

Supervisory and Regulatory Approaches to Climate-related Risks

Virtual Outreach Event – 19 May 2022



Session 1: Supervisory and regulatory reporting and collection of data from financial institutions

The FSB Interim Report:

- Examines current and regulatory practices on reporting and collection of climate-related data
- Identifies relevant types of data and metrics that authorities may require
- Includes policy considerations and recommendations to assist authorities

Session 1: Supervisory and regulatory reporting and collection of data from financial institutions

Five key recommendations* on:

1. Identification of information needs for supervisory and regulatory purposes
2. Supervisory oversight on financial institutions' governance, processes and controls
3. Use of common climate-related risks definitions to promote consistency
4. Reporting of qualitative information and increasingly available quantitative information, and move towards higher reporting standards and/or mandatory reporting requirements
5. Global coordination and cooperation towards common regulatory reporting frameworks

* Full recommendations available in the [FSB interim report on supervisory and regulatory approaches to climate-related risks](#)

Session 2: Incorporating systemic risks into supervisory and regulatory approaches

The FSB Interim Report:

- Explores the system-wide perspective to addressing climate-related risks
- Identifies elements of supervisory and regulatory frameworks that are relevant for a system-wide approach
- Includes case studies on authorities' approaches to addressing systemic risks and their challenges

Session 2: Incorporating systemic risks into supervisory and regulatory approaches

Seven key recommendations* on:

1. Accounting for the potential widespread impact of climate-related risks across the financial system
2. Expanding climate scenario analysis and stress testing use for macroprudential purposes
3. Designing climate scenario analysis and stress tests to best inform a system-wide view
4. Considering financial risks beyond credit and market risk (e.g. liquidity and insurance/underwriting risks)
5. Encouraging NGFS's continued work to refine and develop climate scenarios
6. Encouraging cooperation and coordination between authorities within a jurisdiction to better inform a system-wide view
7. Engaging in cross-border cooperation and coordination on cross-jurisdictional risks stemming from climate-related risks

* Full recommendations available in the [FSB interim report on supervisory and regulatory approaches to climate-related risks](#)

Session 3: Early considerations on other macroprudential tools and policies

- The interim report presents some early thinking among existing literature and work of standards setting bodies and authorities on macroprudential policies and trade-off considerations
- Microprudential tools alone may not sufficiently address the cross-sectoral and systemic dimensions of climate-related risks
- Standard-setting bodies and authorities are undertaking gap analyses of regulatory frameworks in the context of climate-related risks
- Potential macroprudential tools and policies, or tools and policies with a macroprudential dimension, could be complementary to address the systemic aspects of climate-related risks
- Further work is needed to better understand whether climate-related risks are sufficiently captured in the current regulatory framework, and trade-off considerations.