Consultation response "Disclosure of climate-related financial risks" – Ekō

This comment is on behalf of Ekō, an organisation of 22 million members around the world, and its [over 6,000 members] that strongly support these measures.

- We urge the BCBS to keep mandatory disclosure of banks' financed and facilitated emissions, transition plans and forecasts;
- We welcome the shift from voluntary action to regulation: Transparency over climate-related financial risks is a basis for sound risk management practices by banks;
- We further urge the BCBS to timely complete the review of its capital framework (Pillar 1) announced for 2024.

With regards to transition plans:

- We strongly support the Basel Committee's proposal that banks should disclose their transition plans to manage climate risk and move away from fossil fuels, which are not compatible with international climate commitments;
- These should include i) Scope 3 emissions as these are the largest portion; ii) actions by banks to achieve their climate targets / forecasts;
- The BCBS should provide more guidance on transition plan disclosures to make the information comparable between banks and facilitate assessment by the supervisors

Over 80% of Ekō members are in clear support for the use of transition plans as a tool to manage climate-related risks and monitor banks' progress on their objectives.

We ask the BCBS to strengthen the proposal in other key ways, including by requiring:

1. Accounting and disclosure of financed emissions associated with a bank's financial intermediaries, i.e. always account for the emissions of activities which actually benefit from banks' financing;
2. disclosures of financed emissions should be granular enough to differentiate the actual underlying activities, in particular in the fossil fuel sector which has the highest level of transition risk (for this include GICS 8-digit industry classification);
3. Better reveal the extent to which bank plans for net zero emissions are credible. This should imply, for example, that fossil fuel exploration cannot be part of a credible transition plan, as the activity is not compatible with the net zero scenarios.