



UNIMORE

UNIVERSITÀ DEGLI STUDI DI
MODENA E REGGIO EMILIA

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GESTIRE I RISCHI. GUARDARE LONTANO.
21 | 22 GIUGNO 2022

MILANO, CENTRO CONGRESSI BEZZI BANCO BPM
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**SUPERVISION
RISKS &
PROFITABILITY**

FIT & PROPER: aspettative di vigilanza in tema di governance sui rischi climatici e ambientali

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Credem Banca – Board & CCRSG*

ABI-Supervision, Risk & Profitability 2022

Sessione parallela 5.1 - 22 giugno

AGENDA

- ✓ Le supervisory priorities 2022-2024 e le aspettative di vigilanza in tema di governance sui rischi C&E
- ✓ I board sono consapevoli e pronti?
- ✓ FIT & PROPER: approccio adeguato?
- ✓ *Approfondimenti*

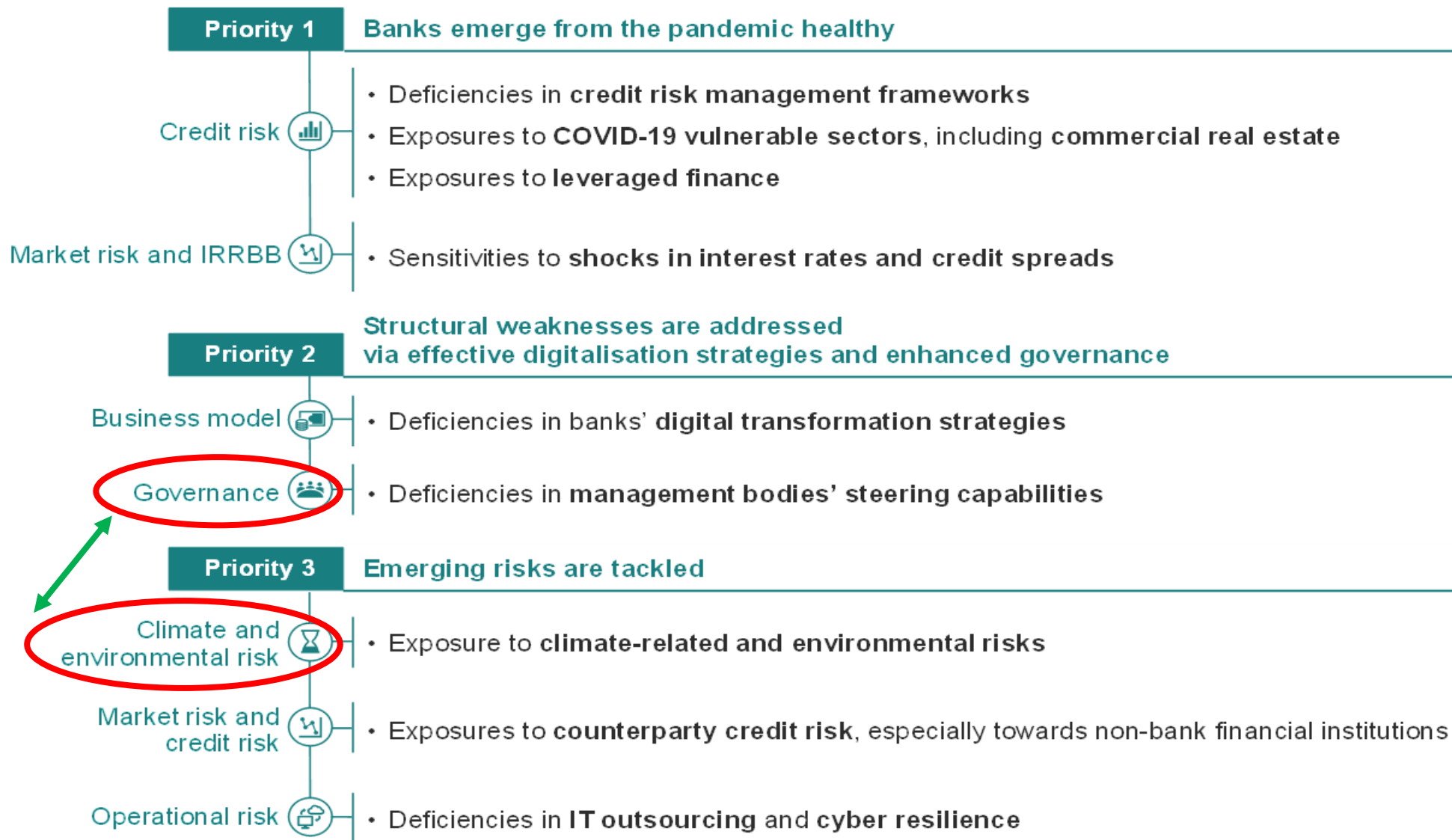
The
Economist

OCT 30TH 2021COP-out



No PLANET B: BLA BLA....

