

EBA/CP/2025/13

9 July 2025

Consultation Paper

on the revision of the Guidelines on product oversight and governance arrangements for retail banking products to take into account products with ESG features and greenwashing risks

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1. Responding to this consultation

1. The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.
2. Comments are most helpful if they:
 - respond to the question stated;
 - indicate the specific point to which a comment relates;
 - contain a clear rationale;
 - provide evidence to support the views expressed/ rationale proposed; and
 - describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 09.10.2025. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

In response to the European Commission request for input on greenwashing issues to the European Supervisory Authorities (ESAs), on 4 June 2024, the EBA published its final report on greenwashing monitoring and supervision¹. The report reiterated the ESAs' common high-level understanding of greenwashing and, *inter alia*, identified an increase of the total number of potential cases of greenwashing across all sectors, including EU banks from 2012 to 2023.

The report sets out recommendations for the EBA to address greenwashing-related aspects within prudential and conduct supervision, in particular by updating the EBA's existing Product Oversight and Governance Guidelines (POG Guidelines), which the EBA had issued in 2015 so as to regulate the internal processes, functions and strategies aimed at designing retail banking products, bringing them to market, and reviewing them over their life cycle.

Separately, the Capital Requirement Directive (CRD) and the Capital Requirements Regulation (CRR) were amended by the EU co-legislators regarding Environmental, Social and Governance (ESG) risks, to include new provisions and change existing ones, including requirements that form one of the legal bases of the POG Guidelines.

Given these recent developments and the increasing risk of consumer detriment if financial institutions fail to comply with the highest standards of business conduct when offering product with ESG features, the EBA concluded that a revision of its existing POG Guidelines of retail banking products is needed. It is therefore proposing in this consultation paper to revise the POG Guidelines with the aim of making more explicit in the existing requirements ESG and greenwashing considerations as and when products with ESG features are offered and sold to consumers.

The proposed approach is proportionate and targeted, adjusting a limited number of the existing requirements in the Guidelines related to the subject matter, manufacturer's internal control functions, the target market, distribution channels, information for distributors and information and support for the manufacturer's arrangements. The aim is indeed to avoid creating additional regulatory burdens on financial institutions..

In addition, the proposed Guidelines make a small number of 'consequential' updates to reflect changes that were introduced by the EBA Founding Regulation (EU 1093/2010) in 2019 (e.g. consumer credit Directive entering in EBA scope, deletion of some provisions related to competent authorities under the Mortgage Credit Directive) as well as the revision of the EBA Guidelines on outsourcing arrangements, which do not change the content of the POG Guidelines *per se*.

Next steps

The consultation period will run from 09.07.2025 to 09.10.2025. The Final report on the application of the revised Guidelines on product oversight and governance arrangement for retail banking products will be published after this consultation.

¹ See EBA/REP/2024/09: <https://www.eba.europa.eu/sites/default/files/2024-05/a12e5087-8fd2-451f-8005-6d45dc838ffd/Report%20on%20greenwashing%20monitoring%20and%20supervision.pdf>

3. Background and rationale

3.1 Background

1. Developments in the markets for financial services in the period leading up to 2015 had shown that failures in the conduct of financial institutions towards their customers cause significant consumer detriment, undermine market confidence and in extremis can also lead to financial instability. To address some of the causal drivers of such conduct failure, the EBA issued in 2016 Guidelines on product oversight and governance (POG, EBA/GL/2015/18)¹ for manufacturers and distributors of the retail banking products that fall within EBA's regulatory remit, namely mortgages, personal loans, deposits, payment accounts, payment services, and electronic money.
2. The POG Guidelines provide a framework for robust and responsible product design and distribution by manufacturers and distributors and *inter alia* include requirements for manufacturers with regard to their internal control functions; the identification of the target market; product testing; disclosure to consumers; product monitoring, remedial actions, and distribution channels. The objective of the POG Guidelines is for manufacturers and distributors to consider the needs of their customers when designing products and to develop products with consumers' interests, objectives and characteristics in mind. The legal basis of the Guidelines was subsequently assessed in a ruling by the Court of Justice of the EU², which confirmed that the POG Guidelines lay down principles intended to ensure effective processes to identify, manage and monitor risks as well as adequate internal control mechanisms within the meaning of Article 74(1) of Directive 2013/36 (Capital Requirements Directive, CRD IV).
3. In the years following the issuance of the Guidelines, the EBA also carried out two reviews into how the Guidelines were applied by the industry, which the EBA published in the form of reports in July 2019³ and November 2020 respectively.⁴ The reports identified good practices for some financial institutions but also found that many of them do not sufficiently put the required focus on ensuring that consumers' needs are met in line with the Guidelines. The substance of the Guidelines themselves, by contrast, was found still to be fit for purpose without the need

¹ <https://www.eba.europa.eu/legacy/regulation-and-policy/regulatory-activities/consumer-protection-and-financial-innovation-4>

² Case C-911/19, Judgment of the Court (Grand Chamber) of 15 July 2021. Fédération bancaire française (FBF) v Autorité de contrôle prudentiel et de résolution (ACPR) [ECLI:EU:C:2021:599](https://eur-lex.europa.eu/eli/cj/oj/2021/599)

³ <https://eba.europa.eu/sites/default/files/documents/10180/2855746/fd963ed8-c392-433c-9d5f-40e798659f24/EBA%20Report%20on%20the%20application%20of%20the%20guidelines%20on%20POG%20arrangements.pdf?retry=1>

⁴ https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2020/935640/Second%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf

for revisions. As a result, the Guidelines have been applicable without any modifications since the EBA first issued them in 2016.

