

# Work on the Supervision on Nature-related Risks

EBA-CETEX workshop  
2 December 2025

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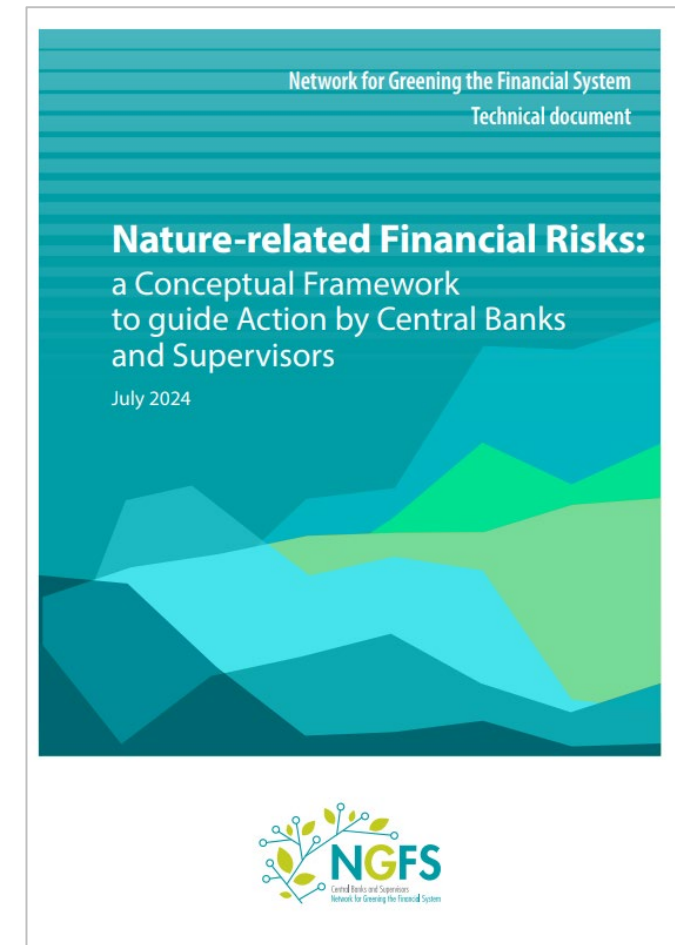
# Context

**Objective:** consolidate and exchange supervisory practices on the integration of nature related risks within supervisory frameworks and practices.

**2-step approach:**

- Stocktake of supervisory practices through a series of 8 presentations
- Literature review and in-depth analysis to draft a note for supervisors

**Foundational document:** NGFS Conceptual Framework on Nature-related financial risks



# Output and timing

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## Step 1 (2024):

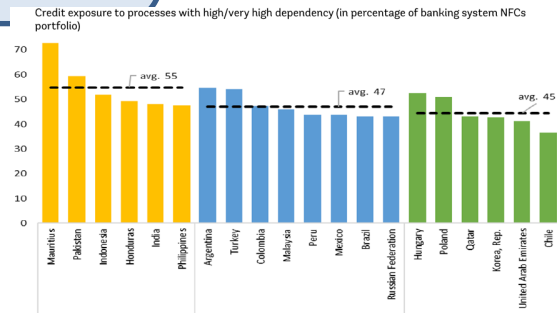
- Series of presentations (June-December) on supervisors' approaches
- Internal note summarising the learnings across the sessions → fed into the final Step-2 note

## Step 2 (2025):

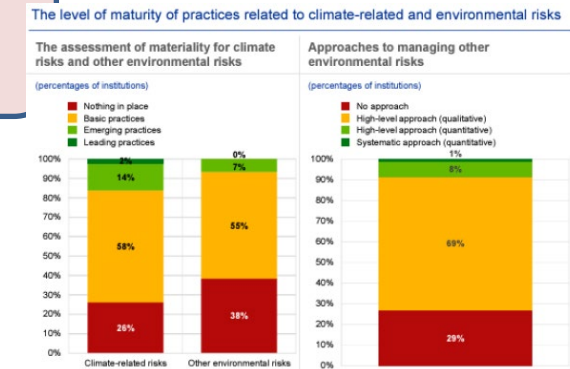
- Note on supervisory good practices to be published by early 2026

