

Network for Greening the Financial System
Annual report

Annual report 2022

April 2023



Introductory message



Ravi Menon
Chair of the NGFS
since January 2022



Sabine Mauderer
Vice-Chair of the NGFS
since January 2022

Amid multiple global challenges, the Network for Greening the Financial System (NGFS) stayed the course and pushed new boundaries over the past year in our collective effort to green the financial system. We intensified our analytical work, broadened the scope of our activities, and welcomed new members.

The NGFS has deepened its work on existing priorities and flagship projects. We have enhanced the NGFS climate scenarios, which are being used by an increasing number of stakeholders for stress-testing and risk management purposes. We have also strengthened work on supervisory practices with regard to managing climate and environmental risks.

The work programme of the NGFS has also broadened in scope. We have established dedicated task forces and expert networks to delve into emerging topics, such as nature-related risks and climate-related data. We have also started to explore the role of supervisors in transition planning by financial institutions and to analyse blended finance as a tool for scaling up the financing necessary for decarbonisation efforts.

As the size and diversity of our membership grew, we established regional outreach sessions to hear the views of all our members and to deepen collaboration on issues of greater relevance to members in each region. We are also boosting capacity building and training efforts to provide multiple avenues for our members to share experience and build knowledge.

There remains much work ahead. The last year has also seen setbacks to global climate efforts, as fossil fuel subsidies reached a record high amid the global energy crisis. At the same time, as the latest Intergovernmental Panel on Climate Change (IPCC) synthesis report makes abundantly clear, urgent action on climate change is needed more than ever.

We will further consolidate the role of the NGFS in understanding climate and environmental risks and in strengthening the climate resilience of the global financial system. We will continue to work closely with standard setting bodies, multilateral organisations, financial institutions, and other stakeholders to push the boundaries in greening the financial system.

We want to express our deep gratitude for the dedication of NGFS members and observers. Their strong commitment has allowed the NGFS to achieve much in the past year. As a coalition, we must continue to keep our ambitions high, translate our commitments into actions and ultimately turn actions into real impact for a more sustainable future.

Origin of the NGFS



8 central banks and supervisors established a Network of Central Banks and Supervisors for Greening the Financial System.



As of December 2022, the NGFS consists of

121 Members 19 Observers

The NGFS is a coalition of the willing.

It is a voluntary, consensus-based forum whose purpose is to share best practices, contribute to the development of climate-related and environmental risk management in the financial sector and mobilise mainstream finance to support the transition toward a sustainable economy.

The NGFS issues recommendations

which are not binding but are aimed at inspiring all central banks and supervisors and relevant stakeholders to take the necessary measures to foster a greener financial system.



In November 2021, the NGFS published the *NGFS Glasgow Declaration*, no longer being just a coalition of the willing but also a coalition of the committed.



The NGFS is committed to:

- Strengthening supervision of financial institution' climate-related risks
- Developing climate scenarios for financial system
- Achieving net zero for central banks
- Examining impact of climate change on monetary policy
- Bridging climate-related data gaps
- Stepping up efforts on capacity building and training
- Advancing global discussions collaboratively with private and public sector

