



## We help you comply with FINMA's new transparency obligations for climate risks

On 31 May 2021, the FINMA published updates to its disclosure circulars specifying transparency obligations regarding climate risks for **Category 1 and 2 banks, insurance companies** as well as **insurance groups**. They follow the Task Force on Climate-related Financial Disclosures (TCFD) recommendation structure and require disclosures to be in place for the 2021 financial year annual report.

This is the first hard regulatory requirement on climate risks by FINMA and certainly not the last. For smaller banks and insurers, it is thus nonetheless time to prepare.

### Disclosure obligations

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Area	Requirements
1 Governance climate risk integration	<ul style="list-style-type: none"><li><input type="checkbox"/> Disclose the main features of your entity's governance structure to enable it to (1) identify, (2) evaluate, (3) manage, (4) monitor and (5) report on climate-related financial risks.</li><li><input type="checkbox"/> Describe how the Board of Directors fulfils its oversight responsibilities in respect of climate-related financial risks</li></ul>
2 Business and risk strategy	<ul style="list-style-type: none"><li><input type="checkbox"/> Describe the short-, medium- and long-term climate-related financial risks and their impacts on the company's business and risk strategy;</li><li><input type="checkbox"/> Disclose any effects on existing client and product risk categories.</li><li><input type="checkbox"/> Describe how resilient the company's strategy is to climate-related risks and opportunities by performing scenario analysis considering different climate-related scenarios, including a 2°C or lower scenario</li></ul>
3 Risk management structure	<ul style="list-style-type: none"><li><input type="checkbox"/> Disclose risk management structures and processes in place to identify, evaluate and manage climate-related financial risks.</li></ul>
4 Provide quantitative metrics	<ul style="list-style-type: none"><li><input type="checkbox"/> Provide quantitative information (targets and key data) on climate-related financial risks;</li><li><input type="checkbox"/> Clarify the methodology used to identify climate related risks and assess their materiality</li></ul>

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# Our offering

We have a **proven track-record** of successfully supporting financial services companies both in Switzerland and globally with their TCFD integration.

We offer a **unique and comprehensive combination of services:**



## 1 Governance climate risk integration

- ✓ We provide climate risk governance assessments (EU Action Plan, TCFD, and expected FINMA Compliance);
- ✓ We help you design your ideal climate-risk governance solution and help support its end-to-end implementation including:
  - Integration in Board and Exec committees' Terms of Reference,
  - Review of senior management objectives
  - Inclusion of climate related objectives in remuneration strategies, KPIs, communication, change management
  - HR, integration to risk governance infrastructure

## 3 Risk management structure

- ✓ We help you understand the correlation and potential impact of climate change and its associated risks
- ✓ We support you to identify transmission channels relevant for your exposure profile
- ✓ We help you to identify sectoral and geographical concentrations of climate-related risks and assess their materiality
- ✓ We support you to produce comprehensive documentation of tools and methodologies in line with industry best practices on model risk management
- ✓ We offer solutions to mitigate climate risk exposure (e.g. reduction of physical risk, evaluation of diversification strategies).

## 2 Business and risk strategy

- ✓ We help you assess the impact of climate risk on your commercial strategy
- ✓ We support you with analysing physical and transition risk using different scenarios
- ✓ We help you design stress scenarios for climate risk analysis, and navigate data complexities to cover different portfolios, products and third parties
- ✓ We advise you with implementation of conclusive climate risk results to be used in developing the company's overall business strategy
- ✓ We provide end-to-end implementation support (automation of product-level climate risk categorisation, disclosures);
- ✓ We support you to integrate your clients' climate risks preferences and recategorise your clientele

## 4 Reliable metrics

- ✓ We help you define insightful climate risk metrics on appropriate level of granularity
- ✓ We evaluate your current preferred sustainability metrics and their FINMA/EU Action Plan compliance;
- ✓ We provide TCFD (or other recognized standards) gap assessments;
- ✓ We provide assurance over your climate risk data and reporting
- ✓ We help you communicate on your climate risk integration methodology at both entity and product-level.



## Why us?

The risks associated with climate change are complex and pervasive. Translating the output of climate risk models into critical decision-making climate analytics requires bridging informational gaps and bringing various business units together. It also means navigating the uncertainty that comes with the rapidly evolving field of climate risk management and regulatory requirements.

We understand the unique challenges that arise with tackling climate-related financial risks and are helping our clients in the following ways.

## Examples of client projects in Swiss financial institutions

- We have conducted a **regulatory impact analysis** to assess a client's current compliance maturity, identify gaps and prepare a coordinated implementation roadmap.
- We are supporting a Swiss multinational institution on the **non-financial reporting section of their Group's 2021 annual report**. We are advising how to **structure and align the various sustainability reporting frameworks** (TCFD, WEF, SASB, GRI and RBI) together with the client's own sustainability commitments.
- We performed a **regulatory impact assessment for a financial group, its entities, funds & portfolio's regarding upcoming Swiss and EU reporting requirements** including the identification of gaps and opportunities and provided a implementation roadmap for the upcoming reporting cycle.
- We supported a Swiss based Asset Manager on **implementation of the EU regulatory requirements** on product classification in accordance with the SFDR.

## Please contact us for more information



Our dedicated experts will help you on your journey to integrate sustainability into your business operations and comply with existing and upcoming regulations.



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