# Sources of inspiration: presentations by leading authorities (1/2)

**World Bank**  
*Perspective on EMDEs' institutions specific exposure to nature risks*



**ECB**  
*Insight on driving change/enforcement of supervisory measures*

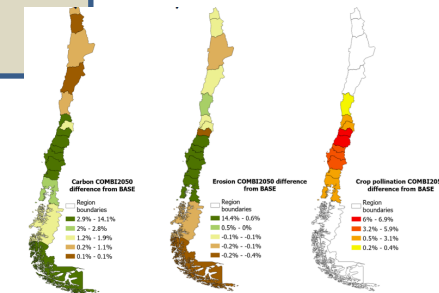


**FSB**  
*Notable practices of several supervisors*

## Selected case studies

European Banking Authority	ACPR	Banca d'Italia
<ul style="list-style-type: none"> <li>Draft guidelines on the management of ESG risks (2024)</li> <li>Environmental risk assessment should cover material impacts of counterparties on the environment ("double materiality"), including biodiversity, and related mitigation or adaptation policies.</li> <li>Large banks should develop methods to identify natural capital dependencies, as part of analyses of nature-related or biodiversity risks.</li> <li>Banks should assess which additional risk-based and forward-looking metrics and targets to include in their (transition) plans.</li> </ul>	<ul style="list-style-type: none"> <li>Launched thematic reviews for banks and insurers</li> <li>Insurers should disclose nature-related risks and a strategy related to nature under Article 29 of the French law on energy and climate (2019 LEC)</li> <li>Best practices on disclosing information on the alignment strategy with long-term biodiversity objectives include:               <ul style="list-style-type: none"> <li>having concise and quantitative information;</li> <li>a brief description of the methodologies and the indicators;</li> <li>internal resources deployed to meet these objectives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Non-binding supervisory expectations for integrating climate-related and environmental risks into corporate strategies, governance, risk management frameworks and disclosures (2022)</li> <li>Survey on NBFIs found widespread shortcomings and delays in implementing expectations.</li> <li>Urged institutions to continue assessing their ESG risk exposure and adopt action plans for integrating climate and environmental risks into corporate strategies and risk management frameworks.</li> </ul>

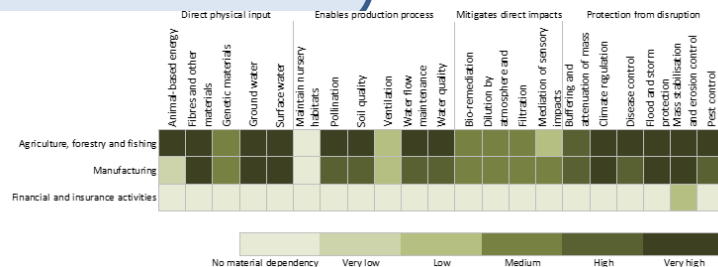
**Banco Central Chile**  
*Model for calculating economic benefits of nature protection*



