to 2017 where the formative work of the Financial Stability Board's Task Force on Climate-related Financial Disclosure, created a global framework for companies and organizations to develop more effective climate-related financial disclosures.

Since then, there has been a global momentum to support regulatory initiatives that will require banks to manage climate risks as seen in Figure 2. The TCFD alone has seen a 410% increase in usage since 2018, as displayed in Figure 3. Jurisdictions across the globe have proposed and/or finalized regulations and laws that create requirements for financial disclosure that align with the TCFD recommendations. As of October 6, 2021, over 2,600 supporters globally, including 1,069 financial institutions, have shown support for TCFD. Adoption of TCFD has also extended to the global stock exchanges, and cities like Singapore, London, and Oslo all declare support. Additionally, support for TCFD from international standard setters and regulators ranges from the G7 Finance Ministers and Central Bank Governors, G20 Finance Ministers and Central Bank Governors, Financial Stability Board, International Financing Reporting Standards Foundation, International Organization of Securities Commissions, to national and supranational governments like the European Commission and the U.S. Securities and Exchange Commission.

Figure 2. TCFD Regulation timeline (McKinsey, 2021)



2.3 Overview of climate risk context in BC

The COP26 climate conference brought finance to the forefront of climate-related policy, at the same time as governments and the financial industry around the world are moving towards net-zero. It is time for British Columbia to begin building a climate-resilient economy. The TCFD distinguishes physical and transition risks related to climate change and below is a short characterization of some of the risks that BC faces.

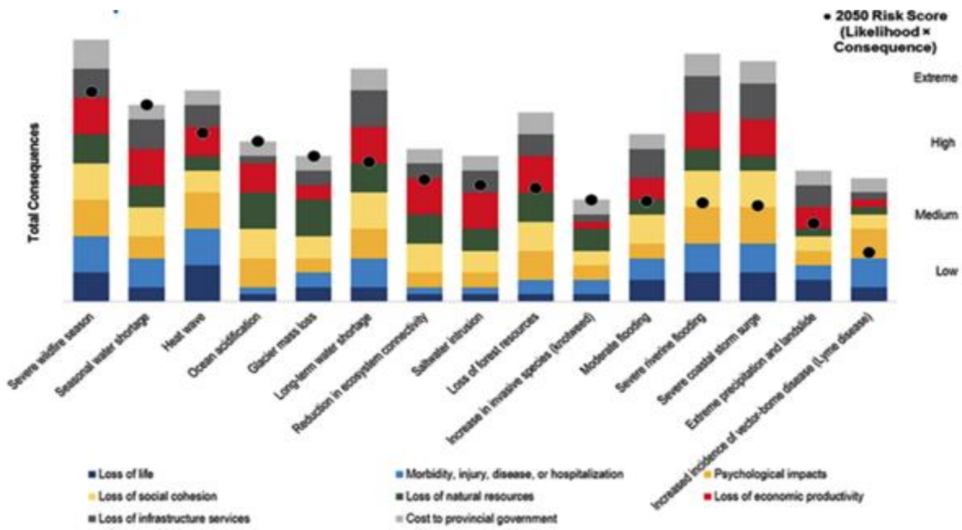
2.3.1 Understanding Our Physical Risks

In 2019, the Government of British Columbia concluded the *Preliminary Climate Risk Assessment (PCRA).* The climate risk assessment evaluated the likelihood of 15 climate risk events that could occur in BC along with their health, social, economic, and environmental consequences. It was the first report of its kind in Canada to examine provincial-scale climate risks comprehensively.

Amongst the key findings of the report:

- The greatest risks to BC are severe wildfire season, severe riverine flooding, severe coastal storm surge, long term water shortage and heat wave.
- Other risks that have the potential to result in significant consequences include seasonal water shortage and loss of forest resources.
- Nearly every risk event scenario would lead to major province-wide health, social, economic, and environmental consequences.

Figure 1. Consequences associated with Climate Risk Events (BC Government, 2019)



2.3.2 Understanding Our Transition Risks

British Columbia is uniquely positioned to benefit from the global push towards decarbonization. Over 30% of Canada's cleantech industry calls BC home and our clean electricity grid is attractive to companies that rely on electricity for creating output. But with a significant natural resources industry, and ongoing oil and gas exploration and extraction efforts, headwinds remain.

