

FSB Priorities on Climate Change

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World Bank FinSAC Annual International Conference

Vienna, Austria, 17 - 18 May 2022



Agenda

1. Climate change and the role of the FSB
2. FSB Roadmap
 - Block 1 – Firm-level disclosures
 - Block 2 – Data
 - Block 3 – Vulnerabilities analysis
 - Block 4 – Supervisory and regulatory practices
3. Key FSB deliverables for 2022

1. Climate change and the role of the FSB

- *Financial stability risks of climate change*
 - *Physical risk*
 - *Transition risk*
 - *Legal / liability risk*
- *Role of the FSB*
 - *Promote international cooperation towards effectively addressing the financial risks from climate change*
 - *Work in coordination and cooperation with standard setting bodies (SSBs) and international organizations given our complementary mandates*

2. FSB Roadmap

[FSB Roadmap for Addressing Climate-related Financial Risks](#) published in July 2021 represents a key G20 deliverable

FSB Roadmap supports coordination in several ways:

- **promotes relevant initiatives** at SSBs, the Network for Greening the Financial System (NGFS) and other international organisations
- **brings together ongoing international work in one place**, which helps to identify gaps, limit overlap and promote synergies
- **sketches out how the FSB can serve as a forum**, to discuss cross-sectoral and systemic issues and way forward
- **provides input to the broader international agenda**, within the G20, G7 and UN

2. FSB roadmap: Design

Focus on steps being taken by the FSB, SSBs and other international bodies

Four interrelated areas – financial risk focus:

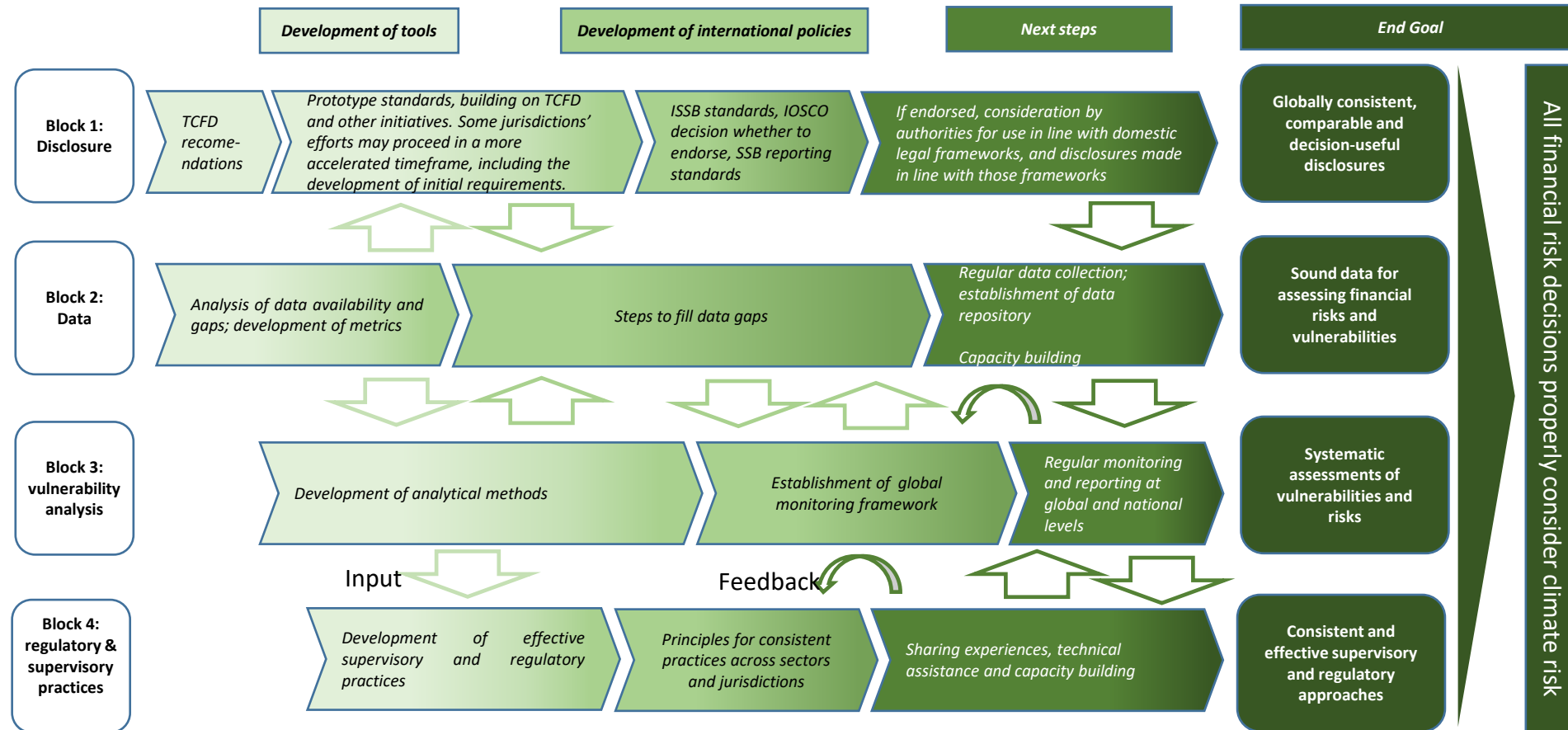
Block 1 - firm-level disclosures, as the basis for the pricing and management of climate-related financial risks at the level of individual entities and market participants;