# Sources of inspiration: presentations by leading authorities (2/2)

## EIOPA

*Biodiversity risks for insurers  
(esp. underwriting)*



## Banco Central do Brasil

*Supervisory model for  
measuring transition risks*



## FINMA

*Circular on nature-related  
financial risks*



**Circulaire 24/xx « Risques financiers liés à la nature »**

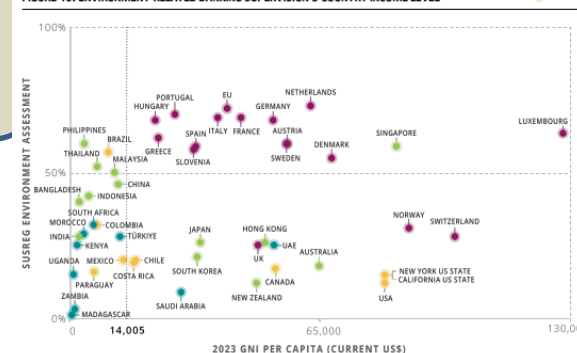
Rapport explicatif

1<sup>er</sup> février 2024

## WWF

*2024 SUSREG report*

FIGURE 10: ENVIRONMENT-RELATED BANKING SUPERVISION & COUNTRY INCOME LEVEL





## Main takeaway: 10 recommendations for supervisors

1. Clarify how nature-related risks are part of the supervisor's **mandate**
  2. Integrate nature-related risks **with climate** risks in the supervisory approach
  3. Strengthen knowledge of **indicators** and frameworks to **quantify** nature risks
  4. Implement nature **stress-testing**, reverse stress-testing, system **risk mapping**
  5. Define supervisory **expectations** for financial institutions on nature risks
