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John Berrigan
Director General
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1000 Brussels
Belgium

26 February 2021

Subject: Call for advice to the European Supervisory Authorities on key performance indicators and methodology on the disclosure of how and to what extent the activities of undertakings under the NFRD qualify as environmentally sustainable as per the EU Taxonomy

Dear Mr Berrigan,

I am pleased to attach the EBA's response to the European Commissions' call for advice on key performance indicators and methodology on the disclosure of how and to what extent the activities of NFRD undertakings under our remit qualify as environmentally sustainable as per the EU Taxonomy.

This response draws on the technical expertise available at the EBA, and has been approved by our Board of Supervisors.

While the call for advice is addressed to the three ESAs, it includes separate questions for each of us related to corporates under our jurisdiction, banks and investment firms in the case of the EBA. For this reason, we are providing separate answers to the call for advice, although we have coordinated and discussed our responses in order to ensure consistency in our proposals.

In the response, the EBA puts forward the KPIs and related methodology for the disclosure by credit institutions and by investment firms of information on how and to what extent their activities related to economic activities that are environmentally sustainable in accordance with the Taxonomy Regulation, underlying the importance of the Green Asset Ratio, supported by other KPIs, as a key means to understand how institutions are meeting Paris agreement targets. It also includes advice on the qualitative information that institutions should disclose under Article 8 of the

Taxonomy Regulation and on policy recommendations to the Commission, with the view to facilitate transparency and disclosure by institutions. Our advice includes the need to promote and facilitate institutions' access to relevant data for developing proxies and estimates. For example, aggregate information on the energy performance certificates of various types of buildings in different geographies, through a centralised public database, would be extremely important. In this regard the EBA welcomes the Commission initiative on a European Single Access Point. Finally, it includes an assessment of implementation costs and of coverage of the proposed KPIs and disclosures.

I would like to emphasise that our advice is entirely consistent with our consultation paper on draft implementing technical standards on institutions' Pillar 3 disclosures on ESG risks, which we are publishing around the same time.

We stand ready to provide any additional advice and support on this very important topic.

Yours sincerely,

José Manuel Campa

CC: Irene Tinagli, Chair of the Economic and Monetary Affairs Committee, European Parliament
João Leão, Portuguese Minister of State and Minister of Finance, Presidency of the Council of the EU
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union
Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union
Martin Merlin, DG FISMA, Director Directorate D
Nathalie Berger, DG FISMA, Head of Unit, Unit D1, Bank Regulation and Supervision
Sebastian Hrovatin, DG FISMA, Deputy Head of Unit, Unit D1, Bank Regulation and Supervision
Marcel Haag, DG FISMA, Director Dir B, Horizontal Policies
Martin Spolc, DG FISMA, Head of Unit, Unit B2, Sustainable Finance
Alain Deckers, DG FISMA, Head of Unit, Unit C1, Corporate Reporting, Audit and Credit Rating Agencies
Dominique Thienpont, DG FISMA, Legal Counsellor to the Director Directorate D.
Gabriel Bernardino, Chair of EIOPA
Steven Maijoor, Chair of ESMA

Encl:

- EBA report - Advice to the commission on KPIs and methodology for disclosure by credit institutions and investment firms under the NFRD on how and to what extent their activities qualify as environmentally sustainable according to the EU taxonomy regulation.
- Annex I - KPIs for credit institutions (Article 8 Taxonomy)
- Annex II - KPIs for investment firms (Article 8 Taxonomy)