4. However, five recent regulatory developments make a revision of the Guidelines necessary. First, on 4 June 2024, the EBA published a final report on greenwashing monitoring and supervision⁵, in response to a request that the European Supervisory Authorities had received from the European Commission to provide sector input on greenwashing issues⁶. The report set out the ESAs common high-level understanding of greenwashing as a practice whereby sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services and could be misleading to consumers, investors, or other market participants. More importantly, the report contained several recommendations, *inter alia* for the EBA to provide regulatory guidance that addresses greenwashing-related issues within prudential and conduct supervision. This so, the recommendations therein suggested updating the existing supervisory framework, including the EBA's POG Guidelines.
5. Second, new provisions were introduced, and adjustments were made to several existing articles, in the Capital Requirement Directive (CRD)⁷ and the Capital Requirements Regulation⁸ (CRR), in relation to the current and forward-looking impacts of ESG risks. More specifically, a requirement was introduced in Article 76 of the CRD, which is related to one of the legal bases of the POG Guidelines and now requires the management body to develop concrete plans to address ESG risks. Furthermore, revised Article 87(a)(4) of CRD now requires NCAs to assess and monitor developments of institutions' practices concerning their ESG strategy and risk management, including their sustainability-related product offerings.
6. Third, in 2024, the cross-sectoral Directive on unfair business-to-consumer commercial practices (Directive 2005/29/EC)⁹ has been amended in order to address commercial practices that mislead consumers and prevent them from making sustainable consumption choices¹⁰. These rules introduced by the directive 'empowering consumers for the green transition through better protection against unfair practices and through better information (Directive 2024/825/EC) and applicable from 27 September 2026, relate to practices associated with the early obsolescence of goods, misleading environmental claims and misleading information about the social characteristics of products or traders' businesses including financial institutions.

⁵ EBA/REP/2024/09: <https://www.eba.europa.eu/sites/default/files/2024-05/a12e5087-8fd2-451f-8005-6d45dc838ffd/Report%20on%20greenwashing%20monitoring%20and%20supervision.pdf>

⁶ https://www.esma.europa.eu/sites/default/files/library/request_to_esas_on_greenwashing_monitoring_and_supervision.pdf

⁷ See Directive 2013/36/EU ELI: <http://data.europa.eu/eli/dir/2013/36/oj>

⁸ See Regulation (EU) No 575/2013 ELI: <http://data.europa.eu/eli/reg/2013/575/oj>

⁹ Directive 2005/29/EC ELI: <http://data.europa.eu/eli/dir/2005/29/oj>

¹⁰ Directive 2024/825/EU ELI : <http://data.europa.eu/eli/dir/2024/825/oj>

7. Fourth, after the review of the European Supervisory Authorities Founding Regulations in 2019, the scope of the EBA founding Regulation (EU 1093/2010)¹¹ was extended to the Consumer Credit Directive 2008/48/EC which explicitly brought credit as defined in the Article 3(c) of this Directive into the EBA's regulatory remit. As a result, the EBA is in a position to add this product fully into the scope of the POG Guidelines.
8. These developments have led the EBA to conclude that, akin to other Guidelines that the EBA is currently revising to incorporate ESG considerations (in line with the holistic and sequenced approach described in the EBA Roadmap on Sustainable Finance (EBA/REP/2022/30)), the POG Guidelines should be amended in a way that is targeted and proportionate to the nature, scale and complexity of the relevant business of the manufacturer. In addition, a small number of 'consequential' updates will need to be made due to changes introduced by the EBA Founding Regulation (EU 1093/2010) in 2019 as well as the EBA Guidelines on outsourcing arrangements repealed in 2019 which are currently under another revision to take into consideration the Financial Stability Board toolkit for enhancing third-party risk management and oversight, the Basel Committee on Banking Supervision (BCBS) principles for the sound management of third party risks in the banking sector as well as the application of the Digital Operational Resilience Act (DORA)¹².
9. Finally, this timely update of the POG GL occurs in a context where the EU has established a legislative framework to boost the energy performance of buildings, that includes the Energy Performance of Buildings Directive (EU/2024/1275) and the Energy Efficiency Directive (EU/2023/1791). This framework explicitly assigns a critical role to the banking sector in the provision of green loans, aiming to scale up financing to meet the investment needs for improving the energy efficiency of buildings.
10. In what follows below, the rationale section provides the reasoning for the resulting changes proposed in this Consultation Paper (CP).

3.2 Rationale

11. The demand for banking products with ESG features and sustainable product offering has increased over the last few years and is expected to rise over the coming years. The EBA Report on Green Loans and Mortgages, which the EBA published in December 2023¹³, identified *inter alia* that new financial products with ESG features, such as green loans, may cause detriment to consumers if financial institutions fail to comply with the highest standards of business conduct.
12. Moreover, in the EBA Greenwashing report of 2024, the EBA's quantitative analysis of greenwashing in the EU, which the EBA carried out based on data collected and published by private

¹¹ EU 1093/2010: ELI : <http://data.europa.eu/eli/reg/2010/1093/oj>

¹² Regulation (EU) 2022/2554, ELI: <http://data.europa.eu/eli/reg/2022/2554/oj>

¹³EBA/REP/2023/38: https://www.eba.europa.eu/sites/default/files/2023-12/e7bcc22e-7fc2-4ca9-b50d-b6e922f99513/EBA%20report%20on%20green%20loans%20and%20mortgages_0.pdf?trk=public_post_comment-text

sector provider *RepRisk*¹⁴, showed a clear increase in the total number of potential cases of greenwashing across all sectors, including EU banks. The report states that ‘alleged’ greenwashing cases in the EU financial sector (including the EU banks) increased significantly from 2018 to 2023, with an increase from 40 cases in 2018 to 234 cases in 2023 and that greenwashing can give rise to, or exacerbate existing risks, borne by financial institutions and/or consumers.

