

The Office of the Comptroller of the Currency
Supporting Statement
Climate Risk Range of Practice
OMB Control No. XXXX-NEW

A. *Justification.*

1. *Circumstances that make the collection necessary:*

The OCC is planning to conduct a climate risk range of practice among large banks with the purpose of developing an understanding of climate risk management practices as it pertains to climate-related financial risk. Climate risks can have a material impact on the financial system by damaging property, impeding business activity, shifting the values of assets, and affecting incomes. Banks are exposed to both physical risks and transition risks presented by climate change which may impact the safety and soundness of supervised institutions. Given the potential significance of these risks, the OCC is requesting emergency clearance for this range of practice to assist with understanding banks' current and planned approaches to climate-related financial risks and whether any supervisory clarifications or enhancements are warranted.

The OCC is planning to collect the information through the range of practice to understand the financial risks and ensure the establishment of sound risk management frameworks to measure, monitor, and control risks presented by climate change. The agency understands that some banks are working to incorporate climate-related financial risks into their existing risk management frameworks and business strategies. The OCC recognizes that banks' exposure to climate-related financial risks and their climate risk management practices may vary substantially based on institutions' size, complexity of operations, geographic footprint, business model, and risk profile. The range of practice will not result in an adequacy assessment as to the banks' current climate risk management program.

The range of practice will

- inform the need for clarification or development of necessary supervisory expectations
- start to establish baseline supervisory knowledge
- help identify challenges and gaps in risk management frameworks
- inform the agency on plans to evolve current practices

The recent FSOC report on climate risk highlighted the financial stability implications of climate risk. The report also discussed a wide variety of challenges and data gaps present. This range of practice request will help the OCC better assess these challenges and gaps which is why the agency is requesting the emergency authorization.

2. *Use of the information:*

Banks may use this range of practice to self-assess whether it has risk management processes in place to identify, manage, and mitigate the bank's climate related risks and to obtain a further understanding of future plans. The OCC also plans to share relevant information back to institutions to help them evolve risk management processes.

3. *Consideration of the use of improved information technology:*

Not applicable.

4. Efforts to identify duplication:

The OCC has not asked banks to provide information on climate risk management so there is no duplication.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Not applicable. The range of practice request is being provided to large banks.

6. Consequences to the federal program if the collection were conducted less frequently:

Not applicable.

7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 12 CFR part 1320:

Not applicable.

8. Efforts to consult with persons outside the agency:

The OCC will issue a notice for 60 days of comment regarding this collection to renew it.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information will be kept private to the extent permitted by law.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Estimated Number of Respondents: 20

Estimated Burden per Respondent: 170 hours.

Total Burden: 3,400 hours.

x \$114.17 = \$388,178

To estimate wages, the OCC reviewed May 2020 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114.17 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (2 percent as of Q1 2021), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2020 for NAICS 522: credit intermediation and related activities).

13. Estimate of total annual cost to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimates of annualized costs to the federal government:

Not applicable.

15. Change in burden:

None. This is a new collection of information.

16. Information regarding collections whose results are to be published for statistical use:

Not applicable.

17. Reasons for not displaying OMB expiration date:

Not applicable.

18. Exceptions to the certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.