The climate and environmental crisis is increasing at a fast pace. The current global pandemic is a wake-up call, shedding light on the enormous costs and implications associated with unchecked climate change and the degradation of our ecosystems. While it is generally acknowledged that climate change is a source of financial risk, other types of environmental risks, such as biodiversity loss, are less well understood and acknowledged by the finance sector.

Financial flows are the biggest leverage for shaping a healthy economy. They are a powerful tool for achieving globally agreed sustainability goals like the Paris Climate Agreement by 2050 and the Convention on Biodiversity Loss by 2030.

By demonstrating the value of nature and the link between financial and environmental risk, WWF aims to redirect the flow of finance away from activities that harm our planet toward those that generate sustainable economic, social and environmental benefits.

WWF’s Greening Financial Regulation Initiative (GFRI) puts climate and environmental risk considerations at the heart of the financial system.

We want to show how risks like climate change, water scarcity and biodiversity loss affect investments – and how to respond.

Through the GFRI, we directly engage with policy makers, central banks and financial supervisors on the urgent need to fully integrate climate and environmental risks into mandates and operations, mainly through financial regulations and their supervision, as well as monetary policies.

By setting risk management rules and influencing financial markets with monetary policy operations, financial institutions have a unique opportunity to assess and mitigate risks to financial stability, and to redirect financial flows at a global scale. Critically, this cannot be achieved without co-ordinated and consistent action from financial institutions.

Whilst central banks and financial supervisors have started to collaborate and are engaging in international networks such as the NGFS, BCBS, IOSCO, IAIS, they must fully embrace their critical role in enabling the necessary transition toward a global, nature positive economy.
The GFRI provides the necessary tools, scientific research and assessments to support and accelerate the strengthening and harmonization of financial regulations and central bank policies in major financial markets worldwide:

Building on our online progress tracker platform "Sustainable Regulations and Central Bank Policies SUSREG", we are tracking how central banks and financial supervisors are making progress on the integration of climate, environmental and broader social considerations in their operations and mandates. We are also actively engaging with those institutions in several countries in Europe, Latin America, North America, Africa and Asia.

Capitalizing on in-house expertise and external partners, we undertake research to evidence the link between environmental risks, including biodiversity loss and financial risks, so that financial supervisors and central banks will be able to make the necessary changes, while we are advocating a precautionary approach to these risks. We recently published a report on biodiversity loss and financial risk.

We offer targeted assistance to individual financial supervisors, central banks and policymakers by delivering regular overviews of data, tools and methodologies that can be used to understand, measure and integrate environmental risks into their activities.

For more information, please visit panda.org/gfr or contact us at gfr@wwf.ch