13. In addition, even if several references to misleading practices exist in the EU regulatory frameworks such as the Mortgage Credit Directive (MCD)¹⁵, the Directive on Markets in Financial Instruments (MiFID II)¹⁶, and the Consumer Credit Directives (CCD1¹⁷ and CCD2¹⁸) etc., they do not explicitly address greenwashing or do not cover all potential forms of greenwashing. Paragraph 20 of the EBA report on greenwashing clarifies for example that ‘greenwashing’ covers the three ESG dimensions (Environment, Social and Governance) and is therefore not limited to environmental considerations but also covers the social and governance aspects. Indeed, one of the findings of the report is that cross-cutting greenwashing incidents that include any combination of environmental, social and/or governance related issues accounted for 23% of all alleged greenwashing cases.
14. Consequently, for the EBA, in order to take into consideration ESG and greenwashing aspects, any revision of the POG should address consumer protection risks related to retail banking products and services with ESG features more widely. This approach is also aligned with ESMA’s revised guidelines on MiFID II product governance requirements¹⁹, which ask firms to specify any ESG -related objectives the product is compatible with, including whether, where relevant, the product has a focus on environmental, social or governance criteria, or a combination of them.
15. The EBA therefore proposes in this CP to adopt a proportionate and targeted approach when adding ESG and greenwashing considerations into the EBA POG Guidelines. It includes adjusting only a limited number of requirements in the POG Guidelines, related to the subject matter, manufacturer’s internal control functions, the target market, distribution channels, information for distributors and information and support for the manufacturer’s arrangements. It aims to avoid imposing additional regulatory burdens on financial institutions. Indeed, the amendments included aim at making more explicit in the existing requirements ESG and greenwashing considerations as and when products with ESG features are offered and/or sold to consumers.
16. However, despite those targeted amendments, it does not mean that manufacturers and distributors offering or selling products with ESG features should be precluded to establish other

¹⁴See RepRisk’s methodology here: <https://www.reprisk.com/news-research/resources/methodology>

¹⁵ Directive 2014/17/EU ELI : <http://data.europa.eu/eli/dir/2014/17/oj>

¹⁶ Directive 2014/65/EU ELI: <http://data.europa.eu/eli/dir/2014/65/oj>

¹⁷ Directive 2008/48/EC ELI: <http://data.europa.eu/eli/dir/2008/48/oj>

¹⁸ Directive 2023/2225/EC

¹⁹ ESMA35-43-3448: [ESMA35-43-3448 Final report on MiFID II guidelines on product governance](#)

necessary procedures deemed relevant for ensuring the interests, objectives and characteristics of the target market.

3.2.2 Specific provisions suitable to include ESG and greenwashing considerations

17. In this CP, the EBA is proposing to amend the following content of the POG Guidelines:

a) Subject matter

18. As subject matter, the POG Guidelines deal with the establishment of product oversight and governance arrangements for both manufacturers and distributors, as an integral part of the general organisational requirements linked to internal control systems of firms. They refer to internal processes, functions and strategies aimed at designing products, bringing them to market, and reviewing them over their life cycle. They establish procedures relevant for ensuring the interests, objectives and characteristics of the target market are met but do not cover the suitability of products for individual consumers.
19. Currently the wording of the POG Guidelines does not make it explicit that ESG and greenwashing considerations should be taken into account by manufacturers and distributors when they offer and sell products or services with ESG features. The CP therefore proposes to amend the subject matter section of the Guidelines to emphasize that, in case manufacturers and distributors offer and sell products or services with ESG features to consumers, they should establish the necessary POG arrangements including considering the interest, objective and characteristics of the target market. Such amendment also clarifies the meaning of ‘where applicable’ used across the targeted amendments in Guidelines 2, 3, 5, 7, 8 and 12.

b) Guideline 2: Manufacturers’ internal control functions

20. Guideline 2 requires manufacturers to integrate POG arrangements into their governance, risk management, and internal control frameworks. In addition, senior management, supported by compliance and risk management teams, is responsible for ensuring ongoing compliance, reviewing arrangements on a regular basis, and proposing updates when needed. The risk control and compliance functions should oversee POG as part of their regular duties. Additionally, senior management should ensure that staff involved in product design are trained, competent, and fully understand the product’s features, risks, and governance requirements.
21. The EBA final report on greenwashing and monitoring acknowledges that internal control mechanisms of financial institutions are a key element to help ensure the accuracy of claims, or establish sound risk management processes to manage greenwashing-related financial risks. More specifically, paragraph 76 of the EBA Guidelines on management of ESG Risks states that, as part of their management of conduct, litigation and reputational risks, financial institutions should have in place sound processes to identify, prevent and manage risks resulting from greenwashing or perceived greenwashing practices taking into account the ESAs high-level principles set out in Section 2.1 of the EBA Final Report on greenwashing monitoring and supervision. The EBA Guidelines on management of ESG risks also specifies that it should be done at

both financial institution level (e.g. in relation to sustainability commitments including forward-looking targets) and the product or activity level (e.g. in relation to products and activities marketed as sustainable), including by monitoring legal developments, market practices, and controversies around alleged greenwashing practices.

