

STATEMENT ON CLIMATE CHANGE
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FARM CREDIT ADMINISTRATION BOARD MEETING
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Climate and weather-related risks uniquely impact agriculture and rural America. This nation's farmers and ranchers have been dealing with short and long-term weather risks for decades. As the safety and soundness regulator of the Farm Credit System, we should dedicate more resources to identifying the potential impact on the System's portfolio. Just as important are the implications to the Farm Credit Insurance Fund managed by the Farm Credit System Insurance Corporation.

This is clearly a very complicated and often politically charged topic, and we must have realistic expectations as we formalize a taskforce to continue the work we have already started. When tackling a project like this one, it's important to resist the temptation to try to solve the big problems before we identify and address the simple and important questions.

As financial regulators with a unique mission, FCA and FCSIC must recognize and evaluate any potential risk that climate poses to the Farm Credit System through possible impacts on land values, crop productivity, animal health, and rural economies. That's why we have decided to form a taskforce to take a proactive approach to evaluating any potential risks to the System. The taskforce that we announce today will investigate climate-related financial risks. If necessary, it will propose tools to manage, stress- test, and hedge the risk of climate-related losses on System credit.

This taskforce is chartered with two separate and unique objectives:

- FCA needs to understand the potential safety and soundness risks to the Farm Credit System portfolio.
- FCSIC needs to understand any potential risk to the Farm Credit Insurance Fund.

These are two different but related objectives, and the taskforce must respect the needs of both while keeping the focus narrow to meet these objectives as information is collected.

My expectations for this group are as follows:

1. Collect useful work that has already been completed in this area.
2. Identify reliable data that has already been collected.
3. Identify partnerships where we can collaborate.
4. Allow the process to lead to discovery; don't start with a conclusion.
5. Report regularly back to the board.

Above all, I expect this group to gain a better understanding of any meaningful risk to the Farm Credit System portfolio and the Farm Credit System Insurance Fund through available information. This first step of information gathering must be accomplished before allocating significant personnel and financial resources to further research. I want to thank Ryan Kuhns, Ryan Leist, and Greg Smith for their presentation and the work completed so far. I look forward to working with the taskforce to tackle this long-term challenge.