

# **Sustainable Finance – The need for action**

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# Where are we coming from?



EU Action plan

UNITED NATIONS  
**PARIS CLIMATE  
AGREEMENT**  
SIGNING CEREMONY  
— 22 APRIL 2016 —



EUROPEAN  
BANKING  
AUTHORITY

Global temperature: Holding temperature to well below 2°C above pre-industrial levels and efforts to limit the temperature increase to 1.5°C

Adaptation: Increasing the ability to adapt to the adverse impacts of climate change

Finance flows consistent with the objectives

One comprehensive strategy | Three main objectives | Ten Actions

- Reorienting capital flows** towards sustainable investment
- Mainstreaming Sustainability into risk Management**
- Fostering transparency and Long-termism**

# COM Action Plan on Financing Sustainable Growth

**One comprehensive strategy | Three main objectives | Ten Actions**



**Reorienting capital flows**  
towards sustainable  
investment

**2**



**Mainstreaming  
Sustainability into risk  
Management**

**3**



**Fostering  
transparency and  
Long-termism**

**The most urgent actions from the AP were taken forward as legislative Proposals in May 2018.**

**1**



**Establish EU  
Sustainable Taxonomy**

**Taxonomy Proposal:** Proposal setting out criteria to determine the environmental sustainability of an economic activity ('**taxonomy**').

**5**



**Develop Sustainability  
Benchmarks**

**Benchmark Proposal:** Proposal to create two new categories of benchmarks as well as minimum disclosure requirements for ESG benchmarks.

**7**



**Clarify institutional investors  
and asset managers duties**

**Disclosure Proposal:** (i) introduce consistency on **how institutional investors and asset managers should integrate sustainability** in investment decision-making processes; (ii) increase transparency towards end-investors.

