



ZBS | Združenje bank Slovenije
The Bank Association of Slovenia

Institutional readiness unleashing opportunities from the European Green Deal

What can innovative and sustainability-driven corporate clients expect from banks?

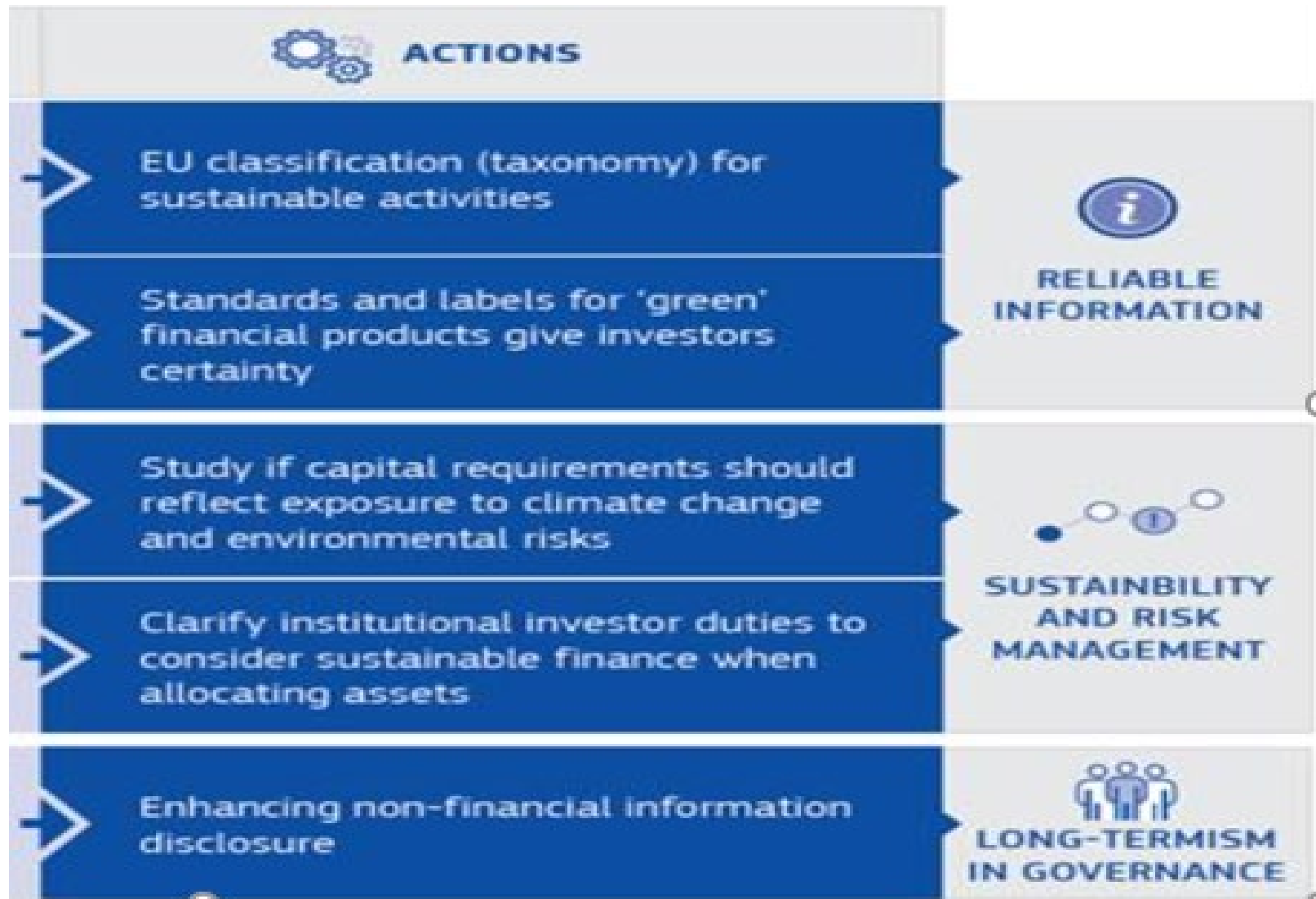
CBA Conference, Tuesday, 19th January 2021 via Zoom

mag. Stanislava Zadavec Capriolo

What can innovative and sustainability-driven corporate clients expect from banks?

