



# EBA STATEMENT

IN THE CONTEXT OF COP28



The complex and severe consequences of climate change represent a considerable challenge for our economies and societies. As the 2023 United Nations Climate Change Conference (COP28) opens, the EBA reaffirms its commitment to enhance climate-related and broader sustainability considerations in the EU banking sector.

### Sustainability into the banking sector

The transition to a climate-neutral, climate-resilient and more sustainable economy raises challenges and opportunities for the real economy and the banking sector. Fostering an orderly transition will be a key driver towards Europe's banking sector's resilience and financial stability.

Banks have a key role to play as catalysts for the sustainability transition. They can contribute by providing the financing needed for achieving net-zero targets, by supporting their clients and counterparties in greening their activities and assets and by managing climate-related transition and physical risks. While banks in the EU have started to enhance their practices to achieve better climate-related risk management, governance and transparency, much remains to be done.

Regulators and supervisors are committed to delivering a sound regulatory framework to support the transition, while ensuring that the banking sector remains robust.

### Sustainability into the EBA's work

The EBA is integrating sustainability aspects consistently with its broader objective of contributing to the stability and orderly functioning of the financial system. Environment, Social and Governance (ESG) remain one of the EBA's priorities, which have led to developments in many areas<sup>1</sup>, including risk management, disclosures, supervisory practices, climate stress testing and enhancements to the prudential framework, as well as work to avoid greenwashing.

As of 2023, large EU banks have begun disclosing quantitative and qualitative information required by the EBA Pillar 3 package. This is a first important step to increase transparency and market discipline, keeping in mind that the quality of ESG data is expected to progressively improve.

Exploring how climate-related risks can be covered in EU-wide stress testing is also a high priority. In cooperation with other authorities, the EBA is performing a one-off "Fit-for-55" system-wide climate risk scenario analysis. This cross-sectoral exercise will assess the resilience of the financial sector in line with EU climate objectives for 2030 ('Fit for 55 package'), while gaining insights into the capacity of the financial system to support the transition, even under stressed conditions.

The prudential framework also needs to be enhanced to better capture environmental risks. The EBA recently provided its analysis and recommendations and will continue its work in this area<sup>2</sup>.

The EBA will continue strengthening the integration of sustainability aspects across all relevant parts of the regulatory framework, including advising the European Commission on the definition of possible supporting tools for green loans and mortgages and on how to tackle greenwashing effectively.

### Sustainability into the EBA's organisation

The EBA, as an EMAS registered organisation, is committed to continuously improving its environmental performance and reducing its carbon footprint. The annual environmental statement<sup>3</sup> reflects the Authority's progress on these commitments.

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<sup>1</sup> EBA [Roadmap](#) on sustainable finance, published in December 2022

<sup>2</sup> EBA [Report](#) on the role of environmental and social risks in the prudential framework, published in October 2023

<sup>3</sup> EBA [Environmental statement 2023](#) – See also <https://www.eba.europa.eu/about-us/sustainable-eba>



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