SSM - Supervisory priorities for 2022-2024 addressing identified vulnerabilities in banks



Aspettative di vigilanza sui rischi climatici e ambientali (Banca d'Italia 2022)

GOVERNANCE

Modello di business e strategia aziendale

Sistema organizzativo e processi operativi

Mappatura dei rischi climatici e integrazione nel Risk MGT

Data base, data quality & Sistema informativo

Materialità rischi climatici, capital adequacy & liquidity, limiti

Monitoring e aggiornamento delle decisioni assunte

Rischio di credito: integrazione in tutte le fasi del processo LOM

Rischio di mercato

Rischio operativo

Rischio di liquidità

Informativa al mercato - Disclosure

SSM -Supervisione efficace da parte dell'organo di amministrazione sui rischi climatici e ambientali?

Table 1

Overview of institutions that have integrated C&E risks into selected practices

Section	Expectation (1)	Selected practices (2)	Level of integration (3)
Business models	1.1.	The integration of C&E risks in the systematic monitoring of the business environment	39%
	2.1.	The use of C&E-related scenario analysis for the purpose of strategy setting	11%
	2.2.	The integration of C&E risks in business strategy by setting key performance indicators	25%
Governance and risk appetite	3.1.	The integration of C&E risks in the roles and responsibilities of the management body	43%
	6.3.	The integration of C&E risks into the risks reports to the management body	14%
	4.2.	The integration of key risk indicator(s) on C&E risks in the risk appetite statement	17%
	6.1.	The development of an approach to identify C&E data needs and to overcome gaps	7%
Risk management	8.1.	The integration of C&E risks in credit risk sector lending policies	46%
	8.2.	The integration of C&E risks in credit risk classification procedures for debtors	28%
	9.1.	The assessment of the impact of C&E risks on the continuity of its operations	50%
	10.	The integration of C&E risks into the transaction due diligence of the investment process	11%
	11.	The conduct of an (ad-hoc) C&E-related stress test or sensitivity analysis	23%
Disclosures	13.1.	The specification of the means and frequency of disclosing C&E risks in disclosure policies	6%

SSM - The state of climate and environmental – C&E- risk management in the banking sector
Report on the supervisory review of banks' approaches to manage climate and environmental risks
November 2021

Source: Supervisory assessment based on institutions' responses to the request to perform a self-assessment and to develop implementation plans in the light of the ECB's Guide on climate-related and environmental risks.