  6. Apply expectations proportionately in line with **materiality** assessment (≠size)
  7. Engage with institutions to assess their level of **control** over nature risks
  8. Analyse in a critical manner institutions' techniques for **mitigating** nature risks
  9. Implement supervisory **measures** from qualitative to quantitative tools
  10. Extend **transition plan** supervision to nature risks
- Understanding*
- Supervisory expectations*
- Supervisory dialogue*
- Supervisory tools*

# Key messages

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## Section 1: Understanding and assessing nature-related financial risks

### Micro-level

#### *Current practices for assessing risk (institutions and supervisors)*

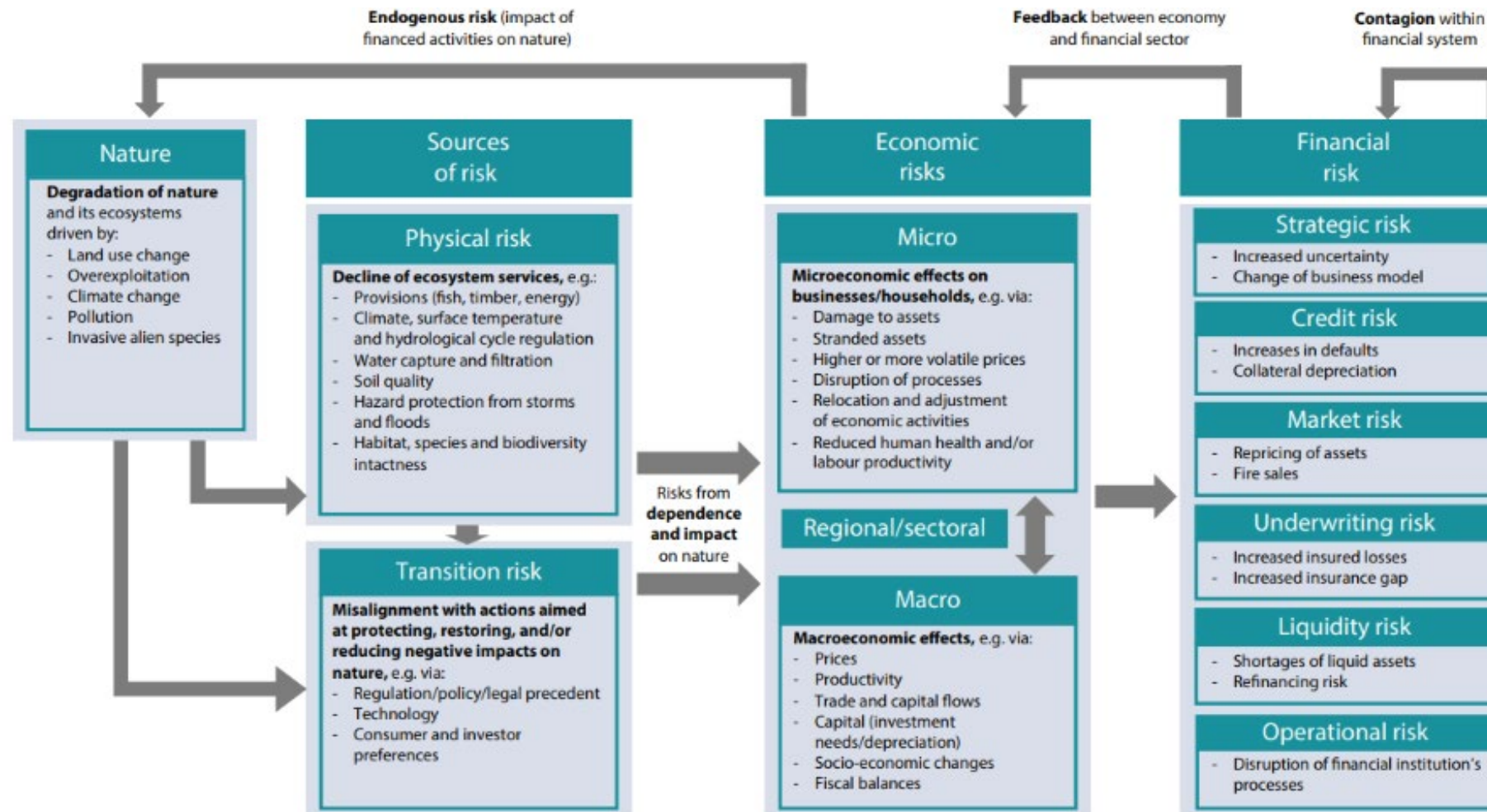
- Frameworks (e.g., NGFS)
- Heat maps and risk assessment methods (e.g., LEAP and ENCORE for dependencies, EXIOBASE for transition risks)
- Metrics (e.g., Biodiversity Intactness Index) with a focus on financial impacts (e.g. Ecosystem Degradation Sensitivity Indicator)