No comprehensive analysis of BC's exposure to transition risks has been undertaken, but it is worth noting that:

- Metallurgical coal production is an important industry in BC, and with recent efforts like Industrial Deep Decarbonization by the UNIDO, it is under pressure;
- The recent IEA report on net-zero by 2050 highlights the dangers of further investment in fossil fuels, wherein they note that "no new oil and natural gas fields are needed" in their 1.5°C pathway;
- The Bank of Canada and Office of the Superintendent of Financial Institutions (OSFI)'s most recent climate scenario analysis has shown that Canada's financial institutions are exposed to $239.3 billion in credit risk across ten industries likely to be negatively impacted by climate action, and in a scenario where the world limits warming to less than 2C, the oil and gas sector could face revenue losses of up to $20 billion annually.

2.4 Recent announcements and momentum

While the European Union and United Kingdom are arguably the leaders in climate risk management in the financial sector, Canada and the United States policy initiatives have begun to pick up steam in 2021. Recent announcements include:

Canada

- In May 2021, Canada launched a Sustainable Finance Action Council to bring together public and private sector financial expertise to support the growth of a well-functioning, strong, and sustainable finance market.
- In 2019, the Bank of Canada joined the Network for Greening the Financial System and formally added climate risk to its enterprise risk classification. In 2020, it established a high-level road map for understanding, measuring, and mitigating risks related to climate change.
- In November 2020, Maple 8, a coalition of Canada's eight largest pension plan investment managers called for SASB and TCFD-aligned disclosure from all listed companies.
- In January, 2021 the Canadian Office of the Superintendent of Financial Institutions (OSFI) released a discussion paper titled *Navigating Uncertainty in Climate Change: Promoting Preparedness and Resilience to Climate-Related Risks.* The paper asked stakeholders to reflect on risks, needs, and approaches for the federal financial regulator to build climate-resilience across the financial system.
- Also in January 2021, the Ontario Government's Capital Markets Modernization Task Force Final Report recommended mandating disclosure of material ESG information, specifically climate disclosure that is compliant with the TCFD recommendations for issuers.
- In February 2021, Roadmap for a Renewed U.S. - Canada Partnership, Prime Minister Trudeau and President Biden agreed to work with the Canadian and American public and private financial institutions to advance the adoption of climate-related financial risk disclosure and align financial flows with climate goals.
- Canada's 2021 Budget included an endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) and a commitment to engage with provinces to make TCFD-aligned practices part of regular disclosure practices for a broad spectrum of the Canadian economy.
- In October 2021, the Canadian Securities Administrators (CSA) proposed requirements to address the need for more consistent and comparable information to help inform investment decisions. The proposed national implementation requires disclosure of two of the core elements of the TCFD recommendations (governance and risk management), with a comply or explain approach to the other two core elements (strategy and metrics and targets).
- In October 2021, Canada's six major banks joined the Net-Zero Banking Alliance.

- In January of 2022, the Bank of Canada and OSFI released their climate scenarios analysis report.

United States

- In March of 2021, the U.S. Securities and Exchange Commission launched a consultation on climate change disclosures to "evaluate [the SEC's] disclosure rules with an eye toward facilitating the disclosure of consistent, comparable, and reliable information on climate change."
- In March 2021, the Federal Reserve published a report on Climate Change and Financial Stability, highlighting the impact of risks resulting from climate change.
- In May 2021, U.S. President Biden issued an executive order to Treasury Secretary Janet Yellen and the Financial Stability Oversight Council (FSOC) to produce a report on all member agencies of the Council to integrate "climate-related financial risk in their policies and programs."
- In October 2021, President Biden published an executive order, *A Roadmap to Build a Climate-Resilient Economy*, which lays out mandatory disclosure rules under consideration by the Securities and Exchange Commission to bring more clarity to investors about climate change-related investment risk.
- The Financial Stability Oversight Council (FSOC) released a report in October 2021 in response to President Biden's Executive Order 14030 and identified climate change as an emerging and increasing threat to U.S. financial stability.

3. Overview of the workshop

The workshop consisted of two parts, a keynote combined with a panel discussion and a series of breakout groups to discuss key issues related to a climate-resilient economy in BC. Participants came from across the public and private sectors, academia, community groups, labour, and other fields. All of these conversations operated under Chatham House rules for the entirety of the conversation.