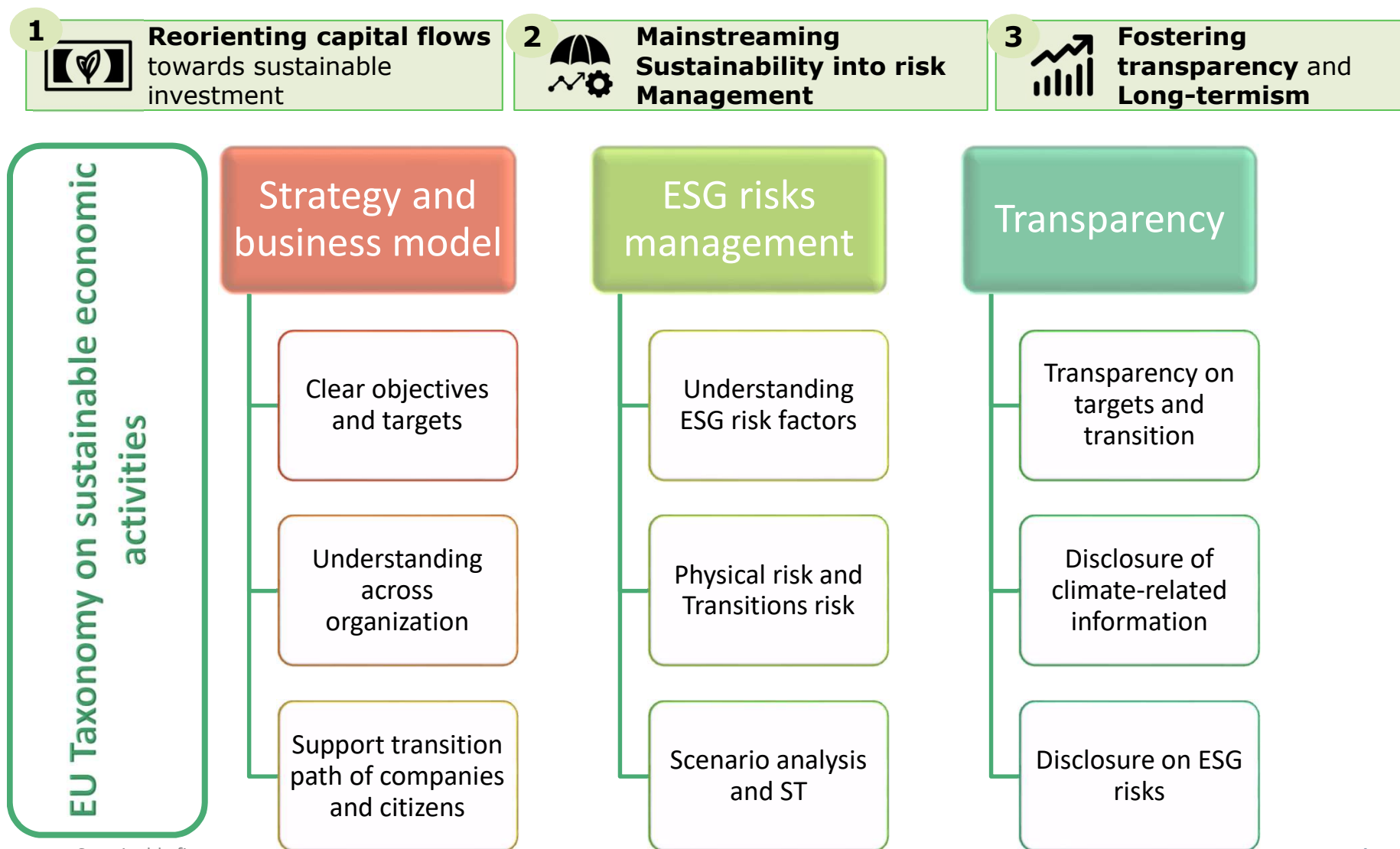
**4**



**Incorporate Sustainability  
into Financial advice**

The Commission published the **final** version of the delegated act.

# Key pillars for sustainability in banking sector



# Where does the EBA contribute?

## EC Action Plan

Contribution to TEG (2019)

- Green bonds standard
- Guidelines on climate disclosure
  - Taxonomy
  - Benchmarks
- Platform on sustainable finance

Action 10:

Call for Advice undue short-term pressures (December 2019)

Action 8: Incorporating sustainability in prudential requirements

## CRR and IFR

Disclosure of ESG-related risks, physical and transition risks (2022)

Assessment of prudential treatment for green and social assets (2025)

## CRD and IFD

Potential inclusion of ESG risks in the SREP

- Definitions
- Stress testing processes
- Ways to identify, manage, assess risks
- How to assess impact of risks on lending ( June 2021)

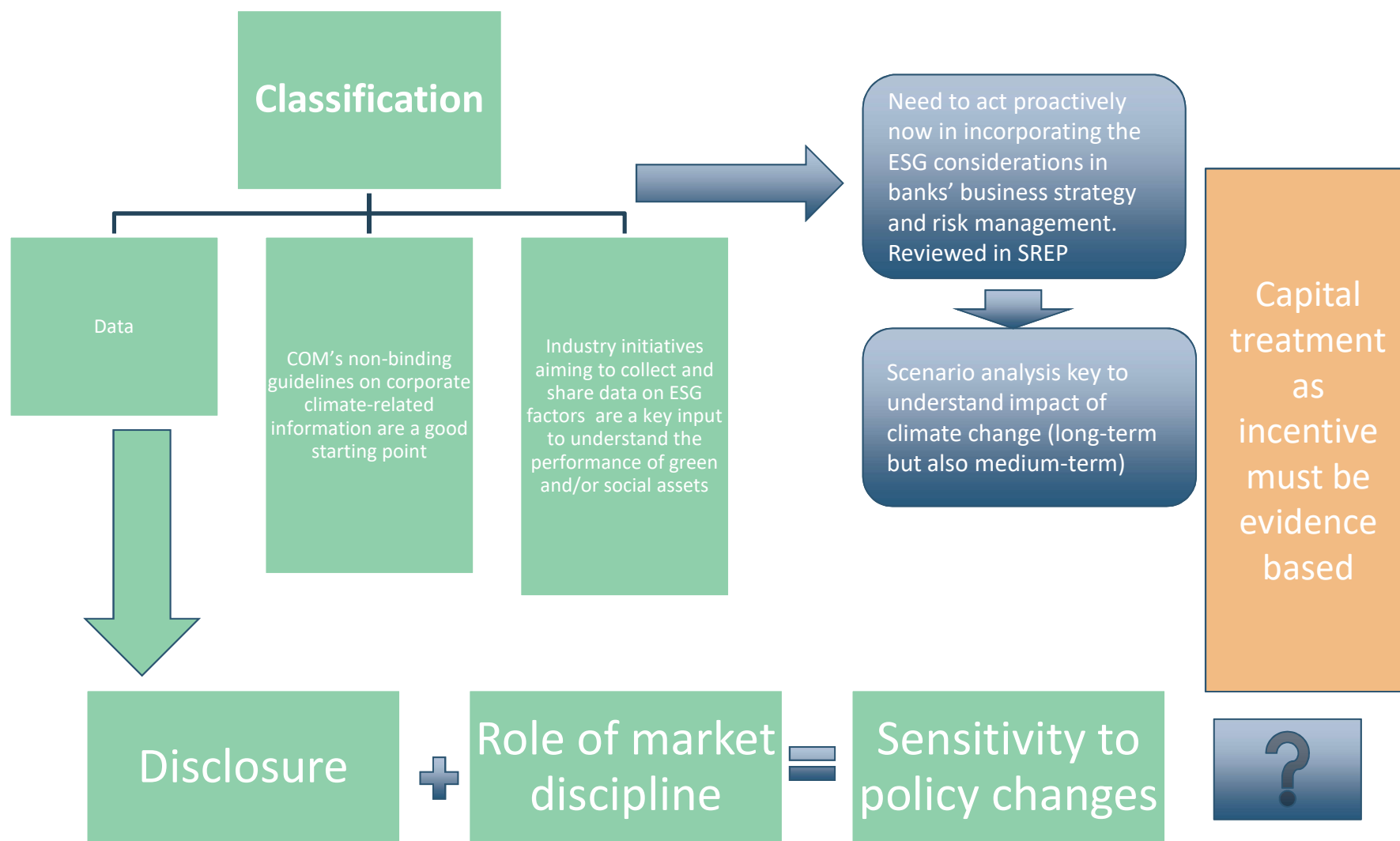
## Regulation on disclosure of financial market participants

