

To:

EBA prudential policy team

Mr Piers Haben, Ms Pilar Gutierrez, Ms Slavka Eley, and teams

Concerning:

Draft ITS Article 449a CRR

Dear Ms Gutierrez, Ms Eley, Mr Haben, and team,

The [Partnership for Carbon Accounting Financials \(PCAF\)](#) is a global, industry-led partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. To date, over 115 financial institutions globally representing \$38+ trillion USD have committed to measuring and disclosing their financed emissions using PCAF's [Global GHG Accounting and Reporting Standard for the Financial Industry](#). As PCAF, we would like to express our appreciation for your draft ITS for Article 449a CRR regarding the disclosure of information on Environmental, Social and Governance (ESG) risks, including physical risks and transition risks.

In particular, we wish to acknowledge that there is sufficient evidence by now that banks must monitor and manage their financed emissions in order to support the European Union's ambitions to get to a sustainable economy by 2050. For a sustainable economy and a financial sector that supports that economy, everyone must join in the efforts towards that goal. To that end, accessible and doable approaches are key. The proposed ITS therefore rightly underlines:

- The alignment between all ongoing initiatives. We appreciate the efforts made to achieve alignment with other legal frames (Taxonomy Regulation, SFDR, NFRD, Climate Benchmarks Regulation), as well as with interacting provisions within CRD/CRR (Article 98 CRD on integrating ESG in pillar 2).
- The determined ambition, in sync with the further development of the taxonomy.
- The requirement to start collecting financed emissions data and publish financed emissions end 2024 the latest, aware of the notion that measuring and monitoring financed emissions can serve as a proxy for monitoring transition risk. We appreciate that EBA allows banks to use proxies (sector-averages as in JRC or PCAF) in the transition period 2022-2024.
- The focus on the high impact sectors, the hot spots in many banks: highly polluting sectors and real estate.

We hope to contribute to your consultation with insights and approaches that make following climate impact accessible for any bank and comparable across banks. We look forward to a specification of Article 449a CRR that supports the intended market discipline to improve the climate impact of banks' finance activities with harmonized and comparable information.

Sincerely,

The PCAF Secretariat