22. The CP therefore proposes to include an additional provision 2.1a) in Guidelines 2, stating that the manufacturer's management body should put in place sound processes to identify, monitor, prevent and manage risks resulting from greenwashing or perceived greenwashing practices, consistent with the requirements in the EBA Guidelines on the management of ESG risks, where products with ESG features are offered and/or sold to consumers.
23. In addition, because up-to-date knowledge about sustainable finance and the involvement of a range of experts in the formulation or review of sustainability claims can help the manufacturer avoid publishing misleading information, the CP proposes amending Guideline 2.4 by making an explicit reference to products with ESG features. Guideline 2.4 indeed relates to the requirement for the manufacturer's senior management to ensure that staff designing a product are properly trained, competent, and follow governance procedures while fully understanding the product's features and risks.

c) Guideline 3 on the target market

24. Guideline 3.1 requires manufacturers to include, in their POG arrangements, steps and features that need to be followed to identify and update, when necessary, the relevant target market of a product. Manufacturers are also required under Guideline 3.2 on the target market to ensure that the product is deemed appropriate for the target market. In turn, under Guideline 3.5 they are expected to identify the groups of consumers for which the product is considered likely to not meet their needs and in Guidelines 3.6 assess the degree of financial capability of the target market. Finally, Guideline 3.3 states that the manufacturer should design and bring to the market only products with features, charges and risks that meet the interests, objectives and characteristics of, and are of benefit to, the particular target market identified for the product.
25. As stated in the EBA final report on greenwashing and monitoring, greenwashing is a type of misconduct, which may not only result in a direct claim but in misleading actions. Potential examples include identifying clients with sustainability preferences within the positive target market of a product that does not have any ESG features (in the product design phase) or not taking duly into account clients' sustainability preferences in the advice phase.
26. Consequently, this CP proposes to amend Guideline 3 related to the target market, and make an explicit reference to ESG features (in Guideline 3.1) and product with ESG features (in Guidelines 3.2 and 3.3) to ensure that manufacturers establish procedures relevant for ensuring the interests, objectives and characteristics of the target market are met if they are offering products with ESG features.

d) Guideline 7 on distribution channel

27. The Guideline requires manufacturers to select distribution channels that align with the target market and select the distributors that have the necessary knowledge and expertise to place each product in the market and sell products appropriately. They should monitor that products are primarily sold to the intended market and outside it only when justified. Manufacturers are also required to ensure distributors comply with product oversight and governance objectives and take appropriate actions, such as discontinuing a distribution channel, when concerns about the appropriateness of a distribution channel are raised.
28. The complexity and evolving nature of ESG criteria may increase the risk that distributors may not fully understand or accurately convey the sustainability characteristics of the products or services with ESG features they offer or sell to consumers. In this context it appears of particular relevance to ensure that the manufacturer select distributors that have the appropriate knowledge, expertise and capability to correctly place each product in the market and to provide appropriate information explaining the characteristics and risks of the product with ESG features to the consumers. The CP therefore proposes to make an explicit reference to product with ESG features in Guideline 7.1.

e) Guideline 8 on information to distributors

29. The Guideline requires manufacturers to provide distributors with clear, accurate, and up-to-date information on a product's key characteristics, risks, limitations, and total cost to consumers. This information is aimed at enabling distributors to properly market the product, identify the appropriate target market, and recognise segments for which the product may not be suitable.
30. As stated in the EBA Guidelines on the management of ESG risks, financial institutions should take all necessary steps to ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution's overall profile or the profile of the product, and are presented in an understandable manner. That should be done at both financial institution level (e.g. in relation to sustainability commitments including forward-looking targets) and the product or activity level (e.g. in relation to products and activities marketed as sustainable), including by monitoring legal developments, market practices, and controversies around alleged greenwashing practices.
31. The CP proposes to include a new paragraph c) under Guideline 8.3 listing conditions for sustainability related communication and sustainability claims which are consistent with the requirements in the EBA Guidelines on the management of ESG risks, where products with ESG features are offered or sold to consumers.

f) Guideline 12 on information and support for the manufacturer's arrangements

32. Guideline 12 requires distributors to use the information provided by the manufacturer to clearly communicate the product's key characteristics, risks, and total cost (including fees) to consumers. They should only sell products to consumers outside the target market when justified and be able to explain such decisions to the manufacturer. Distributors should also gather information to help the manufacturer assess whether the product continues to meet the target market's needs. If any issues arise with the product or does not fit for the target market, distributors should inform the manufacturer.
33. The EBA is of the view that an explicit reference to products with ESG features should be included under Guideline 12.1 in order to make sure that the consumer is fully informed of the risks associated with such product, but most importantly to prevent any risk of mis-selling. As a consequence, the CP proposes amending Guideline 12.1 to refer to products with ESG features in relation to the distributor's disclosure to the consumer of a description of the main characteristics of the product and its risks.
34. In addition, to prevent any risks of greenwashing, the CP also proposes to add a new paragraph 12.1 a) specifying that the distributor should, for products with ESG features offered and sold, ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution's overall profile or the profile of the product, and are presented in an understandable consistent with the requirements in the EBA Guidelines on the management of ESG risks.