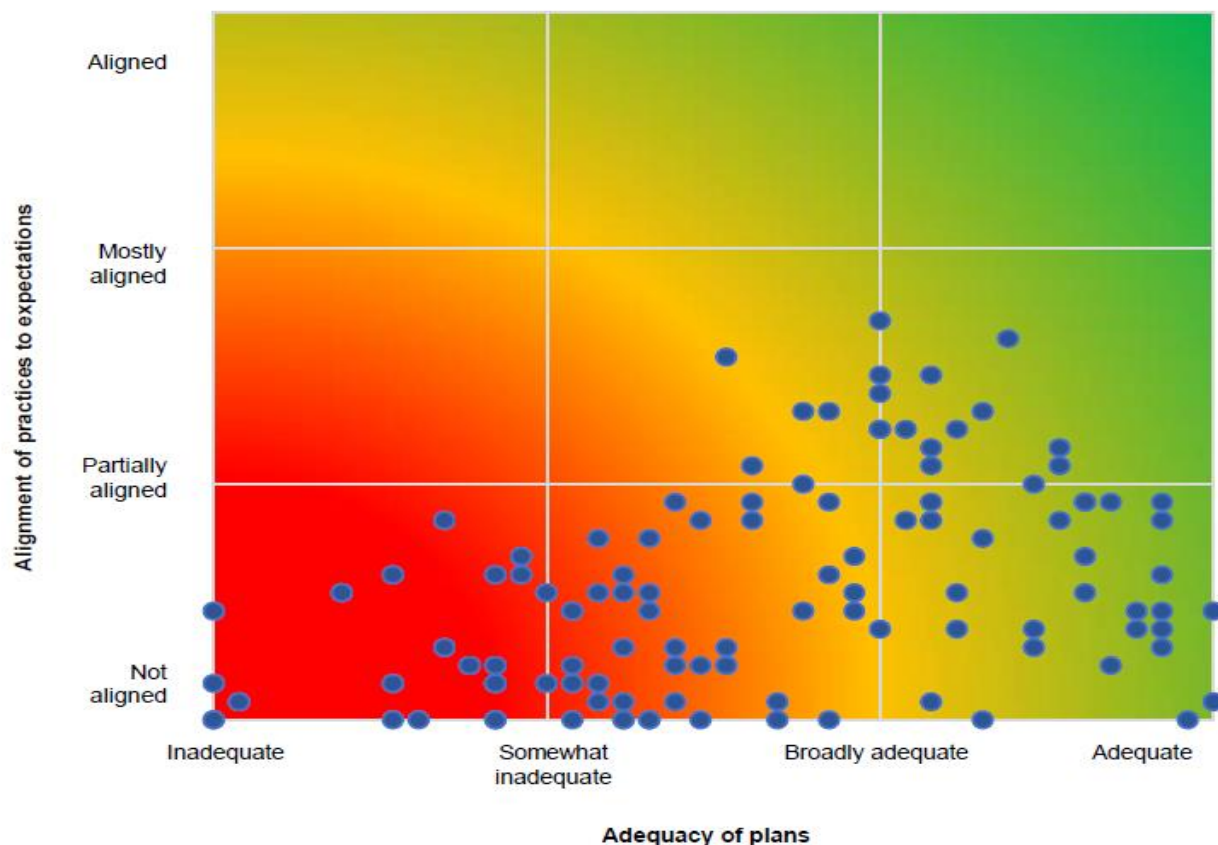
Notes: (1) This column refers to the expectations set out in the ECB Guide under which the practices fall. (2) This overview of selected practices illustrates relevant trends across the sector. It should not be interpreted as suggesting a prioritisation from the supervisory point of view. (3) This is the percentage share of the 112 institutions that have integrated C&E risks into the corresponding practices.

Overview of institutions' practices and plans SSM – November 2021

Figure 2

How institutions' practices align with the expectations, mapped against the adequacy of their plans to advance those practices

(the y-axis describes the level of alignment of 112 institutions' practices to the supervisory expectations set out in the ECB Guide; the x-axis describes the level of adequacy of 112 institutions' implementation plans to address gaps in their practices)



Institutions are paving the way but there is still a long way to go to fully align their practices with the supervisory expectations

Nevertheless, almost all institutions have developed implementation plans to advance their practices

The quality of the implementation plans varies considerably across the institutions.

There is a group of institutions that is significantly lagging (1/5)

Source: ECB's supervisory assessment.
Note: Weighted average scores are plotted for the 13 supervisory expectations.

Consapevolezza del tema nei BOARD

Report Changing the climate in the Boardroom, Oct 2021, reveals how 301 board members in 43 countries, primarily in North America and Western Europe, view their boards' action on climate change. Heidrick & Struggles - INSEAD The Corporate Governance Centre

Overall, the results of our survey revealed a clear disconnect between what board members *say* about the importance of climate change to their companies and what the boards actually *do*.

- Boards need to work **both with value creation and compliance**
- **Integrate sustainability** into every business planning and strategic process
- Make sure **to understand your value chain** and the full **impact the organization** has
- **Assure to spend time, and resources**, on the correct things and add incentives
- **Every board member** needs to bring these issues to their specific board rooms alongside with both insights and hope



Ruolo dei Board – Key topics

...how trends and regulations are shifting, as well as the board's role and what they need to know

Key questions

- *What are **stakeholders' ESG expectations** and how are they impacting boards?*
- *How are boards **guiding & following their companies' sustainability transitions**?*
- *How are the **ESG trends and regulations impacting financial institutions and corporates**? What will the **EU taxonomy** mean, and how is **disclosure and reporting** changing?*
- *How are boards **making sense of the increasing alphabet soup**?*
- *How are **financial institutions & investors evaluating a company's ESG situation**?*

Fit & Proper

Art 91 CRD

5 criteri:

- i. experience: practical experience and theoretical knowledge**
- ii. reputation;
- iii. conflicts of interest and independence of mind;
- iv. time commitment;
- v. collective suitability**

The management body as a whole must possess adequate collective knowledge, skills and experience to be able to understand the institution's activities, including the main risks.

