



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

## Template for comments

### Guide on the management and disclosure of climate-related and environmental risks

#### Institution/Company

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#### General comments

Timeline: Implementation timeline needs to be clear, gradual, and feasible. Further clarification needed

Data, definitions, and quantifications tools: Available, reliable, and standardized data and clear definitions of climate and environmental risks are pre-requisites for the development of quantification methodologies. The Guide stresses the materiality dimension without giving tools for the quantification. A standardized approach to calculate materiality effect of climate risk would be of extreme benefit for the industry. Transition risk is still impossible to quantify or measure highly speculative and full of bias's (see 'peak oil' discussions for last 100 years)

Emerging markets: clarification on application in emerging markets (which standards apply?) Danger of gold-plating based on European standards

Private Equity: The Guide is focused almost entirely on debt (i.e. Pricing, PDs, etc.), clarification on how to do this for PE exposures is needed

.Best Practices: Creation of best practices in the field would be helpful to provide the right direction to banks. Validity of the mentioned observed practices (i.e shadow PD) still needs to be evaluated

More focus on short/ medium term rather than long term: Transition risk might materialize faster than expected and climate change is already happening and affecting certain regions. Equity values, as the future value of cashflows, can be affected earlier and with higher magnitude than expected. If some industries/companies might be vulnerable to climate risk (especially transition) in the future, equity values can be already depicted this. Environmental risk can have short term nature and affect client's reputation and business model already in the short term

Alignment with regulatory developments T-he Guide should be fully aligned with the EU Taxonomy, disclosure requirements and other ongoing initiatives

## Template for comments

### Guide on the management and disclosure of climate-related and environmental risks

Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant article/chapter/paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

<b>Deadline:</b>	25 September 2020
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ID	Chapter	Paragraph	Expectation or box number	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Chapter 4	4.2	Expectation 2.1	17	Clarification	There should be more guidance on the development of scenarios or best practices		Franekova, Jana	Publish
2	Chapter 5	5.4	Expectation 6.4	27	Clarification	Up-to-date and timely should be made more clear. It could be argued that due to the long-term nature of these risks this only needs to be updated once a year; on-demand and ad-hoc is rather ambitious; particularly in the case where there is a reliance on qualitative metrics		Franekova, Jana	Publish
3	Chapter 6	6.1	Expectation 7.5	31	Clarification	shouldn't the 'net' risk be considered rather than the only the downside? In this way it is similar to looking at the risk/return of certain products		Franekova, Jana	Publish
4	Chapter 3	3.2			Clarification	A clarification on interaction between climate and environmental risks needed		Franekova, Jana	Publish
5								Franekova, Jana	Publish
6								Franekova, Jana	Publish
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