2022 NGFS work programme

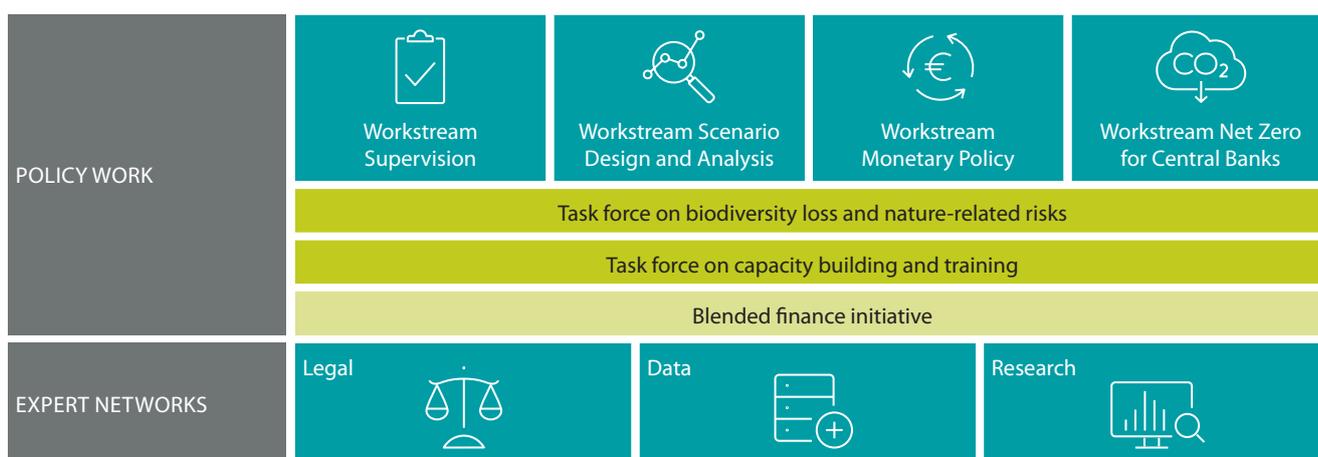
NGFS members decided to update the NGFS work programme in 2022 to reflect the emergence of new topics and to better meet the members' wish to collaborate on key areas and to share common expertise.

It was decided to reorganise the key activities and long-term objectives of the NGFS around four workstreams. The first workstream focuses on "Supervision", aiming to foster progress among NGFS members towards incorporating climate-related and environmental risks within their supervisory frameworks and practices. The objectives of the second workstream on "Scenario Design and Analysis" are to develop and promote climate scenario analysis and its use by NGFS members and the financial community. The third workstream on "Monetary Policy" aims to deepen the NGFS understanding of the implications of climate change, and the actions designed to mitigate it, on the conduct of monetary policy and of the different options available to central banks. The fourth workstream "Net Zero for Central Banks" provides a forum for NGFS members to discuss issues and approaches related to their own transition as institutions, such as central banks' sustainable and responsible investment, the greening of their corporate operations and their own climate-related and environmental disclosures.

To cover transversal issues and explore emerging topics, the NGFS established two new project-oriented task forces, operating on the basis of a specific mandate. The first one is on capacity building and training, mapping training needs and supply, sharing available resources, and identifying good practices in the design and development of training and capacity building strategies. The second one is on biodiversity losses and nature-related risks, serving as an incubator to help mainstream considerations on nature-related risks across the NGFS work programme.

Complementary to these core working groups, the NGFS is using its convening power to bring together relevant parties to address potential regulatory and practical barriers hampering the scaling up of blended finance.

Finally, three expert networks, gathering communities of experts to share knowledge and information, have been created on (i) legal issues, (ii) data and (iii) research to maintain the work of the NGFS at the forefront of innovation on these topics. This four-pronged structure aims to provide clear guidance to its members while helping the NGFS remain nimble enough to address emerging or incidental issues.



2022 NGFS highlights

MARCH

Publication of the report *2021 NGFS Annual report*

Publication of the *Statement on Nature-related Financial Risks*

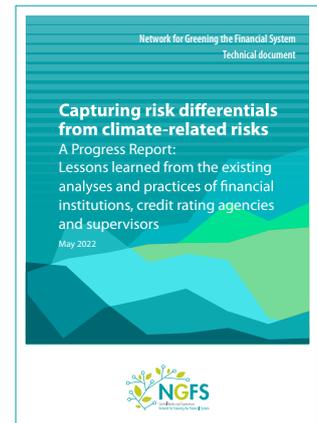
Annual Plenary meeting (via videoconference)



APRIL

Publication of the report *Enhancing market transparency in green and transition finance*

Steering Committee Retreat in Washington D.C.



