

## Triodos Bank’s response to the public consultation on the draft ECB Guide on climate-related and environmental risks

Date of submission: 25 September 2020

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
1	Chapter 1			3	Amendment	"This guide is not binding for the institutions, but rather it serves as a basis for supervisory dialogue" // We encourage the ECB to make use of their supervisory powers following article 97 CRD, to cooperate closely with other supervisors in EBA for developing specifics following article 98(8), and to underline in each and every dialogue with institutions the severity and urgency of the topic at hand.	use existing SREP-powers and underline severity
2	Chapter 2	2.2		6	Amendment	"Where needed, significant institutions are expected to promptly start adapting their practices." // The climate cannot wait, so every corporate and every citizen must take their responsibility rather sooner than later. The production of relevant data will, however, only accelerate once authorities give clear timelines and expectations about future requirements. Start requiring financed emissions, and expand with a clear timeline which data the ECB expects to see monitored (for example: a 50% reduction in financed emissions before 2030). Be proportional following climate impact materiality: focus on harmful portfolios first, add less harmful portfolios later.	enhance commitment by giving clarity about content and future timelines

3	Chapter 3	3.2		10	Amendment	The taxonomy provides a clear set of six environmental objectives. We suggest using the same classification in banking supervision and assess double materiality (risks & impact) for all six environmental objectives	consistency with other EU legislation
4	Chapter 4	4.1	1	15	Clarification	Simplifying the complex issue of assessing the impact of climate on the risks of outstanding portfolios is possible by requiring banks to start avoiding financing harmful activities, have them follow the phasing out of financing harmful activities and make a transition plan to zero harm, starting with a 50% reduction of financed emissions in 2030.	simplify implementation process for banks
5	Chapter 6	6.1	7.5	31	Amendment	We advocate applying a SREP add on to cases where the exposure to harmful activities exceeds clear targets towards zero harm in 2050. For example, an add on for portfolios that have financed emissions above the path towards a 50% reduction in 2030	incentivize phasing out finance of harmful activities
6	Chapter 6	6.1	7	28	amendment	We suggest the clear and consistent use of 'climate change' as the risk driver behind known (credit, market, etc) risks. After all, climate change is not measurable like the known risk types; it's an uncertainty that can affect positions, for which scenarios facilitate risk management, but it cannot be measured itself as a risk.	promote clarity on difference risk drivers and actual measurable risk
7	Chapter 6	6.2	8	31	amendment	Add an example of an expectation that is relatively easy to implement and should be binding to adopt within a certain timeframe, such as financed emissions.	promote practical progress in steps
8	Chapter 6	6.5	11	37	amendment	Give an example of an expectation that is relatively easy to implement and should be binding to adopt within a certain timeframe, such as financed emissions	promote practical progress in steps
9	Chapter 7		13.5	43	amendment	We encourage the ECB to require banks subject to Article 449a CRR to follow PCAF-banks' example and publish their actual financed emissions.	know the size of the problem as soon as possible, disclose the institution's Scope 1, 2 and 3 GHG emissions for the whole group using PCAF.