



# Greening Financial Regulation Initiative (GFRI)

## What is the Greening Financial Regulation Initiative?

**The climate and environmental crisis we are facing is accelerating, and the financial sector must fully play the critical role it has in enabling the necessary transition.** The current pandemic has shed light on the enormous costs associated with unchecked climate change and environmental degradation. To meet international sustainable development goals, achieve net zero emissions of greenhouse gases by 2050 and reverse biodiversity loss by 2030, business models need to be transformed, and financial flows must be redirected towards sustainable activities.

**To this end, climate and environmental risks considerations need to be fully integrated in the actions and mandates of central banks, financial regulators and supervisors.** By setting risks management rules and influencing financial markets with monetary policy operations, these institutions have a unique capacity to assess and mitigate risks to financial stability, and to redirect financial flows at scale, in an organized and consistent manner. Critically, this cannot be achieved by uncoordinated actions taken by individual financial institutions.

Central banks and financial supervisors are already collaborating through international networks (e.g. NGFS, BCBS, IOSCO, IAIS). While there is a **general acknowledgement that climate change is a source of financial risk, other types of environmental risks, such as biodiversity loss, are less well understood.** Despite that, these risks have clear implications for both individual financial institutions and overall financial stability.

WWF is working with a wide range of finance sector stakeholders, advocating for and providing the tools and methodologies necessary to a financial system that supports and enables the transition to a sustainable economy. Building on this experience, its global reach and its unique positioning as a science-based organization, **WWF is launching a new Greening Financial Regulation Initiative (GFRI).**

**Through the GFRI, WWF will directly engage with policymakers, central banks and financial supervisors on the urgent need to fully integrate climate-related and environmental risks into their mandates and operations, mainly through financial regulation and supervision, as well as monetary policy.**



To that end, the GFRI will start by **showing the state of current practices among financial supervisors and central banks in key countries worldwide.** Building on a newly-developed best practice framework ('SUSREG') and an associated online platform, WWF will actively engage with these institutions and track their progress in the integration of climate, environmental and broader social considerations in their activities.



Capitalizing on in-house expertise and mobilizing key external partners, WWF will **conduct and publish research to evidence the linkages between all environmental risks, including biodiversity loss, and financial risks,** providing the evidence based needed by financial supervisors and central banks – while **advocating for a precautionary approach** to these risks.



Building on this, as well as on its wide network of internal experts and external partners, **WWF will offer targeted assistance to individual financial supervisors, central banks and policymakers** and give them regular overview on data, tools and methodologies that exist to understand and consider all environmental risks.



**Any question on GFRI? Send us an email!**  
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# Sustainable Financial Regulations and Central Bank Activities (SUSREG) Tracker

## What is the SUSREG Tracker?

Faced with the looming twin threat of the climate and environmental crises, a growing number of **central banks, financial supervisors and policymakers are taking action** to enhance the integration of environmental & social factors into financial decision-making, notably through the issuance of regulations or guidelines, and by joining global initiatives such as the Network for Greening the Financial System (NGFS).

To fully mobilize capital for the transition to a low-carbon, resilient and sustainable economy, in line with sustainable development goals and international agreements, environmental & social considerations should be an integral part of financial regulation and central bank activities.

To accelerate the strengthening and harmonization of financial regulations and central bank activities in key financial markets worldwide, WWF is launching the **Sustainable Financial Regulations and Central Bank Activities (SUSREG) framework and associated online Tracker**.

The framework provides a roadmap for central banks, financial supervisors and policymakers to **enhance the financial sector's stability and resilience** to growing climate-related and other environmental & social risks, while enabling the **mobilization of capital for the transition to a low-carbon, resilient and sustainable economy**. Developed in line with best practices and emerging trends in the regulatory landscape, it also benefits from WWF's perspective as a science-based organization.

The country-level assessments of relevant regulations and policies against the framework will be made publicly available on an interactive online platform, facilitating comparisons between countries, better understanding the varying degrees of environmental & social integration, and evidencing progress made.

The SUSREG Tracker will also complement the **existing suite of tools developed by WWF** to assess and benchmark environmental & social integration practices by banks ([SUSBA](#)) and asset managers ([RESPOND](#)).

## Who can use the SUSREG Tracker?



### Central banks, financial supervisors and policymakers can:

- Strengthen regulatory and supervisory practices by integrating E&S considerations in banking regulations and guidelines, as well as in monetary policy operations;
- Benchmark themselves against peers in key markets worldwide and align with best practices.



### International financial standard-setters and initiatives can:

- Benefit from independent, regularly updated assessments and annual reporting on progress;
- Build on the framework to establish roadmaps for integrating E&S considerations in global financial regulations and central bank activities;
- Benefit from the science-based perspective of WWF on best practices regarding the integration of climate-related and environmental risks.



### Commercial banks (and institutional investors) can:

- Understand the differences in the regulatory and monetary policy frameworks in the countries in which they operate (and those affecting the financial institutions in their portfolio);
- Support and inform their engagement with government entities and policymakers (and with banks in their portfolios).



