

# ESG in the banking and insurance sector: stay ahead of the game

Webinar on 27 June 2022



#### Hello and welcome!

Let's enjoy an interactive session



**Q&A – please send your questions to the panelists**You can access the Q&A section by clicking on the 3 dots button in the toolbar at the bottom of you screen.



Chat – should you have technical issues, please write us in the chat

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#### The speakers



**Emmanuelle Mousel** 

Partner Arendt & Medernach



**Clara Bourgi** 

Senior Associate
Arendt & Medernach



**Laura Archange** 

Counsel Arendt & Medernach



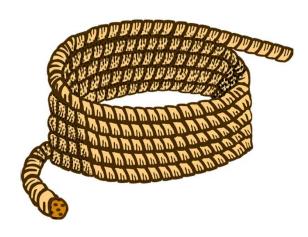
**Antoine Peter** 

Manager Arendt Regulatory & Consulting



#### Introduction







### **Disclosures**

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#### **Disclosures - Banks**



Transparency requirements around sustainability risks integration, consideration of adverse impacts and promotion of ESG applicable to banks with portfolio management activities and to some financial products. This includes website, pre-contractual and periodic reporting disclosures.

- Applicable since March 2021

Transparency on the product offering's suitability from an ESG point of view

- August 2022

Proposal for a harmonized EU non-financial reporting framework that would apply to banks and other financial and non-financial undertakings (with sector specific reporting obligations and harmonized metrics such as GHG emissions, transition plans, etc.)

- In progress



New transparency requirements applicable to many banking products and services (e.g. GAR, BATR, etc.)

- Gradually entering into force as of 2022



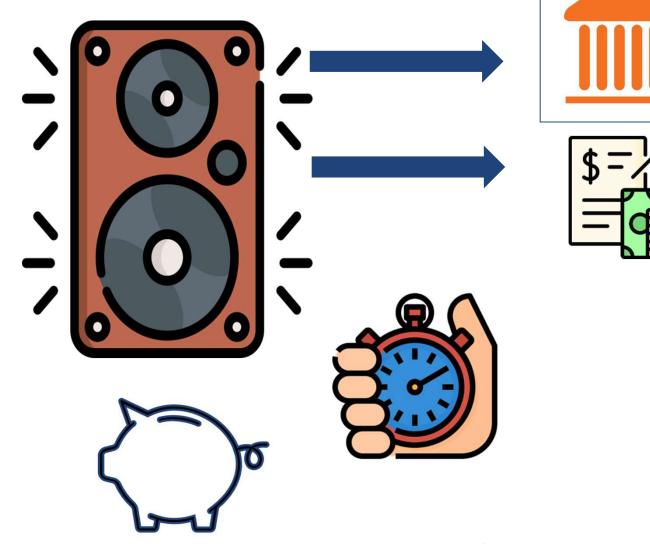
Strategic



Greenwashing risk mitigation



#### **Disclosures - Insurance**



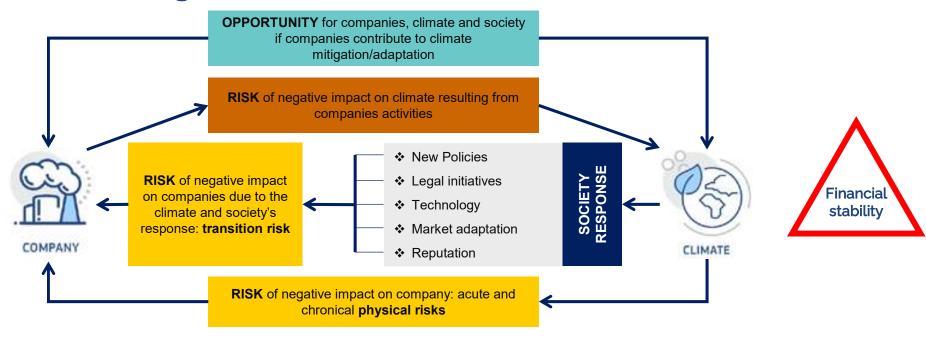


## Risk Management

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#### **Risk Management - Banks**



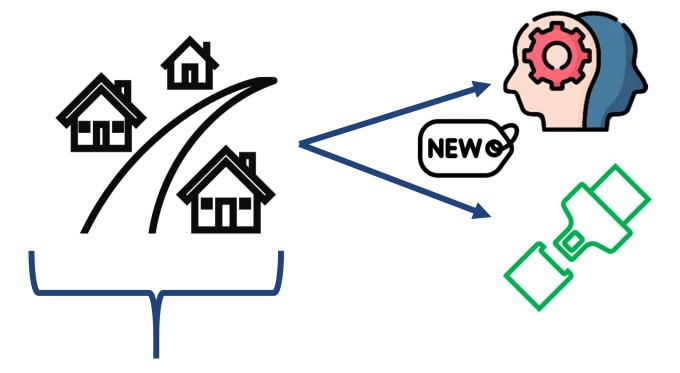


CSSF Circular 21/773 - On the Management of Climate-related and Environmental Risk

- o Identification of risk exposure
- o Business strategy and risk appetite
- o Risk management framework
- o Internal governance

