

December 2023

The EBA Banking Stakeholder Group WELCOMES THE WORK OF THE ISSB IN RELATION TO HIGH QUALITY CLIMATE-RELATED DISCLOSURES AT GLOBAL LEVEL

The EBA Banking Stakeholder Group¹ is happy to announce that it subscribed to the public statement below following the recent developments at COP28:

"Given the effects of climate risks on companies, financial institutions and capital markets, the EBA Banking Stakeholder Group welcomes the work by the ISSB and its climate reporting requirements in delivering high quality climate-related disclosures that enable enhanced transparency about climate risks and opportunities at the global level".

This support is in line with the long-standing commitment by the BSG to support and advance climate-related risk disclosures at the European level, having provided advice to the EBA - and other ESAs - throughout the journey toward a greener financial system. In particular, the BSG - responding to the ESAs' consultation on the SFDR - encouraged intensive involvement by the ESAs in the due process of both the disclosure standards developed by EFRAG and the ISSB².

¹ The Banking Stakeholder Group (BSG) is a key advisory group for the EBA's work on regulatory and implementing technical standards, guidelines, and recommendations, in line with Article 37 and Recital 48 of Regulation (EU) No 1093/2010 (www.eba.europa.eu/about-us/organisation-and-governance/governance-structure-and-decision-making/banking-stakeholder)

² In the EBA BSG's response to the JC 2023 09 (Joint consultation paper on review of SFDR Delegated Regulation) the BSG suggested "first going down the path of proposing to EFRAG (and preferably also to the ISSB, as they have the potential to set truly global standards, and thus the information disclosed by EU institutions would be more comparable with disclosures of institutions from other jurisdictions; it would also make reporting easier and more comprehensive for institutions operating both within and outside the EU) to clarify their existing standards and to declare requirements to be binding to the extent that the ESAs recognise an absolute necessity for corresponding disclosure. This does not, of course, preclude the ESAs from developing certain reporting formats for disclosure obligations and prescribing them to the companies affected by them".

As highlighted by EFRAG³, the BSG also notes that the recently adopted European Sustainability Reporting Standards (ESRS) incorporate the ISSB disclosures under a thorough interoperability approach. Such interoperability is key for EU financial institutions to obtain high-quality and comparable data from their non-EU clients, and be able to fulfill their EU disclosure and risk management requirements. From a broader point of view, it is also essential that EU financial institutions are not the only one having to comply with such requirements, in order to avoid the on-going financing of brown assets by non-EU banks. Furthermore, the BSG would welcome comparable high quality disclosures from public sector entities as the public sector is an important economic actor and therefore important in the convergence to a sustainable world.

The BSG encourages EFRAG and ESAs to continue fostering maximum convergence with ISSB standards, notably as regards sectorial requirements, and takes comfort from the recent BCBS proposal of a Pillar 3 disclosure framework for climate-related financial risks⁴ that such convergence will materialize.

The BSG encourages ISSB to complement its climate-related standard with a full suite of ESG standards in order to advance convergence toward a truly sustainable world, by incorporating other environmental, social and governance global standards.

The BSG also believes that such disclosures are a common good and must be made available to all stakeholders. The BSG encourages the newly established NZDPU initiative⁵ to work hand in hand with the EU ESAP initiative⁶, in order to promote a global platform to help stakeholders to make better informed decisions, create trust and reduce greenwashing risks.

³ See: www.efrag.org/News/Public-429/EFRAG-welcomes-the-ISSB-standards and <https://efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2307280747599961%2F04-02%20EFRAG%20SRB%20%20230823%20-%20EFRAG%20IFRS%20interoperability%20and%20mapping%20table.pdf>

⁴ www.bis.org/bcbs/publ/d560.htm

⁵ <https://nzdpu.com>

⁶ www.europarl.europa.eu/legislative-train/theme-an-economy-that-works-for-people/file-european-single-access-point