

Press release

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FSB outlines progress made on addressing financial risks from climate change

The Financial Stability Board (FSB) today published its [first annual progress report](#) on the July 2021 FSB Roadmap for Addressing Climate-Related Financial Risks, which is being delivered to G20 Finance Ministers and Central Bank Governors meeting in Bali, Indonesia this week. The report takes stock of progress by standard-setting bodies (SSBs) and other international organisations on the actions coordinated through the Roadmap, outlines areas for further attention, and provides updates where needed to the detailed Roadmap actions.

Encouraging progress has been made across all four blocks of the Roadmap:

- **Firm-level disclosures:** A milestone has been the publication by the newly established International Sustainability Standards Board (ISSB) of two Exposure Drafts, on climate and general sustainability-related disclosure standards. The timely issuance of a final global baseline climate reporting standard ready for market adoption is critical given the global market demand for consistent, comparable, and decision-useful disclosures on climate-related risks and opportunities. Moreover, there is also a growing recognition of the importance of global assurance standards to drive reliability of disclosures.
- **Data:** Work has continued on improving the availability and cross-border comparability of climate-related data more broadly. A priority is to further coordinate the establishment of common metrics for financial risks, including forward-looking metrics. It is also important to establish data repositories that provide open access to data in a consistent form.
- **Vulnerabilities analysis:** Work has continued to progress along three strands – ongoing monitoring using the tools currently available, development of conceptual frameworks, and further development of scenario analysis. Further experience with building and using climate scenarios can help monitoring of financial risks to appropriately account for longer time horizons.
- **Regulatory and supervisory practices and tools:** A number of initiatives have been completed or are well underway across the SSBs and relevant international bodies, including supervisory risk management expectations and supervisory guidance covering the banking, insurance and asset management sectors. Financial authorities should continue to embed the supervision of climate-related risks into overall

supervisory frameworks, including the further development of the use of climate scenario analysis and stress testing exercises.

The FSB Roadmap will support strong progress in this regard over the coming year (and beyond).

FSB Chair Klaas Knot said “Policy action to address climate risks is more urgent than ever. And international coordination of actions remains critical to ensure an efficient and comprehensive response. Our report highlights the encouraging progress made across the four blocks of the roadmap. Nevertheless, more work needs to be done to enhance our understanding of the financial risks posed by climate change and incorporate that into surveillance, supervision and regulatory practices.”

Notes to editors

The FSB published its Roadmap to address climate-related financial risks, in July 2021. The Roadmap sets out a comprehensive and coordinated plan for addressing climate-related financial risks, including steps and indicative timeframes. The Roadmap was endorsed by G20 Finance Ministers and Central Bank Governors and subsequently by G20 Leaders at the Rome Summit.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.