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Central banks and financial supervisors urged to step up action on nature and climate

- In a new Call To Action, WWF and more than **90 organisations** and thought leaders urge central banks and financial supervisors to manage climate and biodiversity related financial risks as part of their primary mandates.
- Mandatory climate-related disclosures are a critical first step but not sufficient to protect against the risks posed by climate change and biodiversity loss.
- Based on a new roadmap that sets out what central banks and financial supervisors should do, the Call to Action stresses the importance of treating climate change and nature loss as a financial twin crisis.

September 7, 2022: In a [global Call to Action](#) launched today, WWF and more than 70 organisations, NGOs, think tanks and individual thought leaders call on central banks and financial supervisors to use all available tools to address the inter-related crises of biodiversity loss and climate change, recognizing the [financial risks](#) they create.

The Call to Action, co-signed by organisations including the UN Environment Programme Finance Initiative, the European Environment Bureau, Nature Finance (formerly Finance for Biodiversity), NRDC and New Economics Foundation, sets out tangible steps for central banks and financial supervisors to take to limit environmental and climate impacts, protect against future risks, and use their market-shaping role to influence broader change. The Call to Action emphasises that today's environmental impacts generate tomorrow's risks, and therefore it is in the mandate of central banks and financial regulators to take precautionary action.

This Call to Action comes as international economic policy makers are due to meet for several critical gatherings over the next few months, including the G20 Finance Ministers and Central Bank Governors meeting and G20 Heads of State Summit, Climate COP27 and Biodiversity COP15. The signatories of the Call to Action urge central banks and financial supervisors to:

- Adopt nature positive by 2030, limit global warming to 1.5°C, and achieve net-zero emissions by 2050 as key anchors for their mandates.
- Encourage economic transformation by ensuring monetary policies and financial regulatory instruments better reflect the economic cost and financial risk of 'always environmentally harmful' economic activities, companies and sectors' as these assets represent the highest financial risks.
- Require all regulated financial institutions to publish credible transition plans for biodiversity and climate change.

Monetary policy and financial regulation instruments need to address the significant financial and price instability that is caused by biodiversity loss and global warming that will continue to increase, according to the Call to Action. In particular, WWF argues that the Finance Ministers and Central Bank Governors meeting taking place in Bali on October 13-14, presents a key opportunity for countries to translate commitments into concrete action and:

- Treat biodiversity loss and climate change as a single twin crisis and recognize the massive destabilizing effects it has on financial and price stability



- Use a precautionary approach, and work proactively and decisively to prevent future risks
- Recognise that today's impacts are tomorrow's risks and adapt financial regulation and supervision to a longer time horizon (10-30 years).

The global economy and finance system are deeply embedded in nature, but nature is being lost at unprecedented rates. By absorbing greenhouse gases, healthy ecosystems could provide [37%](#) of the mitigation needed to limit global temperature rises to 1.5°C. But climate change, human-caused habitat and biodiversity loss such as deforestation and land conversion, and other [key drivers of nature loss](#) undermine this process and release more CO₂ than can be absorbed. [New evidence](#) on the impact of very high temperatures on prices also finds that extreme temperatures have noticeable effects on price developments.

Central banks and financial supervisors have acknowledged the threat environmental crises pose to financial stability and overall price levels and have [committed](#) to tackle climate change, [biodiversity loss](#) and support the transition to a low-carbon economy. The Call to Action highlights that current actions - like climate-related disclosure - are not sufficient to protect against the risks posed by the twin crisis:

- Current rates of nature loss could cost the global economy [\\$2.7 trillion](#) annually by 2030.
- Up to [\\$24 trillion](#) worth of assets could be at risk from 2.5°C warming.
- Unabated global warming could create an '[uninsurable](#)' world due to climate risks and impacts.

WWF's Finance Practice Leader Margaret Kuhlow, said: "Central banks and financial supervisors exist to provide financial and price stability. Without urgent action to better understand and manage climate- and nature-related risks, these risks will have significant macroeconomic impacts."

Jessica Smith, UNEP Finance Initiative Nature Lead, said "It's encouraging how much leadership we are seeing from the private sector on this topic, for example in the Taskforce on Nature-related Financial Disclosures and the Finance for Biodiversity Pledge. Now it's critical that central banks and regulators step up to the plate on biodiversity and nature - and go beyond disclosure - to 'bake in' what's increasingly done on a voluntary basis across the industry. They must act rapidly so that we can turn the tide of nature loss by 2030 and bring our economies into harmony with nature by 2050."

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Notes to Editors

- Part of the [WWF Greening Financial Regulation Initiative](#), the Call to Action brings together a broad network of environmental scientists and finance practitioners who support the transition to a net zero, nature-positive economy.
- The Call to Action goes hand in hand with [WWF's Roadmap](#) setting out the tangible steps that central banks' and financial supervisors' mandates require them to take to limit impacts, protect against future risks, and use their market-shaping role. It is backed up by a [technical background report](#).
- WWF will annually monitor and report the progress of central banks and financial supervisors to address this twin crisis via its [SUSREG Tracker, the next assessment which is expected to be published in December](#) this year
- A full list of the first cosigning organisations is available on the final page of the [Call To Action](#)



About WWF

WWF is an independent conservation organization, with over 5 million supporters and a global network active through local leadership in nearly 100 countries. WWF's mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption. Visit www.panda.org/news for the latest news and media resources and follow us on Twitter @WWF_media

About the WWF Greening Financial Regulation Initiative

The Greening Financial Regulation Initiative is a WWF Initiative putting climate change and biodiversity loss risks at the heart of the financial system. Through this Initiative, WWF engages with central banks, financial supervisors and regulators on the need to fully integrate climate and environmental risks into mandates and operations. Via its [SUSREG tool](#), the GFRI tracks regularly how central banks and supervisors are making progress. The Initiative also undertakes research, capitalizing on in-house expertise and external partners, and offers targeted assistance, training and workshops to individual financial supervisors, central banks and policy makers using scientifically based data, tools and methodologies.

More information: panda.org/gfr