

EBA Work Plan on Sustainable Finance

EBA-EBF Workshop on Sustainable Finance

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COM action plan on sustainable finance

- COM published the Action plan Financing Sustainable Growth on 8 March 2018
 - Setting an EU strategy on sustainable finance
 - Action Plan calls on the ESAs to provide direct support to its implementation
- COM published legislative proposals on sustainable finance on 24 May 2018
 - EU classification system of sustainable economic activities ('taxonomy')
 - disclosure requirements on how institutional investors integrate ESG factors in their risk processes – ESAs to prepare technical standards
 - creating a new category of benchmarks
 - amendments to delegated acts under MiFID II and the Insurance Distribution Directive
- COM set up a Technical Expert Group to advise on detailed taxonomy, benchmarks, climate-related disclosure (non-binding Guidelines) and an EU Green Bond standard.
- COM will create an EU platform on sustainable finance to advise on further developments on SF

Key challenges and actions addressed by COM Action plan

Key challenges	Actions	
No common definition of “sustainable investment”	EU classification (taxonomy) for sustainable activities	Reliable Information
Risk of “greenwashing” of investment products	Standards and labels for ‘green’ financial products give investors certainty	
Banks and insurers often give insufficient consideration to climate and environmental risks	Study if capital requirements should reflect exposure to climate change and environmental risks	Sustainability and Risk Management
Investors often disregard sustainability factors or underestimate their impact	Clarify institutional investor duties to consider sustainable finance when allocating assets	
Too little information on corporate sustainability-related activities	Enhancing non-financial information disclosure	Long-Termism in Governance

EBA mandates

EBA mandates

ESG factors in risk management and supervision

Treatment of exposures

Disclosure

Advice on long termism

ESG considerations



EBA is a member of TEG and NGFS

EC Action Plan

- Contribution to TEG
 - Green bonds standard
 - Guidelines on climate disclosure
 - Platform on sustainable finance

Action 10:
Call for Advice undue short-term pressures
Action 8: Incorporating sustainability in prudential requirements

CRR and IFR

Disclosure of ESG-related risks, physical and transition risks

Assessment of prudential treatment for green and social assets

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

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

ESAs to develop ITS on standard presentation of information on sustainable finance

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Outreach and Engagement

- Q2 2019 - Questionnaire on short-termism – input into collecting evidence for COM’s call for advice on Action 10
- Q2 2019 - Survey on Market Practices – definitions, governance, ESG products, risk classification, disclosure – input into Report on market practices
- Workshops, roundtables and bilateral meetings – industry stakeholders, other experts



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