MAY

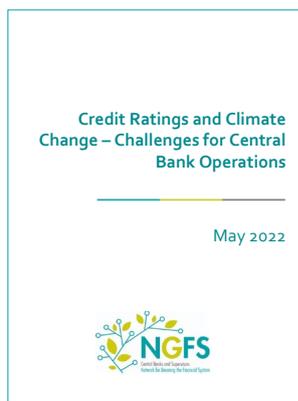
Publication of the progress report *Capturing risk differentials from climate-related risks*

Publication of the report *Credit Ratings and Climate Change – Challenges for Central Bank Operations*

Steering Committee meeting in Paris

Green Swan Conference co-organised by the Bank for International Settlements, the European Central Bank, the Network for Greening the Financial System and the People's Bank of China

Academic Outreach (with an extended list of scholars to present and raise awareness of the new NGFS work program)



2022 NGFS highlights (continued)

JULY

Publication of *Final report on bridging data gaps*

Launch of the NGFS Data Directory

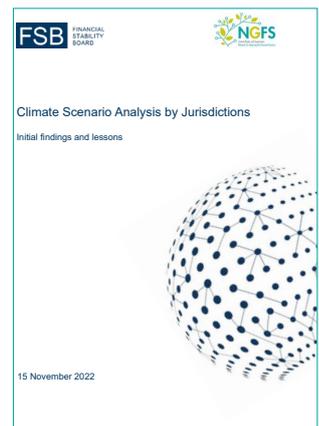


SEPTEMBER

Publication of the third vintage of the *NGFS Scenarios for central banks and supervisors*, accompanied by specific notes on scenario analysis

Steering Committee meeting in Frankfurt

Plenary Outreach for members from Europe



OCTOBER

Publication of the *Dashboard on scaling up green finance*

Plenary Outreach for members from the Americas

NOVEMBER

Publication of joint Financial Stability Board and Network for Greening the Financial System report on *Climate Scenario Analysis by Jurisdictions – Initial findings and lessons*

COP27

Steering Committee meeting (via videoconference)



DECEMBER

Publication of Coalition of Finance Ministers for Climate Action and Network for Greening the Financial System Blog: *Finance Ministries, Central Banks and Supervisors Recognize Nature-Related Risks and Commit to Deepening Their Understanding*

Keynote remarks by Ravi Menon, Chair of the NGFS, at the COP15 of the Convention on Biological Diversity

Focus on the Regional Outreach Sessions

In 2022, the NGFS organised two hybrid regional outreach sessions. The European Outreach took place in Frankfurt on 12 September 2022. A second outreach session was organised for the Americas in Washington D.C. on 12 October 2022.

The aim of these meetings is to better cater for the diversity of the membership and to discuss region-specific issues as the NGFS membership has greatly expanded over the past years. During the European Outreach, discussions focused on climate scenario analysis and stress testing. The exchanges that took place during the Outreach with members from the Americas also focused on these topics, as well as on the work on nature-related risks.

The next regional outreach will take place before the NGFS Annual Plenary meeting in Singapore on 25 April 2023 for Asia-Pacific members. Discussions will focus on the specificities of the transition to net zero in that region and the implications for climate scenario analysis and stress testing. In addition, an African Outreach is expected to take place in the summer.



European Plenary Outreach, hosted by the Bundesbank



Plenary Outreach for members of the Americas, hosted by the Federal Deposit Insurance Corporation

2022 NGFS key figures

In 2022:

- The NGFS published **9** reports and **2** occasional papers.
- **6** interviews were performed with NGFS members (*In Conversation with* series).
- The Chair and the Vice-Chair of the NGFS delivered more than **20** speeches.
- The NGFS organised more than **25** high-level meetings, webinars and conferences.
- **16** new members and **3** new observers joined the NGFS.

As of end-2022, the membership of the NGFS covers:

 Supervision of **100%** of the global systemically important banks

 and **80%** of the Internationally Active Insurance Groups

 Over **88%** of global greenhouse gas emissions

Governance and membership of the NGFS

As of end 2022, the NGFS consists of 121 members and 19 observers.