The Managing Director of Carbon Disclosure Project (CDP) for North America, Ateli Iyalla, provided the opening keynote, highlighting the global trends on climate risk disclosure and the work that CDP hoped to emerge out of COP26. His message to attendees was clear: climate risk disclosure will soon be a global paradigm, and first movers in this work will have a considerable advantage.

After the keynote, there was a panel gathering with representatives across industry, government, and community groups, including:

- Dan Oprescu, Director of Risk Surveillance, BC Financial Services Authority
- Nezihe Aquino, Chief Risk Officer, Vancouver City Savings Credit Union
- Adam Goehner, ESG Strategy and Risk, BCI

- Andhra Azevedo, Staff Lawyer, Ecojustice

Their conversation focused on the operationalization of climate risk work across their organizations, and the next steps that need to be taken to advance a more climate-resilient economy in BC.

4. Summary of Discussions and Breakout Groups

The breakout portion of the workshop had three parts: (1) mapping physical risks within BC and related activities, (2) mapping transition risks and related activities, and (3) brainstorming and prioritizing actions to address these risks and seize on opportunities. During each part, six groups of participants from various areas of expertise and background discussed specific questions.

Box 2. Breakout Group Questions

1. **Physical risks**
    a. Which natural risks, such as those identified in the BC Preliminary Climate Risk assessment (PRCA), are most prominent and of concern to the financial system in BC?
    b. Which industries and financial institution-types are most vulnerable to risks your group has identified as of the largest concern and who is the most/least prepared?
    c. What are active projects and initiatives to address some of these risks (and what is missing)?
2. **Transition risks**
    a. What are major, specific transition risks related to climate change in BC?
    b. Which industries and financial institution-types are most vulnerable to risks your group has identified as of the largest concern and who is the most/least prepared?
    c. What are active projects and initiatives to address some of these risks (and what is missing)?
3. **Brainstorming and prioritizing action**
    a. In addition to what ongoing initiatives, what other actions may be considered towards addressing the transition and physical risks in the BC financial system?
    b. Of the actions we could take to address climate risks in BC's financial system, which are the most important?
    c. Which organizations are best positioned to lead on certain issues or projects?

4.1 Summarized Responses on Physical Risks

Key Takeaways:

- Most of BC's physical risks are well-known, but capacity to act, especially in a coordinated way across jurisdictions, is still in the development stage — local governments in particular need more resources;
- Banking and asset management industries have started preparing to manage risks related to floods, forest fires, overheating, and other climate-related risks, but there is still significant work needed in these sectors;
- Insurers, and in particular reinsurers, have started to reallocate capital to climate-related challenges and started offering new insurance products and were generally felt to be the most prepared;
- Reporting standards along the lines of TCFD disclosures have yet to fully be adopted across sectors. Once these standards are established, disclosures should be mandated.

Among the physical risks identified by the BC PCRA, the most prominent risk and of concern to the BC economy were wildfires, flooding, heat waves, sea-level rise, and long-term and seasonal water shortages. **The participants expressed the need for comprehensive risk assessments to fully understand the impact of physical risks to the BC economy, especially since the severity and frequency of those physical events may change based on the geographic location.** To give an example, wildfire risk depends on the location and risk increases can lead to implications for mortgage underwriting in the affected areas. **In general, climate risk assessments need to include socio-economic factors (e.g., health impacts, shutdowns of small businesses, displacement cost, etc.).**

There appeared to be consensus on the fact that many industries, including municipal and First Nation Governments, in BC are not well prepared to manage and mitigate physical risks. One reason for this lack of preparedness arises from existing issues of insufficient resources to fund current and forecasted needs. The agriculture and fishing industries (heat waves, supply chain interruptions), the real estate sector, and the energy sector were also identified as highly vulnerable industries to physical risks. **Banks and other lenders were felt by many attendees to not yet be well-prepared enough to address physical risks in their lending and investment activities.** There was some discussion of the important initial work done by the insurance and reinsurance industries to better understand and prepare for physical risks of climate change, but these efforts have not yet spread to the whole of the financial system.

