



Template for comments

ECB Guide on effective risk data aggregation and risk reporting

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General comments

The ECB expects European banks to comply with its supervisory expectations on climate-related risks by 2024 and repeatedly underlined the need for them to accelerate climate integration and to contribute to the broader transition (notably to reduce overall climate related risks and economic impact). However, the Guide on effective risk data aggregation and risk management does not provide any recommendations that would contribute to this essential movement. Indeed, the Guide only mentions "climate" to underline that members of the management body should have an understanding of climate-related data (see section 3.1.7 of the draft Guide).

The specificities of climate-related data - including data gaps and uncertainties and how to address them - are not considered in the Guide, despite the ECB and other supervisors regularly underlining them. On this specific point, it is worth noting that the NGFS and the ECB have underlined in the past the need for financial institutions to immediately act on climate and climate-related risks using the data that is already available.

In parallel:

1. The good practices identified by the ECB on climate-related risk in its November 2022 report and the result of the first climate-stress tests have shown the need to identify and gather data on specific activities and sectors that are especially exposed to climate related risks;
2. The inherent uncertainty tied to climate-related risks - notably because physical risks stem from the impact of climate change that are impossible to accurately predict and could result in tail risk - should also drive central banks and supervisors to target assets and activities that most contribute to climate change to prevent risks from materializing.

Considering the above elements, the Guide should be amended to push banks to gather, aggregate and use available climate-related data, and especially data related to high risk and high impact sector such as the fossil fuel sector. Free to use and publicly available databases like the Global Coal Exit List (GCEL) and Global Oil and Gas Exit List (GOGEL) are essential tools that should be recommended. They are already used by many financial institutions worldwide and some supervisors - including the French Market Authority. They provide detailed elements on the practices and characteristics of companies active in the coal, oil and gas sector, enabling financial institutions get a clear view at their potential exposure to risks and impact on climate.

Additionally, **the Guide should require banks to disclose precisely on the climate-related data, databases, and providers they use and rely on and on their plans to increase the quality of the data and mitigate the data gaps identified.**

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- each comment deals with a single issue only;
- you indicate the relevant chapter/ section/ paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion; and
- you include a rewording suggestion in case of a proposed amendment.

Deadline: 6 October, 2023

ID	Chapter/ section	Sub-point/ bullet/ paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
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