Eiger Regulatory Partners
Human Capital & Consulting

Key players in climate-change risk management regulation and standards setting

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For information purposes

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International Organisations	Role and objectives
United Nations	▪ The UNFCCC secretariat (UN Climate Change) is the United Nations entity tasked with supporting the global response to the threat of climate change. UNFCCC stands for United Nations Framework Convention on Climate Change. The Convention has near universal membership (197 Parties) and is the parent treaty of the 2015 Paris Agreement. The main aim of the Paris Agreement is to keep the global average temperature rise this century as close as possible to 1.5 degrees Celsius above pre-industrial levels. The UNFCCC is also the parent treaty of the 1997 Kyoto Protocol. ▪ The ultimate objective of all three agreements under the UNFCCC is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development. ▪ The Conference of Parties (COP) is the supreme decision-making body of the Convention. All States that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements.
Financial Stability Board and the Task Force on Climate-related Financial Disclosures	▪ The Financial Stability Board (FSB) is an international body that monitors and makes recommendations about the global financial system. The FSB promotes international financial stability; it does so by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory and other financial sector policies. ▪ The FSB created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015. The TCFD is a private sector led group convened to “develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material risks”. ▪ TCFD published a final report in 2017 that set out overarching recommendations in four thematic areas: governance; strategy; risk management; and metrics and targets. Beneath these sit 11 recommended disclosures that provide more granular detail on the information to be disclosed under each of the recommendations to develop a set of voluntary disclosure recommendations for use by companies in providing decision-useful information to investors, lenders and insurance underwriters about the climate-related financial risks that companies face.

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Network for Greening the Financial System	▪ At the Paris "One Planet Summit" in December 2017, eight central banks and supervisors established the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). As of December 2020, membership of the NGFS had expanded to 83 members and 13 observers. ▪ The Network's purpose is to help strengthen the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development. The Network defines and promotes best practices to be implemented within and outside of the Membership of the NGFS and conducts or commissions analytical work on green finance. ▪ The Network has structured its work into five dedicated Workstreams: WS1: Microprudential/Supervision; WS2: Macrofinancial; WS3: Scaling up green finance; WS4: Bridging the data gaps and WS5: Research.
European Union organisations	▪ The EU has positioned itself as a leader in sustainable finance and integrating climate change into financial markets. Key organisations include: (i) **The European Commission (EC)**: The EC launched its Action Plan on Financing Sustainable Growth in March 2018. (ii) **High-level expert group on sustainable finance** (HLEG): established by the EC in December 2016 to develop recommendations to reform the financial system to promote sustainable investments, address risks, and also build resilience in the financial system itself. (iii) **Technical Expert Group on Sustainable Finance** (TEG): The EC set up the Technical Expert Group on sustainable finance in 2018 to assist it in developing, in line with the Commission's legislative proposals of May 2018: • an EU classification system (EU taxonomy) to determine whether an economic activity is environmentally sustainable; • an EU Green Bond Standard; • methodologies for EU climate benchmarks and disclosures for benchmarks; and • guidance to improve corporate disclosure of climate-related information. (iv)The **European Central Bank** (ECB): the ECB is supporting market participants, legislators and standard-setting bodies in identifying the risks emerging from climate change and providing a clear framework to reorient financial flows and reduce such risks. (v) The **European Supervisory Agencies** (ESMA, EBA and EIOPA): provide technical advice on sustainability related EU legislation and EU Directives.

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IFRS / IASB	▪ The International Financial Reporting Standards (IFRS) Foundation is a not-for-profit, public interest organisation established to develop a single set of high-quality, understandable, enforceable and globally accepted accounting standards (IFRS Standards) and to promote and facilitate adoption of the standards. ▪ IFRS Standards are set by the IFRS Foundation's standard-setting body, the International Accounting Standards Board. ▪ To achieve coherence and comparability in climate-risk reporting, the IFRS is consulting on the need and demand for the creation of a new Sustainability Standards Board (SSB) under the governance structure of the IFRS Foundation to develop global sustainability standards. ▪ The objective of the SSB would be to develop and maintain a global set of sustainability-reporting standards initially focused on climate-related risks. Such standard-setting would make use of existing sustainability frameworks and standards.