### Macro-level

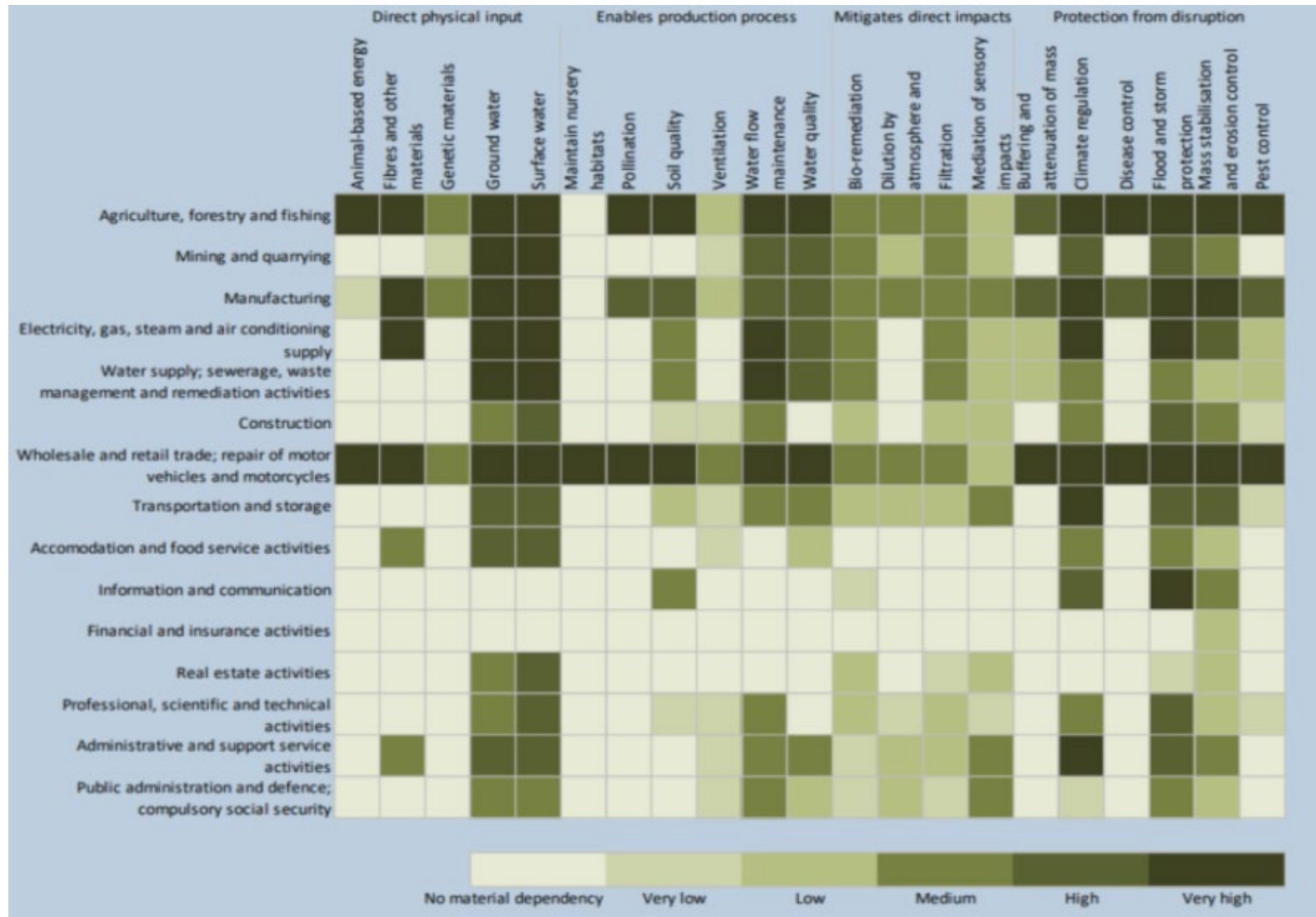
#### *Supervisory practices*

- Macroeconomic analysis (global cost of nature risks for the financial sector)
- Benchmarking of institution's good practice
- Development of nature stress-tests and scenario analysis

# An anchor: the NGFS conceptual framework



# An illustration: EIOPA mapping of insurers' ecosystem dependencies



# Key messages

## Section 2: Guidelines for supervisory action

### Supervisory challenges (Examples)

Challenges for supervisors	Possible approaches
Complexity of climate and social nexus	Development of integrated risk assessment model to maximize synergies and minimize trade-offs
Incomplete data and non-standardized methodologies	Identification of substitution proxies
Applicability of proportionality	Consideration of materiality assessment and adoption of flexible approaches
Interactions with climate-related supervisory frameworks	Scale-up and adapt existing capacities and tools on climate (e.g. transition plans)

### Supervisory Tools: 4-phase approach



# A tool for supervisory dialogue: questionnaire for assessing institutions' practices

## 1. Materiality and risk assessment

- What is the financial institution's risk assessment methodology?
- Does the financial institution distinguish physical and transition risks in its analysis, as well as impacts and dependencies? Does it assess (the most) material risk drivers separately? Does it assess concentration risk between risk drivers?
- Does the financial institution identify material exposures to nature-related financial risks?
- If so, over which time horizons, and what level of risk? What are the most sensitive economic sectors, risk drivers and geographies for the financial institution in terms of nature-related financial risks?

## 2. Governance and strategy

- Have responsibilities been allocated in the financial institution to assess, monitor, and manage nature-related financial risks? Are the associated processes defined for the three lines of defense?
- Do training policies and remuneration policies include nature-related considerations?

## 3. Risk management framework

- Which risk metrics does the financial institution use to assess and monitor its exposure to nature-related financial risks? Does financial institution use forward looking tools like scenario analysis or stress testing?
- Has it defined its nature risk appetite? Has it consequently adapted its risk policies and processes, notably with sectoral policies, and/or risk driver policies to ensure that its strategic and risk objectives are met over time?
- How does the nature risk assessment impact decisions by the financial institution?
- What are the mitigation strategies taken to overcome material impacts from nature-related financial risks to institutions' financial performance?

## A tool for supervisory dialogue: questionnaire for assessing institutions' practices

### 4.Engagement

- Does the financial institution participate to market initiatives to develop methodologies for nature risk assessment and management?
- Does the financial institution have client- or investee- level policies to engage with them on considerations of nature-related financial risk and impact on nature, and ensure their alignment with group policies over time?

