

Press release

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ECB launches public consultation on its guide on climate-related and environmental risks

- ECB invites comments from industry and other stakeholders
- Banks expected to integrate climate and environmental risks in business strategy, governance, risk management and disclosure
- Consultation period ends midnight CET on 25 September 2020

The European Central Bank (ECB) today published a guide for consultation that explains how it expects banks to safely and prudently manage climate-related and environmental risks and disclose such risks transparently under the current prudential framework. The ECB wants banks to account for these risks given that they drive existing prudential risk categories and can substantially impact the real economy and banks.

The guide specifies how ECB Banking Supervision expects banks to consider climate-related and environmental risks in their governance and risk management frameworks and when formulating and implementing their business strategy. It also outlines how the ECB expects banks to become more transparent by enhancing their climate-related and environmental disclosures.

The ECB acknowledges that banks face significant challenges as a consequence of the coronavirus (COVID-19) pandemic. While the ECB's immediate attention is on the pandemic, it remains committed to further advancing the management and disclosure of climate-related and environmental risks in the banking sector.

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The guide aims to raise industry awareness of climate-related and environmental risks and to improve the management of such risks. It is also intended that the guide will serve as a basis for the supervisory dialogue. Banks are expected to assess whether their current practices are safe and prudent in the light of the expectations and, if necessary, to start adapting them.

The guide is designed to fit within the boundaries of applicable European Union and national law. It aims to foster banks' preparedness for managing climate-related and environmental risks under current prudential rules, in accordance with the European Commission's Action plan on financing sustainable growth and the European Banking Authority's Action plan on sustainable finance.

The guide was drafted in close cooperation with the national competent authorities with a view to ensuring that high supervisory standards are applied consistently across the euro area. It also draws on the experience gained from assessing banks' current practices and their approaches to climate-related and environmental risks.

The consultation on the guide starts today and ends at midnight CET on 25 September 2020. The guide itself and a list of frequently asked questions (FAQs) are available on the [ECB's Banking Supervision website](#). Following the end of the public consultation, the ECB will publish the comments received together with a feedback statement.

The ECB expects that the comments on this consultation document will provide valuable input for the finalisation of the guide.

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