



# EBA STATEMENT

IN THE CONTEXT OF COP27



Climate change is one of the most pressing issues of our generation and future generations to come. Under the Paris Agreement, the European Union and its Member States have pledged to become the first climate-neutral economy and society by 2050. The 2022 United Nations Climate Change Conference (COP27) reminds us to move from targets to climate action as we must work “together for implementation”.

### Sustainability into the banking sector

The EBA is fully committed to delivering on a more resilient and sustainable financial system. As part of the supervisory community, we subscribe to the international consensus that climate-related financial risks are material in the financial sector and need effective management and supervision.

Climate resilience, sustainability of finance as well as making finance flows consistent with the goals of the Paris Agreement are at the core of the EBA’s efforts. Our [pilot climate exercise](#) showcased already in 2021 that a large share<sup>1</sup> of banks’ exposures under scrutiny were allocated to sectors that might be sensitive to transition risk.

We are continuously working towards more sustainability in the banking sector by enhancing market transparency and discipline and by translating sustainability considerations into risk management practices and supervision.

Ultimately, the emergence of adequate, risk-based and proportionate rules on sustainable finance will foster banks’ orderly transitioning while allowing them to play an important role in financing the net zero transition needs of our society and economies at large.

### Sustainability into the EBA’s work priorities

Sustainability has been an EBA priority. The EBA has contributed to build and consolidate the European Union taxonomy as classification system for sustainable activities. Our EBA standards for Pillar 3 disclosures on key environmental, social and governance (ESG) risks help put the taxonomy into practice. With the release of disclosures on climate-change related transition and physical risks, stakeholders can compare the sustainability-driven performance of banks based on quantitative and qualitative information.

Next milestones of the EBA’s work on ESG are to ensure robust management of ESG risks by institutions and adequate supervision, including through running climate stress tests. The EBA will continue to remain involved in the discussion on the prudential treatment of exposures to ESG risks in the financial system. As the market for sustainable finance develops, the EBA also stands ready to assist in the development of standards and labels and to contribute to the scaling up of the sustainable finance market.

### Sustainability into the EBA’s organisation

The EBA is fully mobilised to promote sustainable development as an organisation. The EBA is reducing its environmental footprint, in particular by limiting greenhouse emissions and by decreasing its energy consumption. As result of the continuous efforts, the EBA has been awarded the top European

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<sup>1</sup> More than half of banks’ exposures (58% of total non-SME corporate exposures to EU obligors)

standard for its performance. The progress on sustainability objectives are reflected in the EBA annual [public environmental statement](#).



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