### 5.Data and disclosure

- Has the financial institution defined a data policy on nature-related financial risks and impacts on nature? Which data gaps does it face, and what are its policies in place to overcome those?
- Does it disclose information on its exposure to nature-related financial risks and its impacts on nature? Does this disclosure reflect the institution's practices?

### 6.Transition planning

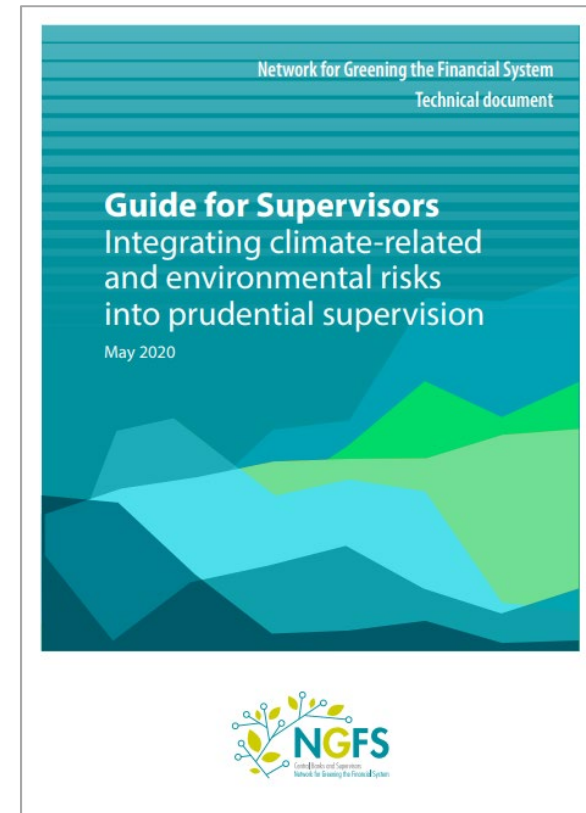
- Does the financial institution integrate nature-related financial risks in its transition planning processes, including its transition plan? If so, what are the quantitative or qualitative objectives set in terms of transition risk and physical risk mitigation? If not, has the financial institution set out timelines for establishing these processes and plans ?
- Does the financial institution allocate sufficient budget and capital towards predicted disaster events?
- Does the financial institution calculate their nature-related footprint considering the negative impact, avoided negative impact and positive impact on biodiversity of its loans and investments?
- Does the financial institution integrate policy scenarios in line with international conventions (e.g. Kunming-Montreal) or local regulatory objectives in order to determine its transition risk?
- Does the transition plan acknowledge trade-offs between climate and nature objectives considering their interconnectedness? If so, how does it address them and aims to mitigate negative impacts ?

# Conclusion

The note will be used as a basis for the update of the Guide for Supervisors in 2026

The note has 3 main benefits:

- 1 Promote supervisory best practices and existing tools
- 2 Recognise concrete challenges and suggest ways of addressing them
- 3 Propose a 4-phase approach, allowing any supervisor to progress



## Next steps to publication

### Publication of a Nature Package

Early 2026

**Note on  
improving  
modelling tools  
for Nature  
Scenarios  
(TF Nature)**

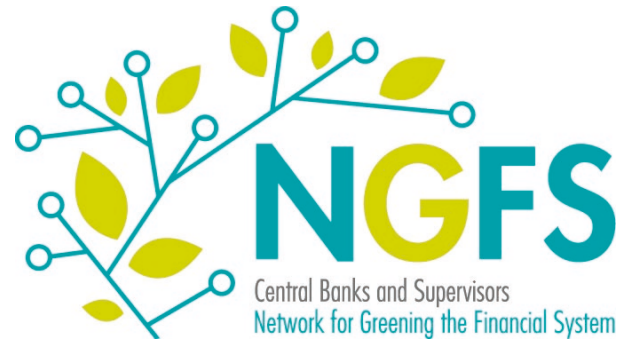
**Note on Nature-  
related data  
(EN Data)**

**Note on the  
supervision of  
nature financial  
risks  
(WS Supervision)**

Publication on the NGFS Website  
and press release

Internal Outreach

Social media posts



**Thank you**  
**Questions?**