

Press release

Date:
4 December 2023

Embargo:

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

Sustainable finance: FINMA implements NGFS recommendations

The Swiss Financial Market Supervisory Authority FINMA is taking various measures to implement the relevant recommendations of the Network for Greening the Financial System. As a member of this network, FINMA supports its goals of better understanding and managing the financial risks of climate change and nature degradation.

The Network for Greening the Financial System (NGFS) today published a [statement](#) on its contribution to the goals of the UN Climate Change Conference 2023 (COP28). FINMA has been a member of this network since 2019. Since then, FINMA has been gradually integrating climate-related financial risks into its supervisory activities in a strategic, proportional and risk-based manner.

FINMA's measures are based on the non-binding NGFS recommendations as well as the requirements and guidelines of international standard-setting bodies such as the Basel Committee on Banking Supervision (BCBS) and the International Association of Insurance Supervisors (IAIS) ([FINMA Guidance 01/2023](#)). Together with its efforts to combat greenwashing, FINMA is thus contributing to a more sustainable financial centre. FINMA is currently pursuing the following priority measures.

New circular on climate- and nature-related risks

FINMA is currently drafting a new FINMA circular on nature-related financial risks, which will apply to banks and insurance companies. FINMA is thus seeking to specify the risk management requirements for institutions with regard to climate and other nature-related financial risks. The circular will incorporate the current recommendations of the international standard setters, in particular the BCBS and the IAIS, as well as parts of the NGFS recommendations. FINMA will start a public consultation on the circular in the first quarter of 2024.

Transparency about climate risks

In 2024, FINMA will also review whether a revision of the current FINMA disclosure requirements is necessary due to the many developments in the area of climate and sustainability reporting. FINMA already supported the increase in climate risk transparency called for by the NGFS and other

international bodies in 2021 by specifying the requirements for the disclosure of climate-related financial risks for larger banks and insurance companies.

From 2024, numerous banks and insurance companies in Switzerland will also implement the new ordinance on climate reporting. The new ordinance requirements are based on the Swiss Code of Obligations and are in some cases more extensive than the existing FINMA requirements (e.g. “dual materiality”, obligation to disclose transition plans), but are compatible with them. FINMA is not responsible for monitoring compliance with and enforcing the civil law obligations of supervised institutions. However, systematic compliance with the relevant obligations under civil law by the supervised parties is part of the supervisory requirement of proper business conduct. The institutions must therefore be organised and managed in such a way that compliance with their obligations under civil law is guaranteed overall.

Strengthening the data basis for assessing climate risks

Like the supervised institutions, FINMA also needs data to assess climate risks. To this end, it is currently developing a data collection in this area. This should cover various features and transmission channels of climate risks. The data collection will be carried out for the first time in 2024 and only at larger institutions (supervisory categories 1 to 3). It also serves as an important basis for fulfilling FINMA’s reporting obligation on climate risks as planned by Parliament in the CO₂ Act.

Integrated view of nature risks

FINMA shares the assessment of the NGFS that an integrated approach to climate risks and other nature-related risks such as the loss of biodiversity makes sense. Climate change and biodiversity loss are closely linked, as stated for example in the 2021 report entitled “Biodiversity and climate change” published by the IPCC and IPBES, and represent drivers of potentially relevant financial risks for financial institutions. FINMA will increasingly integrate this comprehensive view of nature-related risks into its practice where appropriate and possible, for example in the above-mentioned circular.