ESAs to prepare RTS on: (i) pre-contractual disclosure  
(ii) content of websites information  
(iii) content and presentation of information in periodical reports (2020)

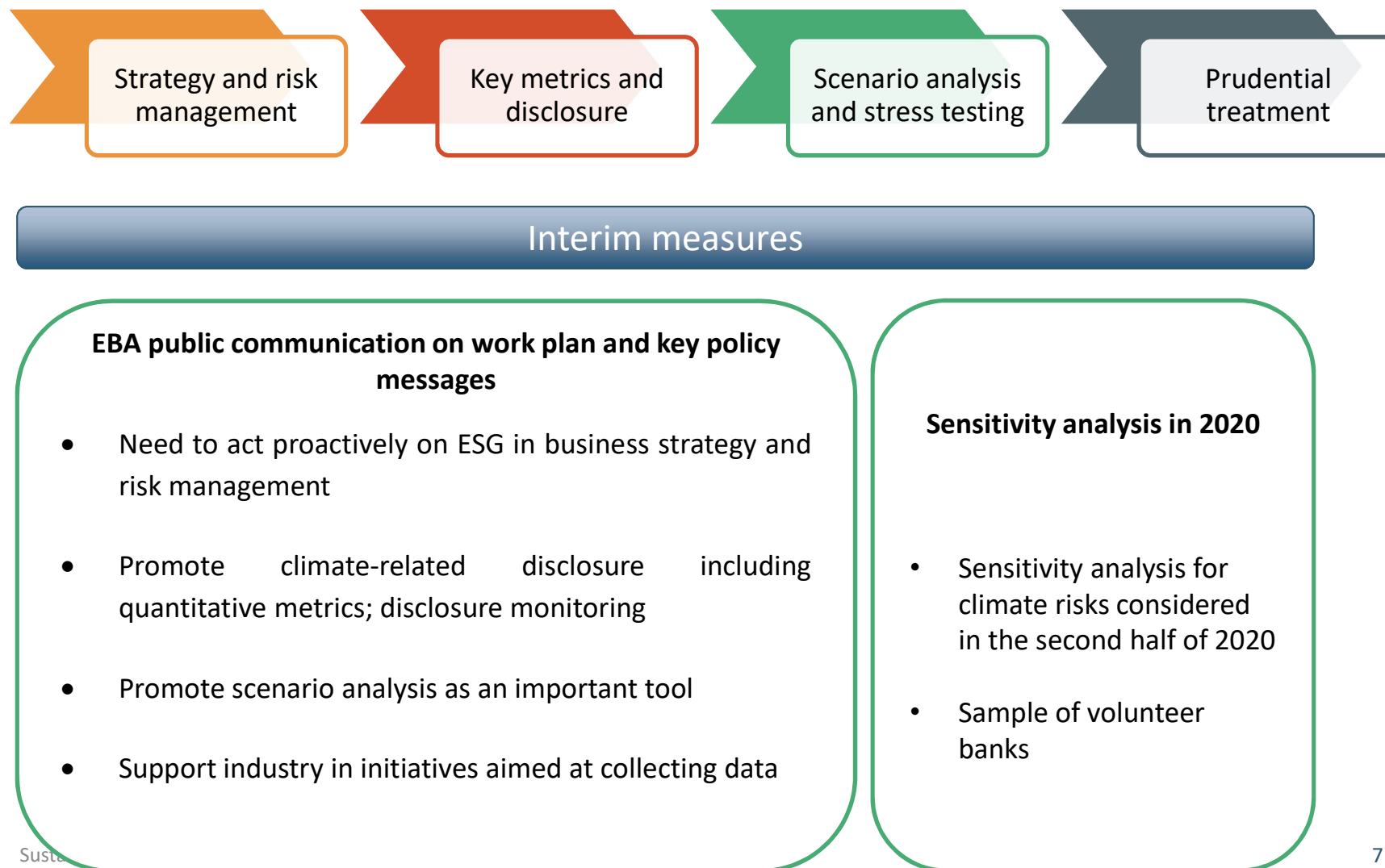
ESAs to develop ITS on standard presentation of information on sustainable finance (2020)



