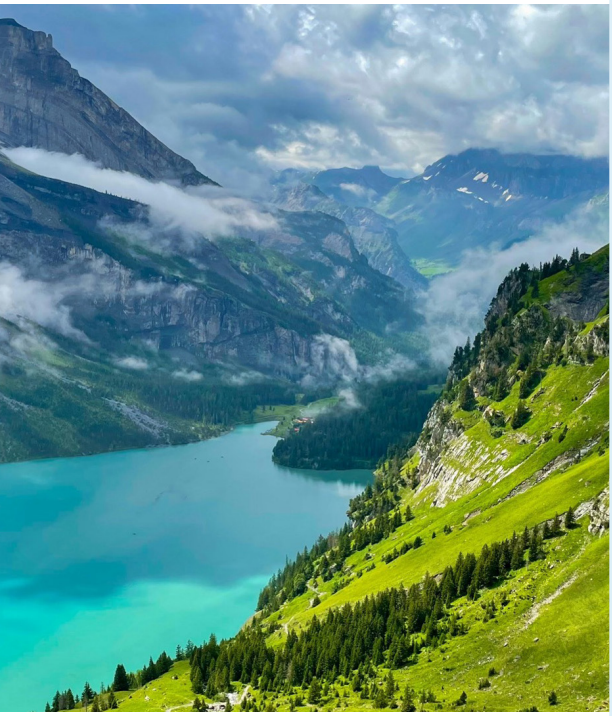
NATURE ALPHA

FACTSHEET

Everything you need to know about the FINMA Nature-Related Risk Requirements



Overview

With the publication of Circular 2026/1 (December 2024), FINMA has set a new milestone for Swiss banks and insurers. More than 3,500 firms should now move beyond disclosure to actively manage nature-related financial risks, including biodiversity loss, ecosystem degradation, and climate transition exposures.

The circular establishes binding supervisory expectations, embedding these risks into governance, scenario analysis, stress testing, and core risk management.

Aligned with international standards, it aims for global comparability, while presenting challenges in data and implementation. Institutions that act early will not only ensure compliance but also strengthen resilience and gain a competitive edge.

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1. Key Requirements and Timeline

The circular applies to all Swiss banks and insurance companies, with a phased implementation:

January 2026	**Climate-related risk integration** Category 1–2 institutions
January 2027	**Compliance** Category 3–5 institutions
January 2028	**Required for all institutions** Full scope (climate and other nature-related risks)

Core obligations include:

- Establishing governance structures with clear roles and responsibilities for nature-related risk oversight.
- Conducting materiality assessments using qualitative scenario analysis, with Category 3 institutions also applying quantitative approaches for higher-risk portfolios.
- Embedding material risks into existing risk categories (credit, market, insurance) and integrating them into stress-testing frameworks (for larger institutions).
- Updating control processes, indicators, and monitoring to ensure alignment with defined risk tolerance.
- Instituting sector-specific provisions for banks and insurers to ensure resilience to extreme events and ecosystem-related disruptions.

2. Who does it apply to?

Mandatory

Banks:
Includes universal, cantonal, and private banks.

Insurance Companies:
Encompasses life, non-life, and reinsurance providers.

Recommended

Independent Asset Managers (IAMs):
Fragmented sector; many are SMEs undergoing licensing processes.

Portfolio Managers & Trustees:
As of end-2023, licenses granted under FinIA.

Securities Firms:
Includes dealers, market makers, and other securities entities.

Fintech Companies:
Active as of end-2023; includes various fintech business models.

DLT/Blockchain Companies:
Operating in Switzerland and Liechtenstein as of 2023.

3. Alignment with International Regulatory Trends

Circular 2026/1 is part of a broader global shift from disclosure-based approaches to forward-looking, risk-based supervision. Its design reflects similarities with:

- **EBA** guidelines on ESG risk management,
- **UK PRA** consultation papers on climate risks, and
- International frameworks such as **ISSB, TCFD** and **TNFD**.

All share a common architecture: governance, strategy, risk management, and metrics/targets. By referencing these frameworks, FINMA ensures Swiss institutions can build synergies between local compliance and global reporting obligations, enabling comparability and interoperability across markets.

4. Required FINMA compliance categories

Based on the latest changes and updates to Swiss FINMA regulations, companies must prepare and report on a range of outputs.

To help users navigate the complex requirements, these outputs can be grouped into the following categories:

Governance and Strategy

Executive oversight of nature risks
Integration into Strategic Planning
Group structure transparency

Risk Management

Identify and assess nature risks
Integrate risks into frameworks
Monitor and update controls

Financial Reporting

Report annual financials
Disclose capital & leverage ratios
Track sustainability-linked KPIs

Customer & Market Conduct

Provide customer disclosures
Highlight conflicts of interest
Ensure transparent compensation

Regulatory Compliance

Notify FINMA of key changes
Report on foreign activities
Disclose qualified participations

Technical & Data Submission

Filter and export reports
Ensure audit-ready formats
Enable digital public access

5. FINMA Nature-Related Risk Requirements: Your Roadmap to 2028 Compliance

Phase 1
Q3 - Q4 2025

Understand & Assess

- Clarify FINMA Circular 2026/01 requirements for your operations.
- Conduct a gap analysis of governance, data, and processes.
- Develop a compliance roadmap with milestones and responsibilities.

Phase 2
Q4 2025 - Q1 2026

Design Your Framework

- Assign a dedicated project team and governance structure.
- Integrate nature-related risks into your risk taxonomy (aligned to TNFD).
- Select data, analytics, and technology partner (more about NatureAlpha: **https://www.naturealpha.ai/**)
- Define methodologies for materiality assessments and scenario analysis.

Phase 3
Q2 2026 - Q4 2027

Build & Integrate

- Integrate nature-risk data into risk and reporting systems.
- Develop dashboards and automated reporting workflows.
- Pilot materiality assessments and scenario analyses.
- Embed governance processes and board oversight.

Phase 4
Q1 - Q4 2027

Operate in 'Live' Mode

- Capture FY 2027 data in compliance-ready format.
- Run full dry-run reporting cycles from data to board sign-off.
- Validate readiness with internal audit or external assurance.
- Resolve data quality or process issues ahead of 2028 go-live.

Phase 5
From Jan 2028

Comply & Evolve

- First demonstration of compliance readiness for FY 2027.
- Conduct lessons-learned review to improve processes.

Stay ahead of evolving regulatory and best practice requirements.



NATURE ALPHA

NatureAlpha supports ongoing compliance and future-proofs Swiss companies by delivering a science-based, automated, and modular platform that adapts to evolving FINMA and international sustainability regulations. Our dynamic data, international alignment, and forward-looking analytics ensure that clients can confidently meet today's requirements and seamlessly adapt to tomorrow's regulatory landscape.

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