

## Speech annex

# Driving different decisions today: putting climate scenarios into action

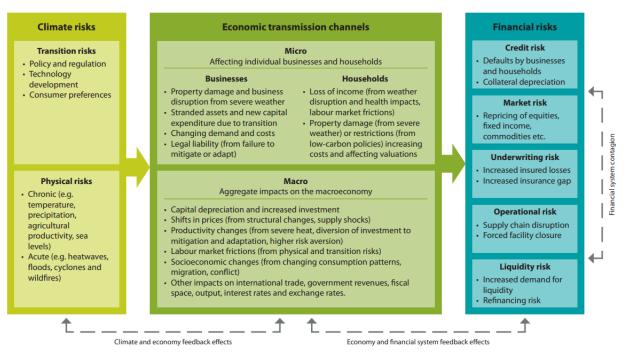
Speech given by

Sarah Breeden, Executive Director, Financial Stability Strategy and Risk and member of the Financial Policy Committee

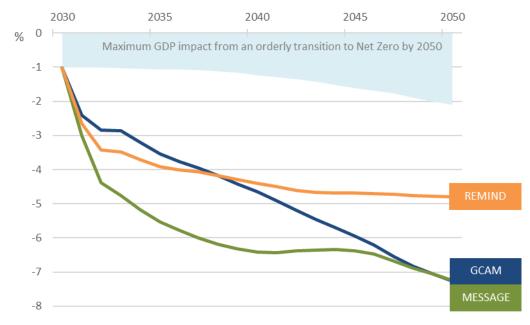
MIT Golub Center for Finance and Policy 8<sup>th</sup> Annual Conference: Financial Policy and the Environment

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#### Figure 1: Transmission channels<sup>1</sup>



#### Figure 2: GDP impact from delaying the transition across models



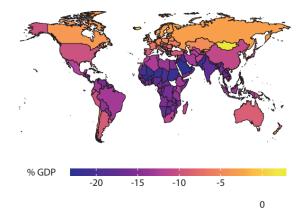
Based on the NGFS scenarios "delayed transition" and "Net Zero 2050". GDP impacts are modelled with NiGEM, using transition pathways from three integrated assessment models: GCAM, MESSAGE-GLOBIOM, REMIND-MAgPIE.

<sup>1</sup> <u>'NGFS Climate Scenarios for central banks and supervisors'</u>

#### Figure 3: Physical risk GDP losses

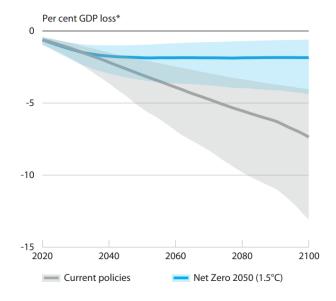
#### Physical risk GDP losses by country

Current policies (95<sup>th</sup> percentile damages) Per cent GDP loss relative to prior trends



Source: Calculations by PIK based on scenario temperature outcomes and damage estimates from Kalkuhl and Wenz (2020). Base year for warming is 2005.

#### **Physical risk GDP losses**

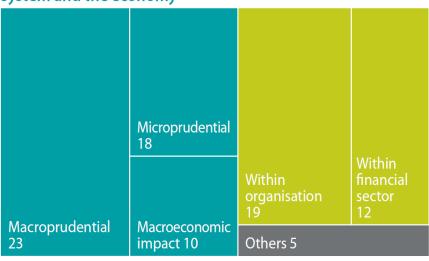


Source: IIASA NGFS Climate Scenarios Database, REMIND model. \* 2005 used as the base year.

### Figure 4: Objectives of climate scenario exercises<sup>2</sup> Assessing the impact

of climate risk on the financial system and the economy

### **Developing capabilities**



<sup>&</sup>lt;sup>2</sup> Many members attributed more than one objective to their exercises, hence why the total number of objectives (87) is larger than the total number of members (30).