3.2.3 Consequential updates

35. The POG Guidelines also include chapters that contain sentences that were necessary at the time of their issuance in 2017 to ensure the legal soundness of the Guidelines but are no longer needed following the changes introduced in 2020 to the EBA Founding Regulation (EU 1093/2010) and of EU law. Consequently, this CP introduces 'consequential' updates that do not change the scope of content of the Guidelines but makes them consistent with the aforementioned changes in EU law. More specifically, the following sections of the POG Guidelines are being changed:

a) Chapter 2 on Subject matter, scope and definitions

i) Addressees

36. The 'addressees' section of the current POG Guidelines contains a reference in paragraph 12 and 13 to a special regime in relation to national authorities designated as competent (NCAs) under the MCD. The sentences explain how the NCAs under the MCD that are not within the scope of action of the EBA are addressed by the POG Guidelines. However, the revision of the EBA founding Regulation in 2020 added these NCAs to the EBA's scope of action. As a result,

these sentences have become obsolete, and their continuation is potentially confusing. To ensure that the Guidelines remain consistent with the EBA Guidelines, the CP proposes to update the wording of paragraphs 12 and 13 by deleting the two paragraphs.

ii) Scope of application and definitions

37. The current Guidelines apply to manufacturers and distributors of products offered and sold to consumers and specify POG arrangements in relation to retail banking products that fall within the EBA's regulatory scope. They consequently apply to all credit agreements relating to immovable property as defined by the MCD in the form of deferred payments, loans or other similar financial accommodations. They also apply to consumer credit offered by credit institutions under the CRD, but they do not apply to such credit being offered by other, non-bank creditors, as these, and the CCD as such, were not in the EBA's scope of action at the time the Guidelines were issued.
38. However, in 2020, as part of the review of the ESAs Founding Regulations, the EBA's scope of action was extended to the CCD. The scope of application of the POG Guidelines that is set out in paragraph 6 and the definitions of manufacturer and products set out in paragraph 15 are therefore updated to apply the POG Guidelines to all retail banking products in the EBA's remit, including consumer credits provided by non-bank creditors under the CCD.
39. In addition, the CP proposes to replace the reference to 'CRD IV' by 'CRD' in paragraph 6 and 15 of the POG Guidelines to refer to the legal act of the CRD.
40. Furthermore, paragraph 9 of the Guidelines currently states that the POG Guidelines 'supplement other EBA Guidelines that may be relevant to product oversight and governance, in particular, the EBA Guidelines on Internal Governance (GL 44)', which the EBA had issued previously in support of the CRD. Since then, the EBA issued other Guidelines, mandated under Article 87a(5) of the revised CRD, on "minimum standards and reference methodologies for the identification, measurement, management and monitoring of ESG risks by institutions" which expressly refer to greenwashing in their Paragraph 76.
41. As Guideline 2.1 of the POG Guidelines states that POG arrangements are an integral part of a manufacturer's governance, risk management and internal control framework, the EBA is of the view that the existing references in the POG Guidelines should also cover the EBA Guidelines on the management of ESG risks. Consequently, the CP proposes to include in paragraph 9 a reference to EBA Guidelines on the management of ESG risks. The wording 'risk management and internal control framework' is also replaced by 'risk management framework and risk control functions' to be consistent with the wording of the EBA internal governance Guidelines.
42. Finally, because the EBA POG Guidelines refer to outdated numberings of the 2011 EBA Guidelines on internal governance (GL 44), the CP proposes to delete such references and instead insert a general and dynamic reference to the EBA Guidelines on internal governance in Paragraph 9, Guidelines 1.3, 2.1 and 2.3.

b) Chapter 6 on outsourcing

43. Chapter 6 of the current POG Guidelines contains a reference to the CEBS Guidelines on outsourcing that existed when the POG Guidelines were issued in 2017. However, the Guidelines on outsourcing were subsequently amended and repealed in 2019 by the EBA Guidelines on outsourcing arrangements²⁰. The latter are currently under another revision²¹ to take into consideration the Financial Stability Board toolkit for enhancing third-party risk management and oversight²², the Basel Committee on Banking Supervision (BCBS) principles for the sound management of third-party risk in the banking sector²³, as well as the application of the Digital Operational Resilience Act (DORA)²⁴. The EBA has therefore amended Chapter 6 in order to provide clearer and updated references to those other requirements. The revised Guidelines on outsourcing will be applicable only to the relevant financial entities covered by those Guidelines.
44. The CP therefore proposes to update the title of chapter 6 by replacing ‘Outsourcing’ by ‘Third-party arrangement’ and adapting the existing wording to make it consistent with recent changes introduced to the former outsourcing Guidelines as mentioned above.

4. Draft guidelines

²⁰ See EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02): <https://www.eba.europa.eu/sites/default/files/documents/10180/2551996/38c80601-f5d7-4855-8ba3-702423665479/EBA%20revised%20Guidelines%20on%20outsourcing%20arrangements.pdf>

²¹ Consultation paper on EBA Guidelines on sound management of third-party risk: <https://www.eba.europa.eu/sites/default/files/2025-07/33a0ee15-9601-4c2b-828e-1b09201a6e9f/CP%20on%20Draft%20Guidelines%20on%20sound%20management%20of%20third%20party%20risk.pdf>

²² See: <https://www.fsb.org/uploads/P041223-1.pdf>

²³ See: BCBS core principles in particular Principle 25 (www.bis.org/bcbs/publ/d551.pdf) and the Principles for the sound management of third-party risk (currently under development).

