

Press release

Date:
3 November 2021

Embargo:

Contact:
Vinzenz Mathys, Spokesperson
Phone +41 (0)31 327 19 77
vinzenz.mathys@finma.ch

COP 26: FINMA committed to implementing relevant NGFS recommendations

The Network for Greening the Financial System (NGFS) today published a declaration outlining its contribution to the deliverables of the UN Climate Change Conference in Glasgow (COP 26). As a member of the NGFS, the Swiss Financial Market Supervisory Authority FINMA reiterates its active support of the NGFS's goal to better understand and manage the financial risks of climate change. FINMA is strongly committed to the implementation of relevant NGFS recommendations within its mandate, as evidenced by current and planned activities.

In the context of the UN Climate Change Conference in Glasgow (COP26), the NGFS today published the "[NGFS Glasgow Declaration](#)" outlining its contribution to the COP26 deliverables. As an NGFS member, FINMA is strongly committed to continuing the implementation of the network's key recommendations that fall within its mandate. Although not binding, the recommendations reflect the best practices identified by NGFS members. As a supplement to the NGFS declaration, FINMA highlights the following specific contributions it is making to the implementation of key NGFS recommendations.

Integrating climate-related financial risks into supervision

FINMA is actively integrating climate-related financial risks into its supervisory practices in a strategic, proportional and risk-based manner. FINMA is currently developing concepts to adequately supervise climate risk management by banks and insurers. The concepts will be implemented in a phased and proportionate approach, starting in 2022. Other measures include an ongoing dialogue with the largest supervised entities on how they manage their climate-related financial risks or the development of "heat maps" to identify relevant climate-related risks in the Swiss financial sector. Based on its experiences in supervision and in line with its principle-based approach, FINMA will, if necessary, specify its expectations for supervised entities with regard to the management of climate-related financial risks.

Furthermore, FINMA is exploring quantitative methods to measure climate-related financial risks. FINMA and the Swiss National Bank (SNB) will shortly

complete their initial pilot project to identify and measure risk concentrations at Switzerland's systemically important banks in respect of sectors that are vulnerable to transition risks. The exercise includes an exposure analysis as well as forward-looking climate scenario analysis.

At the international level, FINMA is contributing to building an international framework for addressing climate-related risks through its active involvement in key working groups of various international standard-setting bodies as well as the NGFS.

Disclosure of climate-related financial risks

FINMA has recently specified disclosure requirements based on the recommendations of the [Task Force on Climate-related Financial Disclosures](#) (TCFD) for the largest financial institutions. The financial institutions concerned must comply with these requirements starting in 2022.

Through its membership of relevant working groups of the FSB, BCBS and IOSCO, FINMA is also supporting the establishment of an International Sustainability Standards Board (ISSB). This is a key step towards better climate-related disclosure and will contribute to improving the measurement of climate-related risks for financial institutions and the financial system.

Technical support for Swiss policy makers

FINMA is actively supporting the Swiss federal offices in the implementation of NGFS recommendations directed at policy makers, such as bridging the data gaps, as these are also key elements for addressing relevant climate-related risks and tackling greenwashing issues in the provision of financial products and services to clients.

Client protection

Beyond the NGFS mandate and from a client protection perspective, FINMA is addressing the risks of clients being deceived by exaggerated or misleading claims of sustainability, for example for investment products. Potential greenwashing issues are actively addressed by relying on existing regulations and the [supervisory guidance](#) issued today.

FINMA, together with the Swiss National Bank (SNB), joined the NGFS in April 2019. FINMA has since in particular actively contributed to the development of a common understanding around key climate risk issues and participated in the drafting of practical guidance for supervisors. More on FINMA's priorities and activities in the area of Sustainable Finance can be found here [\[Dossier on Sustainable Finance\]](#).