Participants identified a few active projects and initiatives that address some of these risks such as the Climate Preparedness and Adaptation Strategy by the BC government. The City of Vancouver actively addresses physical risks via climate adaptation investments. Some financial institutions are also launching initiatives to address physical risks, among those ESG ratings applied by HSBC and the Vancity Home Planet Loans.

Many participants agreed that governments at all levels need to provide stronger leadership on climate risks. **Proposed TCFD disclosures and recommendations are a first step but standards are yet to emerge. Once these standards are established disclosures should be mandated and rooted in the most up-to-date climate science, such as the IPCC, the Canada Climate Atlas, or Pacific Consortium for Climate Impacts (PCIC).** Actors working in this space were also felt to have a responsibility to better integrate traditional knowledge from First Nations in these discussions.

4.2 Summarized Discussion on Transition Risks

Key Takeaways:

- BC, while well-positioned to succeed in the net-zero economy, still faces many challenges across numerous sectors in achieving full decarbonization
- Intersecting challenges of adaptation, affordability, labour supply, and technology costs will impede decarbonization efforts and create risks for those transitioning.
- Most financial institutions were not felt to have an accurate appraisal, or sufficient data to undertake an appraisal, of their transition risks
- More coordination and capacity building, especially for small and medium enterprises (SMEs) is needed to support the transition.

While some participants seemed to agree that the transition risk in BC might be lower than elsewhere in Canada because the province is already pursuing climate action in many sectors, there were still many common transition risks identified by the working groups. **Among the most frequently identified risks were labour shortage and unemployment, as well as technology risk: many people in BC will be impacted by the energy transition since many jobs are related to the energy, mining, gas, and fossil fuel industries.** Transition risks can lead to job loss, a change in demand for jobs, as well as the creation of new jobs. Participants agreed that many industries in BC are not well prepared for transition risks. Net-zero by 2050 puts pressure on high emitting industries such as oil and gas that face litigation risk and impairment of assets. In addition, the carbon tax was highlighted as a policy risk to existing high-carbon industries, especially natural resources. The electric vehicle industry might be the most prepared because of the uptake in infrastructure (commercial and residential charging, electrification) and because of the decline in the cost of batteries.

Participants expect the transition to a green economy will significantly impact the real estate industry (both existing buildings and newly built) and the various financial institutions involved in it. The necessity of retrofitting BC's building stock to achieve emission targets, which is a significant focus of local governments presently, was a significant point of discussion. Metro Vancouver, the City of Surrey, and others are collaborating on mandatory benchmarking and disclosure for private buildings. At the same time, the costs and risks associated with retrofitting privately-owned buildings is expected to add financial pressure on households. Therefore, building owners will need support to be able to disclose building emissions, and address climate considerations (e.g., higher average temperatures). Given the size and scope of real estate lending in BC, this was a considerable point of risk many felt was under-explored. Climate risk ratings were mentioned as a tool to introduce greater transparency. Participants agreed that BC needs better and more incentives to retrofit for lower GHG emissions and to expand this mandate to large corporations, governments, and crown corporations.

Furthermore, financial institutions such as banks and credit unions are exposed to the built environment through lending and investment activities and climate risk ultimately is expected to impact property values, equity, insurance premiums, mortgage financing, and affordability.

As a core component of the BC economy, SMEs, were identified as vulnerable to transition risk given their limited resources and capital. An example provided was Vancity having a program which supports businesses to stay ahead of regulations and reduce their GHG emissions (Planet Wise Business Guide for Climate Action Program). Generally, participants agreed that better collaboration needs to take place between all stakeholders, including all levels of governments, communities, First Nations, and businesses, to not operate in silos and to create a regional strategy and momentum.

4.3 Summarized Discussion on Next Steps

Key Takeaways:

- Governance systems, particularly in relationships between existing institutions (e.g., local governments, First Nations, financial regulators) do not yet adequately recognize climate risks and often create unintended barriers to coordinated action (e.g., flood management).
- For BC, fundamental data gaps for climate risk disclosures (e.g., TCFD) were pointed out, together with a lack of standardized climate scenarios.
- New forums, coordination structures, and alliances between institutions are required to develop an agenda and immediate actions to address climate-related economic risks to BC.