- Slovene banks stand ready to finance the current investment needs as well as post Covid recovery of the economy (ample liquidity and robust capital position)
- They are committed to finance the sustainability – driven projects and have included environmentally and socially sustainable projects financing into the strategic priorities
- Already in 2019 the „Principles of the responsible banking“ were amended to reflect the strategic orientation of Slovene banking sector towards financing sustainable projects

What can innovative and sustainability-driven corporate clients expect from banks? – EU Action Plan



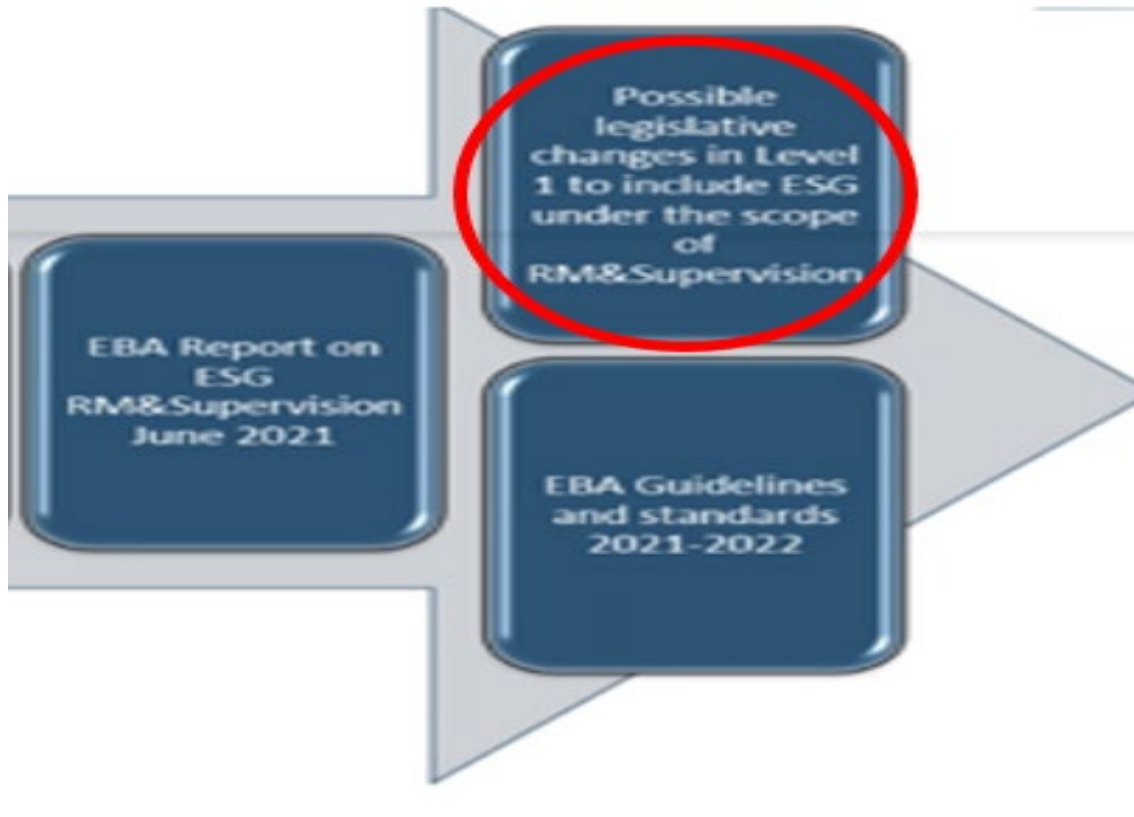
What can innovative and sustainability-driven corporate clients expect from banks? – Banks Need Reliable Information

Data availability and verification

- Data gap critical - banks need better disclosure from clients
- Need to define a limited set of **Key Performance Indicators (KPIs) and Key Risk indicators (KRI) common for all banks, consistent with other key initiatives** (evaluated in terms of **relevance, feasibility and phasing** of their implementation)
- **Available, reliable, and standardized data are a pre-requisite for the development of quantification methodologies.**
- **Liability should not be with the users of data.** It is impossible for the banks to prove the veracity of some of their customer's climate-related data (levels of emissions, DNSH, etc.). Regulation should include the mechanisms to make the information of the companies' reliable enough, based on their own review/audit processes.
- **EU Central data register** based on common standard would improve availability and quality of data (EBF proposal)



What can innovative and sustainability-driven corporate clients expect from banks? – Cost of Funding to Reflect Environmental Exposure ?



- On 30 October 2020, EBA launched a discussion paper on the inclusion of ESG risks in the regulatory / supervisory framework, which is under public consultation until 3 February 2021 (expected to be published in June 2021).
- And then EBA guidelines and standards and proposal to level 1 regulation:
- Key regulations adopted in relation to sustainable financing or still in the process of adoption:
 1. The Non-Financial Reporting Directive (NFRD)
 2. Regulation on sustainability disclosures in the financial services sector
 3. Regulation on taxonomy
 4. Regulation on reference values
 5. Regulatory prudential framework for banks (CRD Directive and CRR Regulation),
 6. The ECB's Guide to Climate and Environmental Risks and
 7. EBA Guidelines on Credit Approval and Monitoring

Joint EBF-UNEP FI report “Testing the Application of the EU Taxonomy on Core Banking Products : High Level Recommendations – to be published end of January!