



TOPICS:

ESG, Climate Risk, ECB, EBA

SOURCE:



European Central Bank



European Banking Authority

ECB Pledge on Climate Change Action EBA Reaffirms its Commitment to Support Green Finance in View of the UN Climate Change Conference

Preface

- On the occasion of the 2021 United Nations Climate Change Conference (COP 26), the **ECB and EBA pledge to contribute**, within their field of responsibility, **to decisive action by policymakers to implement the Paris Agreement and mitigate the consequences of climate change.**

ECB

- The ECB Governing Council on 8 July 2021 decided on an action plan, with an **ambitious roadmap** to further incorporate climate change considerations into its **monetary policy framework**. In the field of European **banking supervision**, the ECB has identified climate-related risks as a key risk driver affecting the banking sector, and it has set out ambitious actions (**supervisory expectations and economy-wide climate stress test**) in ECB supervisory priorities for 2021.

EBA

- The EBA has shed light on the **data gaps and exposure classification** challenges banks confront in the context of an EU-wide pilot exercise it published in 2021. It also stressed the need for institutions **to improve banks' management** of ESG risks and **enhance transparency** of their **ESG strategies and exposures**. Deposit institutions **must integrate ESG risk aspects not only in their internal governance, risk measurement and management, but also in their business strategies.**

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