theoretical knowledge

1. *banking and financial markets;*
2. *regulatory framework and legal requirements;*
3. *strategic planning, the understanding of an institution's business strategy or business plan and accomplishment thereof;*
4. *risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a credit institution);*
5. *accounting and auditing;*
6. *the assessment of the effectiveness of a credit institution's arrangements, ensuring effective governance, oversight and controls;*
7. *the interpretation of an institution's financial information, the identification of key issues based on this information, and appropriate controls and measures*

I punti di attenzione:

- ***Criteri formali e/o sostanziali***
- ***Conoscenza temi ESG: approccio statico vs dinamico***
- ***Report sulla governance e C&E risk***

Rendicontazione sulle questioni climatiche - fattore di rischio e questione strategica

- ambito di divulgazione per fornire informazioni e dare valore al processo in atto
- comprensione di come rischi climatici e ambientali possono incidere nel breve, medio lungo periodo nel contesto in cui la società opera → ***prerequisito per assumere decisioni informate nella definizione della strategia aziendale***

I temi qualificanti

- Il peso del cambiamento climatico come punto dell'agenda del Board
- E' stata effettuata l'integrazione di diversi scenari energetici e climatici nella pianificazione aziendale
- Obiettivi zero emissioni nette (CO₂)
- E' stato valutato formalmente l'impatto dei rischi climatici sull'azienda



Approfondimenti

FRAMEWORK REGOLAMENTARE EU, EBA, ECB, Bdl... regole, approcci e opportunità

EU:

2018 Il Piano di azione: gli obiettivi; 2019 Green Deal; 2020 NextGen EU; 2021 (luglio) Renewed Sustainable Finance Strategy: Fit-for-55 (proposal)
Tassonomia dei prodotti sostenibili: Reg. UE 2020/852
Obblighi di disclosure di prodotti finanziari Reg. UE 2019/2088 (Sustainable Financial Disclosure- SFDR)
Proposta di direttiva su Corporate Sustainability Due Diligence, 23-02-2022

EBA:

On management and supervision of ESG risks for credit institutions and investment firm

ECB:

2020 Nov. - Banking Supervision: Guide on climate-related and environmental risks
2021 - ESG economy-wide climate **stress test** exercise; I Questionario SI (Report on the supervisory review of banks' approaches to manage climate and environmental risks, November 2021),
2022 - Supervisory priority & Thematic review; (IQ) - II Questionario SI; ESG Supervisory climate risk stress test of the Eurosystem balance sheet

2022 – SREP: i punteggi potranno essere influenzati dai risultati dei supervisory exercise in tema ESG

Bdl

2022 – Aspettative di vigilanza sui rischi climatici e ambientali. Indirizzato a intermediari la cui competenza di vigilanza è di Bdl (TUB&TUIF): banche LSI, Int ex art. 106 TUB; SIM, SGR, Sicav, /Sicaf

CDA e

Comitati →

- *Consapevolezza del rilievo del tema*
- *Consapevolezza dei rischi e delle scelte strategiche e operative*

Approcci

- *tema di compliance regolamentare*
- *sfida strategica, operativa e ripensamento del BM*
- *una golden opportunity*

Consapevolezza del tema nei Board

Report Changing the climate in the Boardroom, Oct 2021, reveals how 301 board members in 43 countries, primarily in North America and Western Europe, view their boards' action on climate change. Heidrick & Struggles - INSEAD The Corporate Governance Centre

The survey revealed signs of continued progress in corporate commitment to climate change. 75% of boards believe climate change is very, or entirely important, to the strategic success of their companies, with 72% reporting confidence that their company will reach its climate change goals.

The more concerning findings centered on competency, knowledge and implementation.

50% of all board members expressed concerns with the level of reporting they receive on climate change progress.

69% said climate change knowledge is not a formal requirement for joining their board, and climate change knowledge is not included in their board's competency matrix.

65% said that knowledge of climate change is not a formal requirement in CEO selection.

74% of boards do not prioritize climate change in executive performance metrics.

The data also revealed a talent paradox: the best leaders on climate change often do not have board experience, and those with skills to navigate board dynamics often lack true understanding of climate change.

“As companies continue to evolve their ESG efforts – marked by real shifts in priorities in this pandemic era – **boards whose primary focus is enforcing good corporate governance must lead on climate change.** Regulatory and other pressures are converging to influence access to capital, as insurers, investors and lenders are increasingly requiring ESG disclosure that mirrors financial reporting to secure funding”

Grazie per l'attenzione

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