²⁴ Regulation (EU) 2022/2554, ELI: <http://data.europa.eu/eli/reg/2022/2554/oj>

EBA/GL/20XX/XX

DD Month YYYY

Draft Guidelines

amending Guidelines EBA/GL/2015/18 on product oversight and governance arrangements for retail banking products

1. Compliance and reporting obligations

Status of these guidelines

This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010²⁵. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.

Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by [dd.mm.yyyy]. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/202x/xx'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.

Notifications will be published on the EBA website, in line with Article 16(3).

²⁵ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

2. Addresses

These guidelines are addressed to competent authorities as defined in Article 4 point (2) of Regulation (EU) No 1093/2010 and to financial institutions as defined in Article 4(1) of Regulation No 1093/2010.

3. Implementation

Date of application

These guidelines apply from 01. 12.2026

4. Amendments

The EBA Guidelines EBA/GL/2015/18 on product oversight and governance arrangements for retail banking products are amended as follows:

(i) Amendments to Chapter 2 ‘Subject matter, scope and definitions’:

1. Paragraph 5 is replaced by the following:

‘5. These Guidelines deal with the establishment of product oversight and governance arrangements for both, manufacturers and distributors as an integral part of the general organisational requirements linked to internal control systems of firms. They refer to internal processes, functions and strategies aimed at designing products bringing them to the market, and reviewing them over their life cycle. They establish procedures relevant for ensuring the interests, objectives and characteristics of the target market are met. Those product oversight and governance arrangements should also be established by manufacturers and distributors for products with Environmental, Social and Governance (ESG) features, should they offer and sell those products to consumers. However, these Guidelines do not deal with the suitability of products for individual consumers.’

2. In paragraph 6, ‘CRD IV’ is replaced by ‘CRD’ and the following point is added:

‘- Article 32 (1) of Directive 2023/2225 (the “Directive on credit agreements for consumers and repealing Directive 2008/48/EC (CCD)”).’

3. Paragraph 7 is replaced by the following:

‘7. Competent authorities may wish to consider applying these Guidelines to other entities in their jurisdictions that do not fall within the scope of the legislative acts referred to above but for which the competent authorities have supervisory responsibilities.’ ~~In particular, competent authorities may wish to consider applying these Guidelines to intermediaries other than credit intermediaries under the MCD, such as consumer credit intermediaries.~~

4. Paragraph 9 is replaced by the following:

‘9. These Guidelines supplement other EBA guidelines that may be relevant to product oversight and governance, in particular, the EBA’s Guidelines on Internal Governance ~~(GL 44)~~²⁶ and the EBA Guidelines on management of ESG risks²⁷.’

5. Paragraphs 12 and 13 are deleted from the section ‘Addressees’.

6. In paragraph 15 the following point is added in the definition of the term ‘manufacturer’:

‘e) a creditor as defined in Article 3 point (2) of the CCD,’

7. In paragraph 15, in the definition of the term ‘product’, point f), ‘CRD IV’ is replaced by ‘CRD’ and point a) is replaced by the following:

‘a) ‘credit agreements’ ~~relating to immovable property~~ as defined in Article 4(3) MCD and Article 3(3) of the CCD;

Q1. Do you have any comments on the targeted amendments and consequential changes made to Chapter 2 of the POG Guidelines on ‘subject matter, scope and definitions’?

- (ii) Amendments to Guideline 1: Establishment, proportionality, review and documentation

8. Guideline 1.3 is replaced by the following:

‘1.3 When launching a new product the manufacturer should ensure that the product oversight and governance arrangements are considered in the new product approval policy (NPAP) in line with ~~Guidelines 23 of the EBA’s Guidelines on Internal Governance (GL 44)~~ in cases where ~~GL 44 they applies~~ apply.’

- (iii) Amendments to Guideline 2: Manufacturers’ internal control functions

9. Guideline 2.1 is replaced by the following:

‘2.1 The manufacturer should ensure that product oversight and governance arrangements are an integral part of its governance, risk management framework and internal control

²⁶ GL 44: [EBA-BS-2011-116-final-EBA-Guidelines-on-Internal-Governance-\(2\) 1.pdf](#)

²⁷ EBA/GL/2025/01: [Final Guidelines on the management of ESG risks.pdf](#)

functions as referred to in the EBA Guidelines on Internal Governance-GL44, where applicable. To that end, the manufacturer's management body should endorse the establishment of the arrangements and subsequent reviews.'

10. The following Guideline 2.1a is inserted:

'2.1a The manufacturer's management body should put in place sound processes to identify, monitor, prevent and manage risks resulting from greenwashing or perceived greenwashing practices consistent with the requirements in the EBA Guidelines on the management of ESG risks, where products with ESG features are offered or sold to consumers.'

11. Guideline 2.3 is replaced by the following:

'2.3 The responsibilities for the oversight of this process by the Risk Control function and the Compliance function should be integrated into their normal line of duties as outlined in the EBA Guidelines on internal governance-25, 26 and 28 of GL44, where applicable.'