Steering Committee Members and Observers



Notes: * indicates institutions that are members of the Steering Committee on a non-permanent basis and started their 2-year term in November 2020.

** indicates institutions that are members of the Steering Committee on a non-permanent basis and started their 2-year term in January 2022.

*** indicates institutions that are members of the Steering Committee on a non-permanent basis and started their 2-year term in January 2023.

o indicates observers.

Plenary Members and Observers¹

Plenary Members

Abu Dhabi Financial Services Regulatory Authority 	Banco Central de Chile and Comisión para el Mercado Financiero de Chile 	Banco Central de Costa Rica 	Banco Central del Paraguay 	Banco Central de la República Argentina 
Banco Central de la República Dominicana 	Banco Central de Reserva del Perú 	Banco Central del Uruguay 	Banco de España 	Banco de Portugal 
Banco de la República 	Bangko Sentral ng Pilipinas 	Bank of Albania 	Bank of Estonia 	Bank of Finland and Finanssivalvonta 
Bank of Ghana 	Bank of Greece 	Bank Indonesia and Otoritas Jasa Keuangan 	Bank of Israel 	Bank of Japan 
Bank of Korea and Financial Services Commission/ Financial Supervisory Service 	Bank of Latvia 	Bank of Lebanon 	Bank of Lithuania 	Bank of Mauritius 
Bank of Russia 	Banka Slovenije 	Bank of Thailand 	Banque centrale du Luxembourg and Commission de surveillance du secteur financier 	Banque centrale de Tunisie 
Cayman Islands Monetary Authority 	Central Bank of Armenia 	Central Bank of Bahrain 	Central Bank of Cyprus 	Central Bank of Egypt and Financial Regulatory Authority of Egypt 

¹ In addition to Steering Committee Members.

Plenary Members (continued)

Central Bank of Iceland 	Central Bank of Ireland 	Central Bank of Jordan 	Central Bank of Kenya 	Central Bank of Malta and Malta Financial Services Authority 
Central Bank of Mauritania 	Central Bank of Montenegro 	Central Bank of Nigeria 	Central Bank of Seychelles 	Central Bank of the Republic of Türkiye and Banking Regulation and Supervision Agency 
Central Bank of Trinidad and Tobago 	Central Bank of the U.A.E. 	Central Bank of Uzbekistan 	Central Bank of West African States 	Comisión Nacional Bancaria y de Valores 
Commission de contrôle des activités financières 	Croatian National Bank 	Danmarks Nationalbank and Danish Financial Supervisory Authority 	Dubai Financial Services Authority 	European Banking Authority 
European Insurance and Occupational Pensions Authority 	European Securities and Markets Authority 	Federal Reserve, Federal Housing Finance Agency, Federal Deposit Insurance Corporation, Federal Insurance Office, New York DFS and Office of the Comptroller of the Currency 		Financial Market Authority Liechtenstein 
Guernsey Financial Services Commission 	Hong Kong Monetary Authority 	Isle of Man Financial Services Authority 	Istituto per la Vigilanza sulle Assicurazioni 	Jersey Financial Services Commission 
Komisja Nadzoru Finansowego 	Magyar Nemzeti Bank 	National Bank of Belgium 	National Bank of Cambodia 	National Bank of Georgia 
National Bank of the Republic of North Macedonia 	National Bank of Romania and Autoritatea de Supraveghere Financiară 	National Bank of Rwanda 	National Bank of Serbia 	National Bank of Ukraine 

Plenary Members (continued)

<p>Norges Bank and Finanstilsynet</p> 	<p>Oesterreichische Nationalbank and Austrian Financial Market Authority</p> 	<p>Office of the Superintendent of Financial Institutions</p> 	<p>Reserve Bank of Australia</p> 	<p>Reserve Bank of India</p> 
<p>Reserve Bank of New Zealand</p> 	<p>Saudi Central Bank</p> 	<p>Sveriges Riksbank</p> 	<p>Swiss National Bank and Financial Market Supervisory Authority</p> 	

Observers





NGFS
Secretariat