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UK focused organisations	Role and objectives
UK joint regulator and government TCFD Taskforce	▪ An officials-led UK Taskforce of regulators and Government departments, established to consider how the expectations in the Green Finance Strategy could be met. ▪ The Taskforce is chaired by HM Treasury and attended by the following organisations: the Department for Business, Energy and Industrial Strategy (BEIS); the Department for Work and Pensions (DWP); the Local Government Pension Scheme (LGPS); the Bank of England (the Prudential Regulation Authority (PRA)); the Financial Conduct Authority (FCA); the Financial Reporting Council (FRC); and the Pensions Regulator (TPR).
Bank of England (and Prudential Regulatory Authority)	▪ The Bank's response to climate change is motivated by its statutory objectives. The first involves promoting safety and soundness by enhancing the PRA's approach to supervising the financial risks from climate change. The second involves enhancing the resilience of the UK financial system by supporting an orderly market transition to a low-carbon economy. ▪ The Bank set out its strategy for responding to these risks in an article published in the June 2017 edition of its Quarterly Bulletin. ▪ The PRA published a policy statement (PS11/19) and a supervisory statement (SS3/19) setting out its expectations for how banks and insurers should address the financial risks from climate change.
Financial Conduct Authority	▪ The FCA's current focus is on three outcomes: (i) issuers provide markets with readily available, reliable and consistent information on their exposure to material climate risks and opportunities; (ii) regulated financial services firms integrate consideration of material climate change risks and opportunities into their business, risk and investment decisions; and (iii) consumers have access to green finance products and services, which meet their needs and preferences and receive appropriate information and advice to support their investment decisions. ▪ In support of these outcomes, the FCA's has proposed new rules for climate-related financial disclosures and is building a regulatory framework for effective stewardship.

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UK focused organisations	Role and objectives
Climate Financial Risk Forum	▪ The Climate Financial Risk Forum (CFRF) is an industry forum jointly convened by the PRA and FCA to build capacity and share best practice across financial regulators and industry to advance the sectors responses to financial risks from climate change. ▪ Since its inception in March 2019, the CFRF has set up four technical working groups on disclosure, scenario analysis, risk management and innovation. Each working group is chaired by a CFRF member and supported by an external secretariat. ▪ The forum is chaired by Sarah Breeden (Executive Director of UK Deposit Takers, PRA) and Christopher Woolard (Executive Director of Strategy and Competition, FCA). It meets 3 times a year and reports to Sam Woods (CEO of the PRA and Deputy Governor at the Bank of England) and Nikhil Rathi (CEO of the FCA). ▪ Membership includes 5 Banks, 5 insurers, 5 asset managers, the LSE and Green Finance Institute.
Climate Change Committee	▪ The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. ▪ The CCC's purpose is to advise the UK and devolved governments on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change. In particular: a) Provide independent advice on setting and meeting carbon budgets and preparing for climate change; b) Monitor progress in reducing emissions and achieving carbon budgets and targets; c) Conduct independent analysis into climate change science, economics and policy; d) Engage with a wide range of organisations and individuals to share evidence and analysis.
Financial Reporting Council	▪ The Financial Reporting Council (FRC) is the UK's independent regulator for accountants, actuaries and auditors, responsible for promoting the transparency and integrity in business. It also sets the UK Corporate governance Code and stewardship Code. ▪ The FRC has completed a review of climate- related issues as they affect governance, reporting and audit, and the roles of a range of market participants. ▪ The review highlights FRC views on current market practice, outlines its expectations, and shows where it will focus its energies in ensuring that those within its remit are responding appropriately to this challenge.

Other prominent organisations and initiatives in green finance and sustainability

Organisation	Role and objectives
The Sustainable Markets Initiative	▪ The Sustainable Markets Initiative (SMI) was launched by His Royal Highness The Prince of Wales at the World Economic Forum 2020 Annual Meeting in Davos together with a **10-point action plan** to kickstart bold and imaginative action across the next decade. During its first year, the SMI hosted more than a dozen roundtable discussions and brought hundreds of business leaders into the discussion. ▪ At His Royal Highness's invitation, executives from a number of the world's largest banks have come together as members of SMI Financial Services Taskforce (FSTF) to work on meaningful and actionable plans to help accelerate the world's transition to a sustainable future. ▪ The FSTF operates as an industry sub-group of the SMI, and is chaired by Noel Quinn, Group Chief Executive of HSBC. Its members are drawn from across the banking industry, and include Bank of America, Barclays Plc, BNP Paribas, Citi, Coutts, Credit Suisse, J.P. Morgan, Lloyds, Macquarie, NatWest Group and Standard Chartered Bank.
Climate Action in Financial Institutions	▪ Launched in 2015, the Climate Action in Financial Institutions Initiative aims to provide public and private financial institutions an opportunity to learn from each other, to disseminate good practice and lessons learned and to collaborate on areas of common interest. ▪ More than 20 institutions launched the Climate Action in Financial Institutions Initiative on December 7, 2015 in the side-lines of COP21. As of January 2021, 52 institutions around the globe have joined the Initiative and endorsed the 5 voluntary Principles for Mainstreaming Climate Action: 26 Bilateral, Regional & National Development Banks,12 Multilateral Development Banks and subsidiaries and 14 Commercial Financial Institutions from developed and developing countries. ▪ The 5 Principles are: (i) COMMIT to climate strategies, (ii) MANAGE climate risks, (iii) PROMOTE climate smart objectives, (iv) IMPROVE climate performance and (iv) ACCOUNT for your climate action.
Climate Action 100+	▪ Climate Action 100+ is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 540 investors, responsible for over $52 trillion in assets under management, are engaging companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures. ▪ The work of the initiative is coordinated by five regional investor networks: the Asia Investor Group on Climate Change (AIGCC), Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI). It is supported by a global Steering Committee. ▪ Climate Action 100+ is focused on companies that are key to driving the global net-zero emissions transition. 167 focus companies (with $10.3TN in capitalisation) have been selected for engagement, accounting for over 80 percent of corporate industrial greenhouse gas emissions.

