

SUSTAINABILITY & GOING GREEN: HOW WILL BANKS ADAPT TO THIS NEW WORLD?



- New business opportunities
- Competitive advantage for market leaders
- Part of core business for all banks over time

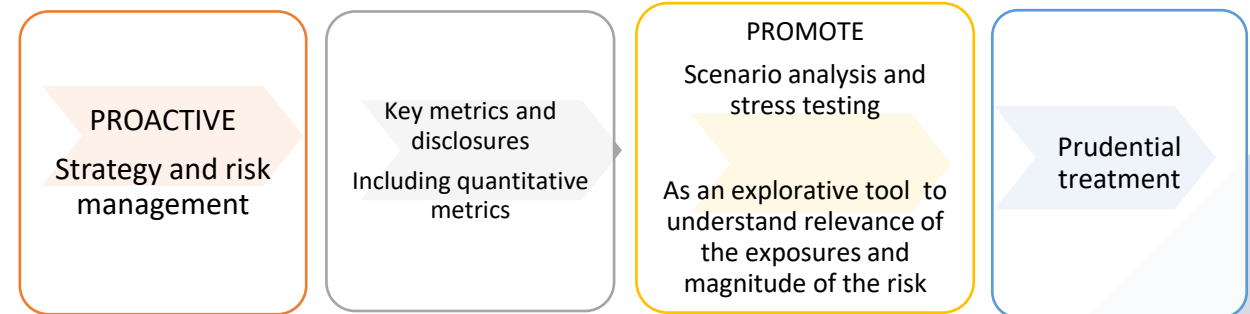
- Market and economy structure
- Political environment
- Business model
- Peers' pressure and market developments
- Customers' demand
- Regulatory environment

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- European Green Deal - one trillion euro
 - Sustainability agenda too investors' focused
 - EU economy
 - largely banks' financed.
 - 99 % of businesses SMEs
 - Banks will play a key role in transition
 - Renewed EU Sustainable Finance Strategy expected



REGULATORY AND SUPERVISORY EXPECTATIONS

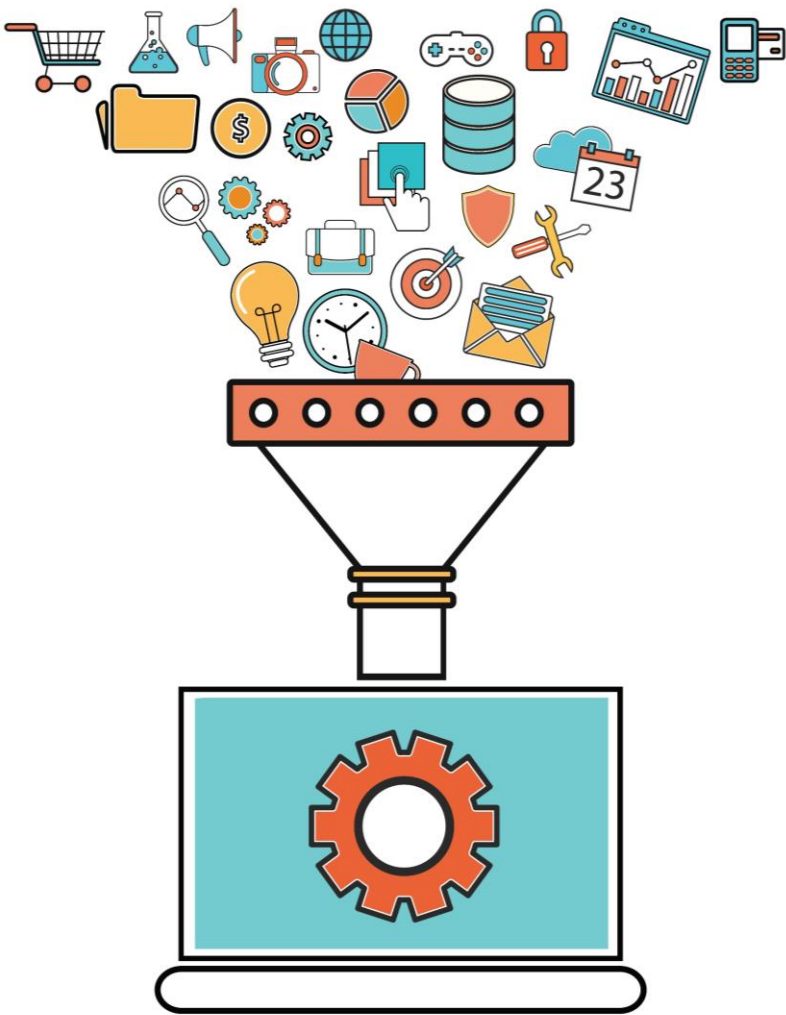
➤ Wait and see not an option



- 3 EBA mandates
- EBA expectations (EBA Action Plan, December 2019)
- ECB expectations (ECB Guidelines on Climate and Environmental Risks, expected Q4 2020)

Not without challenges

- Methodologies
- Risk of inconsistencies
- Data
- Definitions
- Lack of global approach



Financial industry call for an EU Central Data register EU strategic infrastructure project



WHAT IS THE DATA NEEDED FOR?

- Tagging (data per activity)
- Disclosures
- Enhancing financial flows/product developments
- Labelling
- Compliance with standards (E.g. Green Bonds)
- Risk management (different kind of data)



WHO SHOULD REPORT?

All under NFRD

Call for NFRD to include:

- All listed companies
- All large companies
- Companies from sectors with a high transition risk
- All remaining companies (simplified minimum reporting framework)



HOW TO REPORT?

Only once to the central register

Based on a common standard (EFRAG)

Need to agree a limited set of KPIs

Register to collect other available relevant ESG data

Interconnect existing EU and MS databases

Make data available digitally to users

- Transition requires **flexible and diverging** sustainable goals
- **Sustainability linked loans: Linking interest rate to certain sustainability targets** to help transition of companies
- **Should be recognized as sustainable finance at EU level given its impact and potential to drive the change**
- Need to **develop standard** – transparency/greenwashing and main KPIs for the measurements of the achieved results



IMPACT OF COVID 19

- Twin transition as a priority
- Increased awareness of other environmental issues and social goals
- To speed up the social agenda and metrics – minimum criteria for social impact