



**TOPICS:**

CLIMATE-RELATED FINANCIAL RISKS, GOVERNANCE, RISK MANAGEMENT, PRUDENTIAL SUPERVISOR

**SOURCE:**



Bank for International Settlements

## Basel Committee Consults on Principles for the Effective Management and Supervision of Climate-related Financial Risks

### Proposed Principles

- The Basel Committee on Banking Supervision has published a public consultation on **principles for the effective management and supervision of climate-related financial risks**: the document forms part of the Committee's holistic approach to address climate-related financial risks to the global banking system.
- The public consultation aims to promote a principles-based approach to improving both banks' risk management and supervisors' practices in this area. The consultive document includes 18 high-level principles. **Principles 1 through 12 (Corporate governance; Internal control framework; Capital and liquidity adequacy; Risk management process; Management monitoring and reporting; Comprehensive management of credit; Comprehensive management of market, liquidity, operational and other risks; Scenario analysis)** provide banks guidance on effective management of climate-related financial risks, while **principles 13 through 18 ( Prudential regulatory and supervisory requirements for banks; Responsibilities, powers and function of supervisors)** provide guidance for prudential supervisors.

### Comments

- **The Committee invites comments on the principles by 16 February 2022.**

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