12. Guideline 2.4 is replaced by the following:

'2.4 Senior management should ensure that staff involved in designing a product are familiar with and follow the manufacturer's product oversight and governance arrangement; are competent and appropriately trained; and understand and are familiar with the product's features, characteristics and risks, including, where applicable, those related to products with ESG features.'

(iv) Amendments to Guideline 3: Target market

13. Guideline 3.1 is replaced by the following:

'3.1 Manufacturers should include, in their product oversight and governance arrangements, steps and features, including, where applicable ESG features, that need to be followed, to identify, and update when necessary, the relevant target market of a product.'

14. Guideline 3.2 is replaced by the following:

'3.2 The manufacturer should, having first identified the target market, ensure that the product, including where applicable the product with ESG features, is deemed appropriate for the interests, objectives and characteristics of the identified target market(s).'

15. Guideline 3.3 is replaced by the following:

'3.3 The manufacturer should only design and bring to the market products with features, including, where applicable, products with ESG features, charges and risks, that meet the interests, objectives and characteristics of, and are of benefit to, the particular target market identified for the product.'

(v) Amendments to Guideline 7: Distribution channels

16. Guideline 7.1 is replaced by the following:

‘7.1 The manufacturer should select distribution channels that are appropriate for the particular target market. To that end, the manufacturer should select distributors that have the appropriate knowledge, expertise and capability to correctly place each product in the market and to provide appropriate information explaining the characteristics and risks of the product to the consumers, including, where applicable, those related to the product with ESG features. When selecting its distribution channels, the manufacturer may consider limiting the distribution of a specific product to channels that offer specific features to consumers.’

(vi) Amendments to Guideline 8: Information for distributors

17. The following letter is added to Guideline 8.3:

‘c) consistent with the requirements in the EBA Guidelines on the management of ESG risks, to ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution’s overall profile or the profile of the product, including, where applicable, of the product with ESG features, and are presented in an understandable manner.’

(vii) Amendments to Guideline 12: Information and support for the manufacturer’s arrangements

18. Guideline 12.1 is replaced by the following:

‘12.1 The distributor should take into account the information provided by the manufacturer and disclose to the consumer, including, where applicable, for the product with ESG features, a description of the main characteristics of the product, its risks, and the total price of the product to be paid by the consumer, including all related fees, charges, and expenses, as well as providing additional material supplied by the manufacturer to be used by the target market.’

19. The following Guideline 12.1a is inserted:

‘12.1a The distributor should, for products with ESG features offered and sold, ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution’s overall profile or the profile of the product, and are presented in an understandable manner consistent with the requirements in the EBA Guidelines on the management of ESG risks.’

Q2. Do you have any comments on the targeted amendments made to Guidelines 2, 3, 7, 8 and 12?

(viii) Amendments to Chapter 6 ‘Outsourcing’:

20. Chapter 6 ‘Outsourcing’ is replaced by the following:

‘6. ~~Outsourcing~~ Third-party arrangements

1. Where the activity of manufacturing and/or distributing is in whole or in parts ~~out-sourced to provided~~ by third-party services providers ~~parties or carried out by another entity in other ways~~, in case manufacturers and, where applicable, distributors, are any of the financial entities referred to in the EBA Guidelines on the sound management of third-party risks²⁸, ~~they~~ they should ensure ~~that in doing so~~, they comply with those Guidelines, including with the requirements on the ~~final~~ ultimate responsibility of financial institutions entities relying on third-party services providers ~~CEBS Guidelines on outsourcing accordingly.~~⁴⁴ This includes, in particular, guideline 2, which provides that ~~“the ultimate responsibility for the proper management of the risks associated with outsourcing or the outsourced activities lies with an outsourcing institution’s senior management”.~~’

Q3. Do you have any comments on the consequential changes made to chapter 6 of the POG Guidelines on ‘third-party arrangements’?

²⁸ EBA Guidelines on the sound management of third-party risks [EBA/GL/XXXX/XX]

5. Accompanying documents

5.1 Draft cost-benefit analysis / impact assessment

45. As per Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’. This analysis presents the IA of the main policy options included in this Consultation Paper on the draft Guidelines amending the Guidelines (EBA/GL/2015/18) on product oversight and governance arrangements for retail banking products, to take into account products with ESG features and greenwashing risks (‘the draft Guidelines’). The IA is high level and qualitative in nature.

A. Problem identification and background

46. Developments in the markets for financial services in the period leading up to 2015 had shown that failures in the conduct of financial institutions towards their customers cause significant consumer detriment, undermine market confidence and in extremis can also lead to financial instability. To address some of the causal drivers of such conduct failure, the EBA issued in 2016 Guidelines on product oversight and governance (POG, EBA/GL/2015/18) for manufacturers and distributors of retail banking products ‘POG Guidelines’ that fall within EBA’s regulatory remit, namely mortgages, personal loans, deposits, payment accounts, payment services, and electronic money. The Guidelines have been applicable without any modifications since the EBA first issued them in 2016.
47. However, five recent regulatory developments make a revision of the Guidelines necessary. First, on 4 June 2024, the EBA published a final report on greenwashing monitoring and supervision, which contained several recommendations, *inter alia* for the EBA to provide regulatory guidance that addresses greenwashing-related issues within prudential and conduct supervision. Second, new provisions were introduced, and adjustments were made to several existing articles, in the Capital Requirement Directive (CRD) and the Capital Requirements Regulation (CRR), in relation to the current and forward-looking impacts of ESG risks. More specifically, a requirement was introduced in Article 76 of the CRD, which is related to one of the legal bases of the POG Guideline and now requires the management body to develop concrete plans to address ESG risks. Furthermore, revised Article 87(a)(4) of CRD now requires NCAs to assess and monitor developments of institutions’ practices concerning their ESG strategy and risk management, including their sustainability-related product offerings. Third, in 2024, the Directive on unfair business-to-consumer commercial practices²⁹ has been amended in order to