The need for collaboration was identified as foundational across all breakout groups, with an emphasis on the lack of consultation with First Nations, the guardians of traditional knowledge and solutions. To include First Nations, it was emphasized that institutions in BC should work closer with the First Nations Finance Authority and the First Nations Bank. There was a recognition of a disconnection between cities (often viewed as the ‘winners’) and remote and Northern communities (often viewed as the ‘losers’). Within BC, these issues need to be managed. It was suggested that regional forums need to be created that include municipalities, First Nations, businesses, and community groups and enable frank conversations and address plans for shared, net-zero economy.

Breakout groups also noted that local governments primarily manage physical risks, yet generally have insufficient funding to address them. Participants argued that smaller actors and individual consumers often become individually responsible for resilience investments that would ideally be made at a community-level. Stronger collaboration and governance systems can reduce risks and costs, but also help BC seize on the immense co-benefits of integrated "low-carbon resilience" approaches. **Participants frequently mentioned that governments need to take initiative so that private companies can determine and adjust the funding structure for managing climate-related risks.**

To address climate risks to the BC economy there is a need to standardize data (i.e., GHG emissions) and measurement. To better address physical and transition risks in the BC economy, participants also agreed that more consistent and openly accessible climate-related data is required. This will help improve the pricing and evaluation of these risks, both in the public and private sectors. In addition, it will allow governments to better plan and prepare and corporations to collaborate with each other as the data will be consistent and comparable. Participants pointed out that the provincial government needs to direct policy, funding, and communication on actions, and set transparent targets to ensure accountability and action. Alongside policy and regulatory work, incentives should be implemented to increase climate actions.

While there is a need for collaboration, some organizations will need to take on leadership roles. Government, regulatory bodies, and companies all have a shared interest to protect customers and people and maintain economic stability. That said, government bodies of all levels need to have a clear role because climate work has a large scope. **Among the government bodies mentioned, the Premier's Office should be involved in leadership and coordination.** The BC Financial Services Authority (BCFSA) can help facilitate the coordination between financially regulated institutions and federal agencies. The British Columbia Securities Commission (BCSC) can lead the coordination from a capital markets perspective, both for private issuers and matters related to reporting, and the development of ESG standards. On that note, participants have noted that while BCFSA and BCSC can provide guidance to financial institutions, the entities that they regulate need to be active leaders in addressing climate-related risks themselves. In addition, universities can contribute their expertise related to modelling and assessing climate risks (e.g., University of Victoria with BCI, University of Waterloo with Intact Centre and SEED, etc.).

5. Next Steps

As this report summary was written, the province received more rain in two days than it did in the entire preceding month. Greater Vancouver, and most of Southwestern BC were isolated by land from the rest of Canada for several weeks. In addition, this severe weather event led to significant physical damages and supply-chain disruptions. The impacts of climate change, and the need for action, could not be clearer.

BC's resilience planning, at both the local and provincial level, has advanced meaningfully in the past decade. The provincial action plan to address the Abbot-Chapman report by enhancing its emergency management has advanced meaningfully, and the Climate Preparedness and Adaptation Plan will enter implementation in 2022. *CleanBC* has been updated with a Roadmap to 2030 that includes nine distinct pathways for core issue-areas.

With this momentum in place, all participants in the workshop, and the workshop organizers, agreed that now is the time to focus the conversation. While numerous ideas were discussed over the course of the workshop, there was widespread agreement that BC needs a mechanism to bring relevant actors together to discuss issues related to climate risks to the economy in both broad and specific terms. Such a mechanism could take several shapes — such as a provincial task force with convening power, a coalition of interested parties, or technical working groups within industry — but all can and should be grounded in a vision of BC becoming a globally leading jurisdiction in addressing climate-related risks to the economy.

