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NGFS publishes a progress report on the implementation of the recommendations of its Guide for Supervisors

Today, the NGFS released a [“Progress report on the Guide for Supervisors”](#), which highlights noticeable progress made by NGFS supervisors in integrating climate-related and environmental risks into their supervisory activities, using the five recommendations of the [NGFS Guide for Supervisors](#) published in May 2020 as a reference. This new report is part of the NGFS’ contribution to the 2021 United Nations Climate Change Conference (COP26) to be held in Glasgow next month, alongside several other reports and announcements.

Frank Elderson, Chair of the NGFS and Member of the Executive Board of the European Central Bank: *“Ahead of the COP26 where world leaders need to agree on actions to address climate change, this NGFS report shows the financial supervisors’ progress in incorporating climate-related and environmental risks in the exercise of their tasks. The time to act is now.”*

This report provides updated and granular guidance structured around twelve Focus Areas and supported by case studies on global supervisory practices. These case studies illustrate how the Focus Areas have been put into practice, showcase good practices, and importantly support supervisors in their ambition to go further and faster. It also includes a deeper dive into areas that were covered in less detail in the previous report, especially environmental risks and disclosure. It was informed by a survey of NGFS supervisors conducted in early 2021, and another survey on disclosure requirements and practices by supervised institutions conducted among all NGFS members in late 2020.

Gek Choo Goh, Chair of the NGFS’ “Micro-prudential and Supervision” workstream and Executive Director of Banking Department II at the Monetary Authority of Singapore: *“Supervisors play an important stewardship role in moving sustainable financial practices into the mainstream, and in supporting an inclusive transition to a sustainable future. The Progress Report and its twelve Focus Areas is just a toolkit. What is important is that supervisors harness and evolve this toolkit within their supervisory frameworks, to ensure that the financial system stays resilient to climate-related and environmental risks. The NGFS has been and will continue to be a community of practitioners, for supervisors to come together to share knowledge and build on each other’s good practices.”*

Further progress is needed to fully embed climate-related and – with even more room for headway – other environmental risks into supervisory frameworks. Global efforts are also underway to address some of the challenges reported by NGFS supervisors. Common challenges include data gaps, lack of harmonised methodologies and risk metrics, and insufficient internal capacity and resources. This notwithstanding, there is a range of actions that supervisors can already take to further embed climate-related and environmental risks into their supervisory framework, as illustrated by the guidance and case studies provided in this report.

Fernanda Guardado, Deputy Governor for International Affairs and Risk Management at the Banco Central do Brasil, institution which led the work on the report: *“As the sustainable agenda evolves rapidly, NGFS publications have showed increased relevance in preparing central banks and supervisors to overcome the challenges found in integrating climate-related and environmental risks within our activities. It is, therefore, very significant for the Banco Central do Brasil to have actively participated in the preparation of the Progress Report. Further guidance is highly welcome in this area, in particular on broader environmental risks and disclosures.”*

Through the Progress Report and upcoming initiatives, the NGFS can facilitate a continual uplift in supervisory capabilities and convergence of global supervisory practices. Notably, a multi-year capacity building programme is being rolled out for NGFS members, and will contribute to global efforts – namely the [Climate Training Alliance](#) coordinated under the COP26 agenda. Continuous upskilling of supervisory knowledge is critical to effect robust risk management practices and to account for our evolving understanding of climate-related and environmental risks. Looking ahead, the NGFS will continue to build and share knowledge amongst its members, and to make progress on areas which warrant better supervisory understanding and attention.

About the NGFS

The NGFS, launched at the Paris One Planet Summit on 12 December 2017, is a group of central banks and supervisors, which on a voluntary basis are willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 95 central banks and supervisors and 16 observers. Together, they represent five continents and around 85% of global greenhouse gas emissions, and are responsible for the supervision of all of the global systemically important banks and two thirds of global systemically important insurers. The NGFS is chaired by Frank Elderson, member of the ECB’s Executive Board. The Secretariat, headed by Jean Boissinot, is provided by Banque de France.

For more details, visit the [NGFS website](#) and [Twitter account](#) or contact the NGFS Secretariat at Banque de France sec.ngfs@banque-france.fr

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