Block 2 - data, using consistent metrics and disclosures, provide the raw material for the diagnosis of climate-related vulnerabilities;

Block 3 - vulnerabilities analysis, which provides the basis for the design and application of regulatory and supervisory frameworks and tools;

Block 4 - regulatory and supervisory practices and tools, that allow authorities to address identified climate-related risks to financial stability in an effective manner.

2. FSB roadmap - Stylised overview



2. FSB roadmap: Block 1 – Firm-level disclosures

Goal: Globally consistent, comparable, and decision-useful public disclosures by firms of their climate-related financial risks

- IFRS programme of work, supported by IOSCO, to develop international sustainability reporting standards, starting with climate
- Global baseline reporting standards, individual jurisdictions may go further or faster
- Steps for jurisdictions to then make use of ISSB standard
- FSB promoting consistency between national and regional approaches in the meantime, based on TCFD; FSB report to July G20 in 2021; FSB progress report to Oct G20 in 2022
- TCFD ongoing work to promote take-up; TCFD status report in 2022

2. FSB roadmap: Block 2 – Data

Goal: Establish a basis of comprehensive, consistent and comparable data for monitoring climate-related financial risks globally

- Assessing data availability and identifying data gaps; FSB report to July G20 in 2021
- Taking steps to fill gaps and establish consistent cross-jurisdiction and cross-sector data sets relating to climate-related financial risks
- Developing forward-looking metrics on the financial impacts of climate change and transition; FSB and NGFS joint report on climate scenario analysis and the financial metrics needed for this analysis for Oct 2022

2. FSB roadmap: Block 3 – Vulnerabilities analysis

Goal: Systematically assess and better understand climate-related financial vulnerabilities and potential financial stability impacts

- Analysing the nature of climate-related risks and vulnerabilities; FSB report in Nov 2020
- Developing a monitoring framework, bringing together work on metrics, indicators of climate risk and analytical work on transmission channels
- Deepening of climate scenario analysis, making use of NGFS scenarios
- Establishing regular monitoring and assessment of risks and vulnerabilities; FSB data-based methodology/framework for monitoring, for use in the FSB Surveillance Framework

2. FSB roadmap: Block 4 – Supervisory and regulatory practices

Goal: Establish effective and consistent supervisory and regulatory approaches and tools to address climate-related risks, within sectors and system-wide

- Developing effective regulatory and supervisory practices and tools
- Achieving cross-sector and cross-jurisdiction consistency of approaches; FSB interim report in Apr 2022 for consultation
- Macroprudential tools; FSB interim report in Apr 2022 for consultation
- Capacity building

3. Key FSB deliverables for 2022

Block	Deliverable	Timeline
Overall	Annual progress report on FSB Roadmap	July G20 2022
Block 1 – Firm-level disclosures	Progress report, in coordination with IFRS and IOSCO, on achieving consistent climate-related disclosures.	Oct G20 2022
Block 2 & 3 - Data and vulnerability analysis	Identifying specific climate-related vulnerabilities that warrant close monitoring and data gaps	Mid 2022
	Coordinating work across financial authorities on the consistent classification of climate-related financial risks	Oct 2022
Block 2 & 3 – Data and vulnerability analysis	Developing a broader data-based methodology/framework for monitoring, for use in the FSB Surveillance Framework	Nov 2022
Block 2 & 3 - Data and vulnerability analysis	FSB joint report with the NGFS, on synthesising outputs of scenario analysis by jurisdictions.	June 2022 (interim) Oct G20 2022
Block 4 – Supervisory and regulatory practices	Report on regulatory and supervisory approaches to addressing climate-related risks (Interim report for consultation)	Apr 2022
	Final Report	Oct G20 2022