With such a mechanism in place, the work that would need to be done is broad, but likely includes:

Thematic Area	Example Work	Existing Initiatives
Governance and Coordination	Establishing a BC "Climate and Economy Hub" that could coordinate activities across the public and private sectors, as well as convene meetings and/or working groups on broad or specific topics to climate finance, and climate and economic planning	Local governments are working together to align TCFD-aligned reporting through the Municipal Finance Authority (MFA)
Regulations and Standards	Developing TCFD standards specific to publicly listed corporations and public pension funds in BC, as well as specific standards for privately held ones Developing standard scenarios (e.g., 1.5°C, CleanBC, etc.) for TCFD-aligned reporting, disclosure, and strategy. Aligning with Science Based Targets, e.g., using either an Absolute Contraction or Sectoral Decarbonization approach.	Canadian Securities Administrators are currently conducting consultations on integrating TCFD into capital markets regulations

Industry Capacity Building	Developing guidelines and resources for specific professional practice areas (e.g., accountants, actuaries, CFAs, lawyers, judges etc.) with relevant data, resources, and compliance information to BC Hosting industry working groups, learning sessions, and other informational exchanges	SHARE, RIA, and CCLI are providing education for investors, trustees, and others on TCFD and other climate finance issues
Data	Creating open data repositories of relevant information related to physical and transition risks for all actors to use as a level playing field Create forums to discuss needed data inputs across actors (e.g., local governments, utilities, financial institutions) to create more aligned datasets	

The work to address each of these opportunities will be substantial and will not be completed quickly. But as negative climate change impacts surround us and opportunity continues to knock, the organizers for this event feel that now is the time to move forward.

Coordinating work across these various areas was a significant consideration for the organizing team following the workshop, and one of the solutions that has been proposed by the Vancouver Economic Commission, bears sharing here:

Solution Concept – BC Climate and Economy Risk Hub

Challenge: British Columbia is uniquely positioned to lead in addressing climate-related financial risks, and to seize on the opportunities generated in doing so. Achieving this, however, will take coordinated action across the public and private sectors. Out of a collaborative stakeholder workshop in October of 2021, there is considerable interest across different parties to leverage that leadership into a coordinated action agenda. The vision of this work should be that BC become a globally leading jurisdiction in addressing and climate-related risks to financial systems and the economy overall.

Solution: Create a “Climate and Economy Risk Hub” to address these gaps and serve as a coordinating structure to align activities and collaborations on regulatory changes, professional practice, institutional mandates, and information sharing. Guiding objectives could likely include:

1. Increase knowledge among relevant BC actors of all climate-related financial and economic issues and risks in BC;
2. Increase the scale and scope of climate risk-related work, especially:
    a. Voluntary action on implementing recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) in both the public and private sectors;
    b. Moves to develop and implement climate risk-related financial regulations across BC capital markets, publicly and privately traded companies, and public sector actors (e.g., crown corporations)

3. Standardize and align existing and new climate risk work in the economy and finance in BC, especially as it relates to:
    a. Disclosures, scenario planning, and governance as aligned to TCFD;
    b. Data collection and sharing from both public and private actors related to relevant climate risks

The Hub's structure should strike a balance of sufficient formality to guarantee actual results, but with sufficient flexibility to allow for growth and increased participation over time. A two-part structure would likely be the easiest way to strike this. Below is an outline to this effect.

Hub Steering Committee

- Made up of several key (7-9) representatives from major BC financial institutions, regulators, and thought-leaders
- Linking with (and having observers from) BC Government's *CleanBC*, ESG, and Climate Preparedness and Adaptation Strategies
- Overseeing broad activities and an annual summit to assess state of play and drive further action
- (Potentially) Overseeing and helping implement a road map on climate risk in the financial sector for BC

Public Sector Sub-Committee	**Professional Practice Sub-Committee**	**Financial Institutions Sub-Committee**
- Primarily local governments - Crown corporations by invitation / interest	- Professional associations of relevance (e.g., GFOABC, CFA BC, CPA Canada, etc.)	- Credit unions and provincially regulated pension plans

Developing any such hub would take considerable intergovernmental organization and private sector collaboration, but it is one potential way to address the challenges identified within this workshop. The Vancouver Economic Commission hopes to continue to explore such ideas moving forward and will work with attendees and the workshop team to do so in the coming year as part of their Zero Emissions Economic Transition Action Plan's activities on climate finance.

The workshop organizing team is working internally to consider future convening forums that can be established to further invest in the issue-areas that were identified. Future convenings are in discussion as parties from the workshop continue to engage and discuss about potential follow-up pathways. The organizers hope to reach back to attendees later in 2022 with more concrete next steps, but encourage all to continue to engage with one another and reach out to the organizers if new ideas or opportunities emerge in the meantime.

VANCOUVER ECONOMIC COMMISSION

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