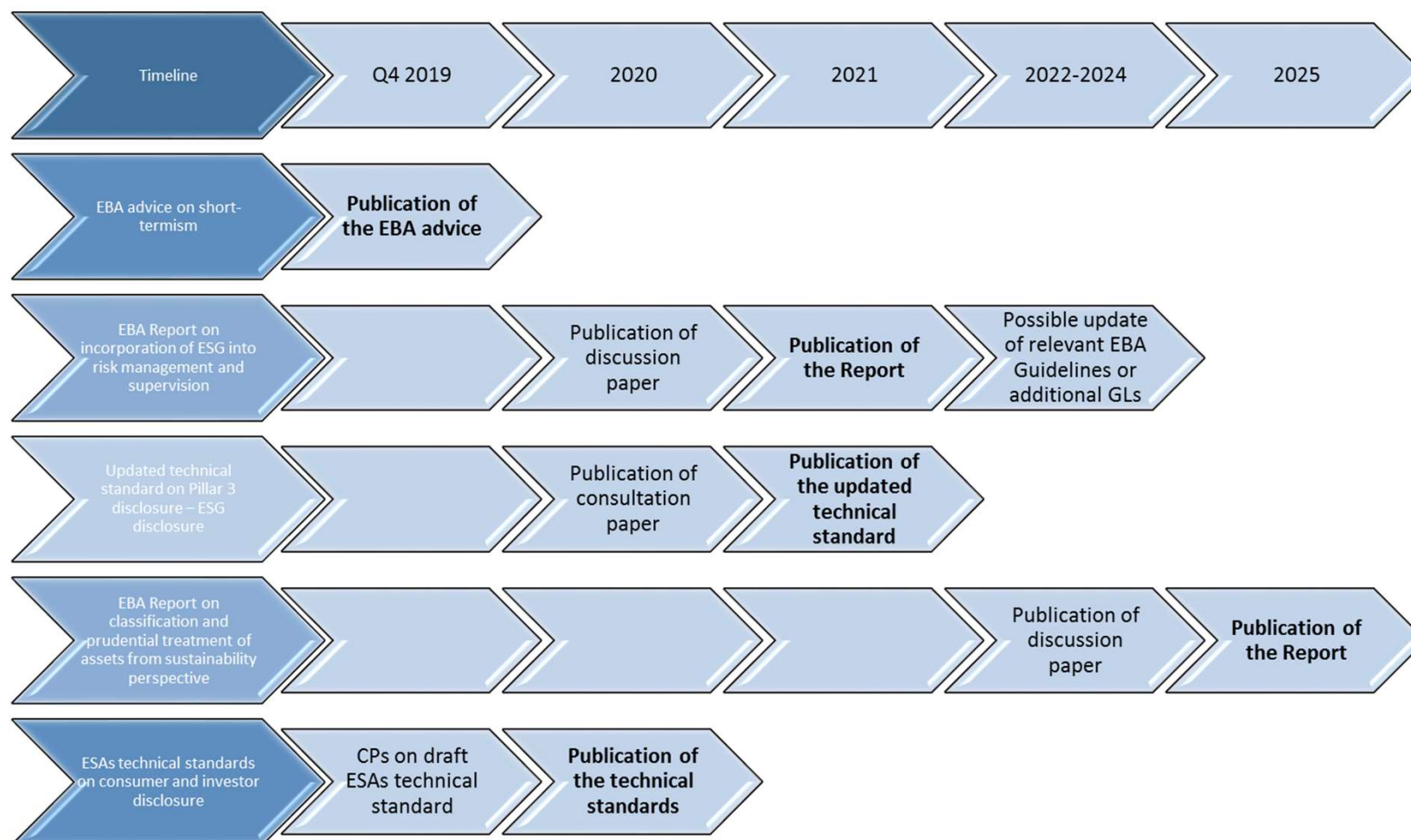
# The need for action and incentive structures



## Sequencing of EBA work and interim measures



# Milestones for EBA regulatory mandates







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