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### **NGFS publishes two complementary reports on nature-related risks**

The Network for Greening the Financial System (NGFS) has published today two complementary reports on nature-related risks. The [first report](#) is the final version of the Conceptual Framework for nature-related financial risks, which aims to guide policies and action by central banks and financial supervisors. The report includes two illustrative cases, which demonstrate how this framework can be applied in practice. The [second report](#) outlines the key emerging trends related to nature-related litigation, including cases concerning biodiversity loss, deforestation, ocean degradation, carbon sinks and plastic pollution, and explores the potential relevance for central banks, supervisors and the financial system. The two reports are complementary: the Conceptual Framework outlines the broad framework for nature-related risks, the second report aims to raise awareness more specifically about nature-related litigation risk.

#### ***Sabine Mauderer, Chair of the NGFS, and Member of the Executive Board of the Deutsche Bundesbank:***

*“The NGFS started its journey with a focus on climate risks. Yet, climate change and nature loss affect each other. Biodiversity is under threat worldwide, making it essential for central banks, supervisors and regulators to understand nature-related risks to the financial system. I am proud to see our network making progress in this field. The first report shows real-world examples of how to apply our conceptual framework for nature-based risks. This will give us very valuable insights as supervisors start to take action. The second report shines a light on nature-based litigation. This is becoming increasingly relevant not only for supervisors, but for financial markets at large.”*

#### ***Conceptual Framework for nature-related financial risks***

The NGFS published the [beta version of the Conceptual Framework on nature-related financial risks](#) in September 2023. Since then, the beta version has been well received by the community of central bankers, supervisors and financial actors, and deemed both consistent and complementary with other similar frameworks by other stakeholders. The framework has already provided the financial system with a common language on nature-related risks. It now aims to guide action by central banks and financial supervisors. This work marks an important step in the NGFS’ efforts to foster the integration of nature-related risks into the activities of central banks and supervisors.

The overall design and structure of the final Conceptual Framework remain unchanged compared to the beta version. Minor revisions mainly focus on factual updates and alignments with other similar frameworks that have come to the fore since the publication of the beta version.

The report is further supplemented with two illustrative cases about forest and freshwater ecosystems. These cases show how the framework can be operationalised and utilised by central

banks and financial supervisors. The NGFS encourages the community to learn from these examples and to start taking action.

***Emmanuelle Assouan, Co-chair of the NGFS Taskforce on Biodiversity Loss and Nature-related Risks and Director General for financial stability and operations at Banque de France:***

*“The recent momentum around nature-related risks is encouraging. It is crucial that we continue emphasising the materiality of these risks and the need for central bankers, supervisors and financial actors at large to act on them. The new developments included in the final version of this Conceptual Framework, such as the application of the framework’s principle-based approach to key ecosystems, provide a convincing demonstration that immediate action to start assessing these risks is both possible for central banks and supervisors and useful to their missions.”*

***Marc Reinke, Co-chair of the NGFS Taskforce on Biodiversity Loss and Nature-related Risks and head of the Sustainable Finance Office at De Nederlandsche Bank:***

*“Climate change is only one of several closely interconnected challenges that stem from the pressure humans have placed on nature. To address climate change and succeed in our efforts to safeguard financial stability, we must therefore adopt an integrated approach that accounts for the full spectrum of relevant nature-related financial risks. The conceptual framework and its illustrative cases enable us to act in line with that fundamental understanding. It provides the structure, ideas, and concrete examples to progressively incorporate nature-related financial risks in all the work that we do.”*

#### ***Nature-related litigation: emerging trends and lessons learned from climate-related litigation***

This report marks yet another step forward in the NGFS’ mission to mainstream the consideration of nature-related risks in its work.

In September 2023, the NGFS published [two reports on climate-related litigation](#), noting that governments and civil society may increasingly turn their attention beyond greenhouse gas (GHG) emissions to the importance of nature.

In view of these developments, the NGFS has prepared the following report, to highlight emerging trends in the field of nature-related litigation. The report argues that nature-related legal actions will likely evolve and grow, taking inspiration from successful climate-related litigation cases, and benefiting from an increasing awareness of the nature crisis. The NGFS encourages central banks, supervisors and financial institutions to closely monitor developments in nature-related litigation. Climate- and nature-related litigation might increase pressure on the financial system through compounding legal ‘points of entry’.

***Chiara Zilioli, Chair of the Experts’ Network on Legal Issues and General Counsel of the European Central Bank:***

*“Strategic nature-related litigation is a growing trend, which is becoming increasingly relevant for the financial system. It can be expected to generate nature-related financial risks through multiple channels, in the same way as climate-related litigation. For that reason, this report seeks to raise awareness of nature-related litigation among central banks, supervisors, and financial institutions.”*