### Academics, think-tanks, other non-governmental organizations can:

- Better understand the differences in the regulatory and monetary policy frameworks in key countries worldwide;
- Assess the degree of integration of various environmental & social issues in financial regulation and central bank activities, and track progress.



## A structured framework

The SUSREG framework is currently focusing on (i) banking regulation and supervision, (ii) central banking activities, as well as on (iii) aspects contributing to an enabling environment for sustainable finance. It is comprised of **68 indicators** structured around these three elements that are further divided in sub-sections, as detailed below.

In the future, the SUSREG Tracker **will be expanded** to cover other key parts of the financial system, such as capital markets, asset management and insurance.

### Banking supervision

This section covers the various tools and measures that banking regulators and supervisors can use to ensure both the safety and soundness of individual banks and the financial system stability, with regards to E&S risks. It also includes measures that regulators and supervisors themselves can take to show leadership and better understand these risks and their implications.

- ✓ Micro-prudential supervision (supervisory expectations)
- ✓ Micro-prudential supervision (rule-based)
- ✓ Disclosure & transparency
- ✓ Macro-prudential supervision
- ✓ Leadership & internal organization

### Central banking

This section covers the various measures that central banks can take to address E&S risks, in keeping with their key mandates of ensuring money supply and price stability. It also includes measures that central banks themselves can take to show leadership and better understand these risks and their implications.

- ✓ Monetary policy (conventional and unconventional)
- ✓ Own portfolio management
- ✓ Leadership & internal organization

### Enabling environment

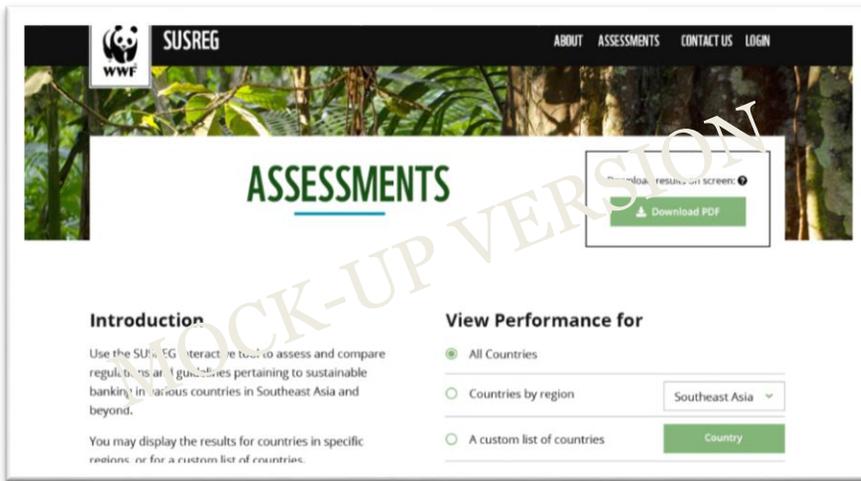
This section covers several measures that would be key for the financial sector to fully support the transition to a low-carbon, resilient and sustainable economy. Some of these measures may be outside the remit of central banks or financial supervisors.

- ✓ Multi-stakeholder initiatives
- ✓ Taxonomies for (un)sustainable activities
- ✓ Standards for financial products, incentives, carbon pricing, etc.



## An online, user-friendly platform

As a first step, WWF will assess the relevant regulations and policies in **40 countries** across all regions, covering notably the members of the Basel Committee for Banking Supervision. The assessment results will be made available on an **online platform (Tracker)**, allowing users to select specific regions or countries to be benchmarked. The results will be **regularly updated**, as and when new regulations and policies are issued.



The results will clearly display the **scope of the associated measure(s)**: either only applicable to climate-related risks, to both climate-related and environmental risks, or to the entire range of environmental & social risks, as shown below.

	Country A	Country B	Country C
<b>Banking supervision</b>			
<b>Micro-prudential supervision</b>			
<b>Strategy &amp; governance</b>			
	<b>E S</b>	<b>C E S</b>	<b>C E S</b>
Indicator 1.1	✓ ✗ ✗	✓ ✓ ✗	✓ ✓ ✓
Indicator 1.2	✓ ✗ ✗	✓ ✓ ✗	✓ ✓ ✓
Indicator 1.3	✓ ✗ ✗	✓ ✓ ✗	✗ ✗ ✗
Indicator 1.4	✗ ✗ ✗	✗ ✗ ✗	✓ ✓ ✓

**C:** Climate risks **E:** Environmental risks **S:** Social risks

The assessments will be based on **publicly available information**. Before the final assessment results are published on the website, preliminary results will be shared with the relevant institutions (e.g. regulators, supervisors, central banks) to ensure the information identified is complete and accurate.

The SUSREG online platform is currently **under construction** and will be available at [www.susreg.org](http://www.susreg.org)