²⁹ Directive 2005/29/EC ELI: <http://data.europa.eu/eli/dir/2005/29/oj>

address commercial practices that mislead consumers and prevent them from making sustainable consumption choices³⁰. Fourth, the EBA founding Regulation (EU 1093/2010) was amended and explicitly brought consumer credit as defined in the Consumer Credit Directive (CCD) into the EBA's regulatory remit, as a result of which the EBA is in a position to add this product fully into the scope of the POG Guidelines. The EBA Guidelines on outsourcing arrangements repealed in 2019 are also currently under another revision to take into consideration the Financial Stability Board toolkit for enhancing third-party risk management and oversight, the BCBS principles for the sound management of third-party risks in the banking sector as well as the application of DORA. Finally, this timely update of the POG GL occurs in a context where the EU has established a legislative framework to boost the energy performance of buildings, that includes the Energy Performance of Buildings Directive (EU/2024/1275) and the Energy Efficiency Directive (EU/2023/1791). This framework explicitly assigns a critical role to the banking sector in the provision of "green" loans, aiming to scale up financing to meet the investment needs for improving the energy efficiency of buildings.

B. Policy objectives

48. The draft Guidelines objectives is thus to update the POG Guidelines to contribute to the fight, at its level, against greenwashing and so that the latest linked regulatory changes, and mainly ESG ones, are taken into account in these Guidelines.

C. Options considered, assessment of the options and preferred options

49. Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the draft Guidelines. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

Level of inclusion of ESG in the POG Guidelines

50. The draft Guidelines objective is mainly to take into account the related ESG regulatory changes in the POG Guidelines. With regards to the level of ESG requirements to be added in the POG Guidelines, two options have been considered by the EBA:
51. Option 1a: Adapting the existing requirements of the POG Guidelines to the ESG related regulatory changes by adding detailed and additional requirements for ESG.
52. Option 1b: Adapting the existing requirements of the POG Guidelines to the ESG related regulatory changes in a limited and targeted way.

³⁰ Directive 2024/825/EU ELI : <http://data.europa.eu/eli/dir/2024/825/oj>

53. Adapting the existing requirements of the POG Guidelines to the ESG related regulatory changes was deemed necessary in order to contribute to answer (in its own area) to the identified issue of greenwashing and keep a consistent regulatory framework. This would bring the benefit of increasing customers' confidence in the ESG products' elements and related communication. One could say that, implicitly, the product's ESG elements were already covered by the POG Guidelines but updating the POG Guidelines with the inclusion of the ESG elements would make sure that they are taken into account and would prevent a possible disparity of treatment between those elements and the other products' elements.
54. Adding in the POG Guidelines supplementary specific requirements related to ESG was an option foreseen during the elaboration of the draft Guidelines. It would have had the benefit of putting at a higher level of scrutiny the ESG elements and to increase the level of consideration of the customers' needs with this regard. Nonetheless, the existing POG Guidelines have been found fit for purpose since 2016 for the other elements than the ESG (the EBA carried out two reviews into how the Guidelines were applied by the industry, which the EBA published in the form of reports in July 2019³¹ and November 2020 respectively.³², and the EBA found that the substance of the Guidelines themselves were fit for purpose without the need for revisions) and therefore are deemed to be fit for purpose regarding the ESG elements. Furthermore, the potential benefits of supplementary requirements would not justify the additional costs triggered that institutions would support.
55. On these grounds, the **Option 1b has been chosen as the preferred option** and EBA will adapt the existing requirements of the POG Guidelines to the ESG related regulatory changes but not add detailed and additional requirements for ESG.

D. Conclusion

56. The development of draft Guidelines on the revision of the Guidelines on product oversight and governance arrangements for retail banking products will contribute, at its level, to the fight against greenwashing and take into account the latest regulatory changes, mainly ESG ones. The benefits are deemed to exceed the costs associated with these draft Guidelines which are not supposed to be material and are partly driven by underlying changes in CRR and CRD and other legislations related to ESG and greenwashing. As such these draft Guidelines hence should achieve, with acceptable costs, their objectives.

³¹<https://eba.europa.eu/sites/default/files/documents/10180/2855746/fd963ed8-c392-433c-9d5f-40e798659f24/EBA%20Report%20on%20the%20application%20of%20the%20guidelines%20on%20POG%20arrangements.pdf?retry=1>

³²https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2020/935640/Se-cond%20EBA%20report%20on%20the%20application%20of%20the%20POG%20guidelines%20arrangements.pdf

5.2 Overview of questions for consultation

Question 1. Do you have any comments on the targeted amendments and consequential changes made to Chapter 2 of the POG Guidelines on ‘subject matter, scope and definitions’?

Question 2. Do you have any comments on the targeted amendments made to Guidelines 2, 3, 7, 8 and 12?

Question 3. Do you have any comments on the consequential changes made to chapter 6 of the POG Guidelines on ‘third-party arrangement’?