# Swiss National Bank and global financial institutions reaffirm boundaries on climate mandates amid rising sustainability pressures



The Swiss National Bank (SNB) has clarified that its mandate does not encompass addressing climate change or biodiversity objectives, despite recognising their significant importance to society. Speaking at the SNB’s annual general meeting on Friday, Chair Martin Schlegel stated, “I understand this topic is of great importance for our society and all humanity and it is of personal concern for me. But our foreign currency reserves are there to serve our mandate. Climate goals or biodiversity are not part of our mandate.” This stance comes amid activist protests outside the meeting demanding the bank divest from fossil fuels and take a more proactive role in climate action. Although the SNB has exclusion policies for its investments, it does not currently factor in scope 3 emissions, meaning some fossil fuel investments remain in its portfolio.

In the European Union, the European Banking Authority (EBA) has launched a new climate risk dashboard that provides comprehensive data on climate risks faced by banks across the EU and EEA. The dashboard reveals that many banks have over 70% exposure to sectors contributing to climate change, indicating substantial transition risks related to the shift to a low-carbon economy. Physical risks, such as damage from climate-related events, are reported to be under 30% in most countries, though data disclosure levels vary. The dashboard also highlights that banks' green asset ratios, aligned with the EU taxonomy for sustainable activities, are on average below 3%, though there is considerable variation by country and institution.

Meanwhile, a coalition of nonprofit organisations has lodged a formal complaint against the European Commission regarding its proposed sustainable omnibus directive. The complaint alleges that the Commission is weakening sustainability reporting rules without proper public consultation, undermining transparency and investor access to vital climate-related data. The omnibus proposal narrows the range of companies required to disclose emissions and limits scrutiny over supply chains. ClientEarth, a legal environmental charity, and others asserted in their complaint to the European Ombudsman that the Commission has failed to assess the impacts of these regulatory changes and engaged in closed-door meetings with lobbyists, amounting to maladministration. Ratings agency S&P Global has also warned that setbacks in sustainability reporting in the EU and US pose challenges for assessing companies’ climate-related credit risks.

In South Asia, the State Bank of Pakistan has announced plans to introduce a green taxonomy by June to categorise environmentally sustainable economic activities, as part of the country’s commitment to reduce greenhouse gas emissions by 50% by 2030. Finance Minister Muhammad Aurangzeb also indicated that Pakistan may issue the country’s first green sukuk, a Shariah-compliant Islamic bond to finance green projects, and launch its inaugural green panda bond, a yuan-denominated bond issued in China’s domestic market by a non-Chinese entity.

On the Arabian Peninsula, the Qatar Central Bank has unveiled a sustainable finance framework aimed at fostering growth and innovation within Qatar’s financial sector. The framework includes new standards on transparency, revenue management, reporting, and external audits and builds on the central bank’s existing sustainability strategy. This strategy positions Doha as a regional hub for green finance and innovation, with initiatives such as climate risk stress testing, mandatory ESG disclosures, and issuance of sustainable sovereign debt.

Internationally, the International Sustainability Standards Board (ISSB) is expected to decide in the coming months whether it will introduce new reporting standards on biodiversity and human capital. The ISSB’s research projects on these topics, initiated last year, focus on evaluating investor demand, impacts on companies’ future prospects, and integration with existing standards. If approved, the standards would likely be released sometime after 2026. Additionally, the IFRS Foundation and the Taskforce on Nature-related Financial Disclosures have formalised a memorandum of understanding to extend their collaboration on nature-related financial reporting, sharing research and technical expertise.

In the insurance industry, Allianz SE board member Günther Thallinger has issued a stark warning about the economic risks posed by climate change. Speaking in a LinkedIn post, he described the unfolding "climate-induced credit crunch," emphasising that the escalating costs from extreme weather could undermine the viability of insurers and thereby the broader financial system. "The economic value of entire regions – coastal, arid, wildfire-prone – will begin to vanish from financial ledgers. Markets will reprice, rapidly and brutally. This is what a climate-driven market failure looks like," Thallinger said. Insurers are already limiting coverage or withdrawing in high-risk areas affected by flooding and wildfires, signalling potential constraints on financial services availability in vulnerable regions.

Recent research papers further explore the challenges posed by climate change to the financial and insurance sectors. Topics include reinsurance market dynamics and pricing strategies to address the climate protection gap, as well as policy suggestions for managing the growing property insurance crisis driven by extreme weather events. A report by the World Economic Forum highlights the deterioration of planetary health and the risks this poses to global economic stability. Finally, a joint report by Colombia, Kenya, France, and Germany provides recommendations for low- and middle-income countries to holistically manage the interconnected crises of debt, nature loss, and climate impacts. The Green Central Banking publication is reporting these developments as part of the ongoing global discourse on integrating sustainability considerations into financial systems.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.reuters.com/sustainability/climate-energy/swiss-central-bank-faces-environmental-protests-about-its-investments-2025-04-25/> - This piece details activist protests outside the SNB's annual general meeting, demanding the bank divest from fossil fuels and take a more proactive role in climate action.
3. <https://www.reuters.com/sustainability/climate-energy/climate-change-matter-politicians-not-central-banks-snb-2024-04-26/> - This article highlights SNB Chairman Thomas Jordan's emphasis that climate protection should be addressed by politicians rather than central banks, underscoring the SNB's focus on its primary mandate of price stability.
4. <https://www.reuters.com/sustainability/sustainable-finance-reporting/swiss-central-bank-draws-criticism-over-carbon-linked-investments-2024-03-19/> - This report discusses the criticism faced by the SNB after disclosing that its investments were linked to 12 million metric tons of carbon emissions, despite the bank's commitment to achieving net-zero emissions by 2050.
5. <https://www.reuters.com/sustainability/european-court-ruling-puts-cautious-swiss-in-climate-bind-2024-04-12/> - This article covers the European Court of Human Rights ruling that Switzerland failed to adequately protect its citizens from climate change, highlighting the pressure on institutions like the SNB to align with climate goals.
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