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UN Principles for Responsible Investment	▪ Principles for Responsible Investment (PRI) is a United Nations-supported international network of investors, dedicated to promoting environmental and social responsibility among the world's investors, working together to implement its six aspirational principles, often referenced as "the Principles**"**. The Principles for Responsible Investment (launched in 2006) relies on voluntary disclosures by participating members, called signatories (currently over 3000). The 6 Principles are: ▪ Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes. ▪ Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices. ▪ Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest. ▪ Principle 4: We will promote acceptance and implementation of the Principles within the investment industry. ▪ Principle 5: We will work together to enhance our effectiveness in implementing the Principles. ▪ Principle 6: We will each report on our activities and progress towards implementing the Principles.
International Organisation for Standardisation Technical Committee on Sustainable Finance	▪ The International Organisation for Standardisation (ISO) is an independent, non-governmental international organization, based in Switzerland, with a membership of 165 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges. ▪ ISO/TC 322 is the technical committee responsible for the development of standards relating to sustainable finance. It will work to integrate sustainability considerations including environmental, social and governance (ESG) practices in the financing of economic activities. The work program will cover three sets of standardisation activities: 1) Harmonizing understanding and language, initially through a terminology guide; 2) Setting principles and framework standards applicable to the whole financial system, for example developing Global Sustainable Finance Principles (GSFPs), to set out high-level principles for sustainable finance to guide the operations of financial institutions, and frameworks to give a structure and context for the development and role of specific standards; 3) A set of technical standards that cover sustainable finance taxonomies, impact assessment requirements, disclosure requirements including covenants, verification, and stewardship, for each of the major financial products including green, social and sustainable loans, bonds, funds, insurance, private equity, and listed stocks.

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Coalition of Finance ministers for climate action	▪ The Coalition of Finance Ministers for Climate Action brings together fiscal and economic policymakers from over 50 countries in leading the global climate response and in securing a just transition towards low-carbon resilient development. ▪ On April 13, 2019, governments from 26 countries joined forces to launch the Coalition of Finance Ministers for Climate Action, which recognized the challenges posed by climate change, the unique capacity of the world's finance ministers to address them, and the ways in which these efforts could be strengthened through collective engagement.
The Transition Pathway Initiative	▪ The TPI was established in 2017 as a joint initiative between the Church of England National Investing Bodies (Church of England Pensions Board, the Church Commissioners and CBF Funds) and the Environment Agency Pension Fund. TPI is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. 94 investors globally have pledged support for the TPI to-date (January 2021), representing over $23.6 trillion combined Assets under Management and Advice.
Net Zero Asset Owner Alliance	▪ The Net Zero Asset Alliance is a United Nations convened international group of 33 institutional investors (including the Bank of England), representing $5.1 trillion assets under management, committed to transitioning their investment portfolios to net-zero GHG emissions by 2050. ▪ The members of the Alliance commit to transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the IPCC, and regularly reporting on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9.
Green Investment Group (Maqaurie)	▪ In 2012 the UK Green Investment Bank plc (GIB) was launched by the UK Government. It was the first institution of its type in the world – a publicly funded bank designed to mobilise private finance into the green energy sector. Between 2012 and 2017, GIB helped to finance more than £12bn of UK green infrastructure projects. ▪ In 2017, Macquarie acquired GIB from the UK Government and combined with Macquarie Capital's renewables team to create one of the world's largest teams of specialist green infrastructure developers and investors. GIB now operates as the Green Investment Group.

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[Green Finance Institute]	▪ The Green Finance Institute was established in 2019 as a direct response to a key policy recommendation made by the industry-led Green Finance Taskforce to the UK Government in March 2018. ▪ The Green Finance Institute brings together global experts and practitioners to co-design sector-specific solutions that channel capital towards an inclusive, net-zero carbon and resilient economy. ▪ It is the UK's principal interface between the public and private sectors, identifying and unlocking barriers to deploy capital at pace and scale towards impactful, real-economy outcomes. ▪ GFI is an independent, commercially focused organisation backed by government. Funded by: HM Government, City of London Corporation and the Quadrature Climate Foundation.

If you wish to discuss any aspect of this article or require further assistance from ERP with your Climate-change risk management programme and wider ESG framework please contact us at:

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