



Policy Alert: Climate-Related Financial Risk

Updated 24 January 2025

Action: Executive Order “[Initial Recessions of Harmful Executive Orders and Actions](#)”

What it does: The Order rescinds the 2021 Executive Order 14030, “[Climate-Related Financial Risk](#),” which [outlined](#) a “whole of government approach to mitigating climate-related financial risk and to safeguarding the financial security of America’s workers, families, and businesses from the threat that climate change poses [.]”

Key Insights

- The theory behind the old Order is that, as the Federal Deposit Insurance Corporation (FDIC) [noted](#), “[c]limate-related financial risks, including physical and transition risks, can manifest within traditional risk areas, including credit, market, liquidity, operational, and legal risks.” The Office of the Comptroller of the Currency (OCC) similarly [stated](#) that these risks “have the potential to affect the safety and soundness of banks through physical and transition risks, which affect various sectors of the economy [.]”
- Following the old Order, in October 2021, the Financial Stability Oversight Council, led by the Treasury Department, “[identified](#) climate change as an emerging threat to financial stability and issued over 30 related recommendations to financial regulators.”

- Under the old Order, the FDIC, Federal Reserve, and the OCC [issued joint principles](#) to provide financial institutions with a high-level framework for managing exposures to climate-related financial risks. Other agencies, including the Labor Department (supervision of pension plans) [undertook](#) similar efforts.
- The repeal of the underlying Executive Order does not necessarily automatically repeal the other regulatory efforts of the financial regulatory agencies. However, new leadership of those agencies may seek to withdraw the principles and any associated guidance.

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