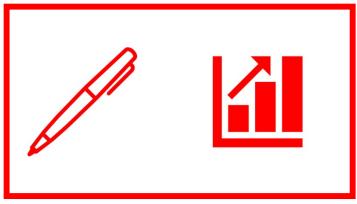
#### **Risk Management - Insurance**







2<sup>nd</sup> August 2022





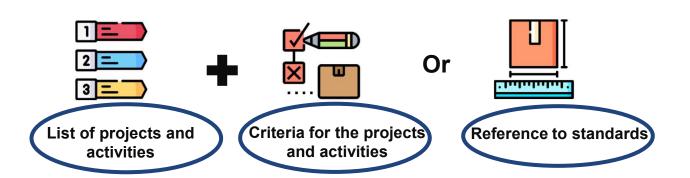
## **Bank Lending**

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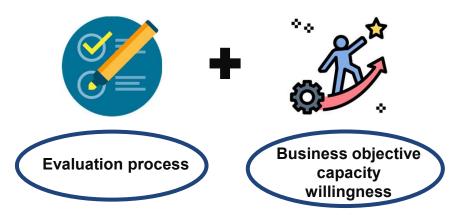
#### **Bank Lending - Loan origination and EBA Guidelines**

#### **Environmentally sustainable credit facilities:**





- 30 June 2021: new loans
- 30 June 2022: renegociated loans





#### **Bank Lending - Loan origination and EU taxonomy**

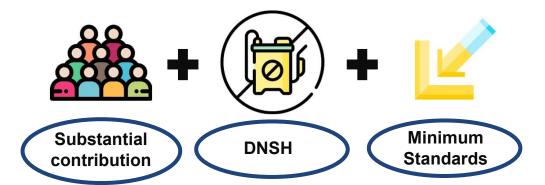
1st phase (01/01/2022): Taxonomy-eligible activities





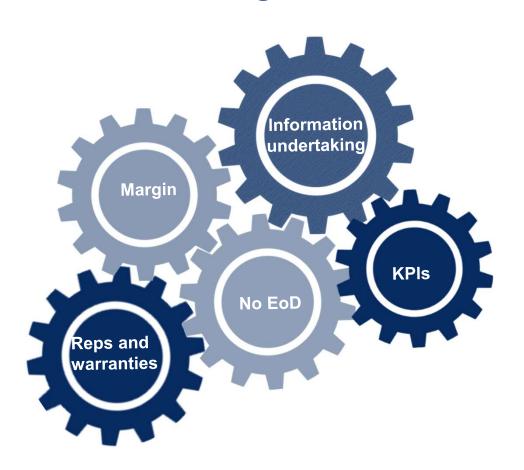
- Known vs. Unknown use of proceeds
- NFRD vs. Non-NFRD borrowers

2nd phase (01/01/2024): Taxonomy-aligned activities





#### **Bank Lending - ESG Loans – current market practices**







## **Product Governance**

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#### **Product Governance - Banks**













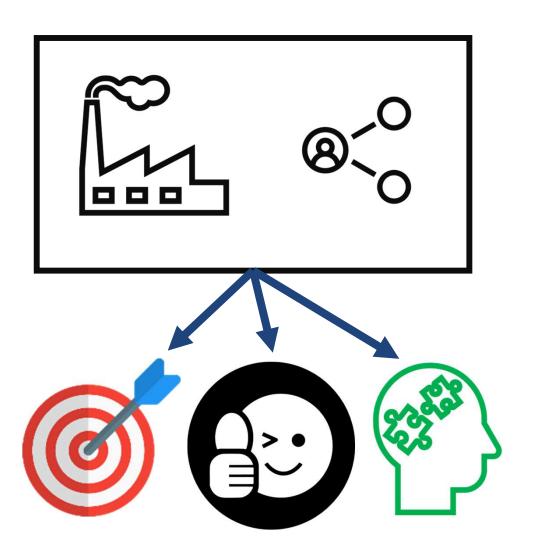


**22 November 2022** 





#### **Product Governance - Insurance**







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## Suitability

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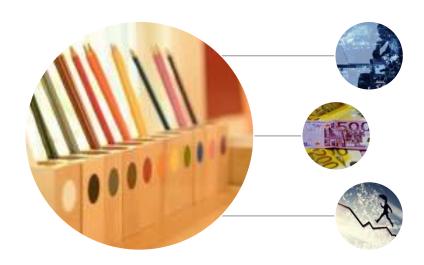
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# **Suitability - Banks Today**











## **Suitability - Banks Tomorrow**









2 August 2022





**Taxonomy** 



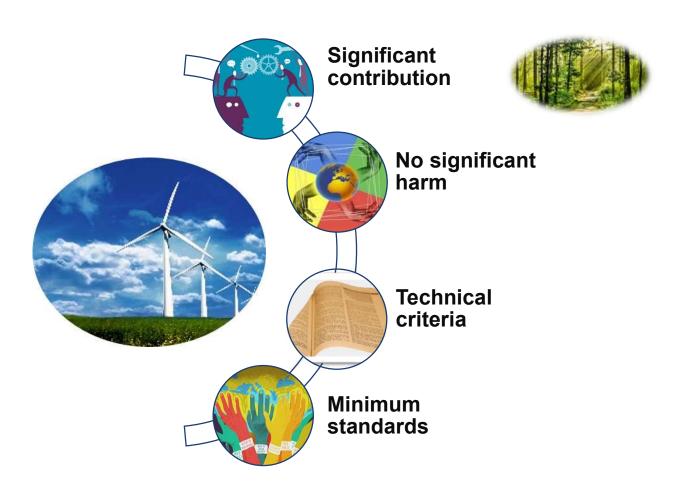
**SFDR** 



Principal adverse impacts

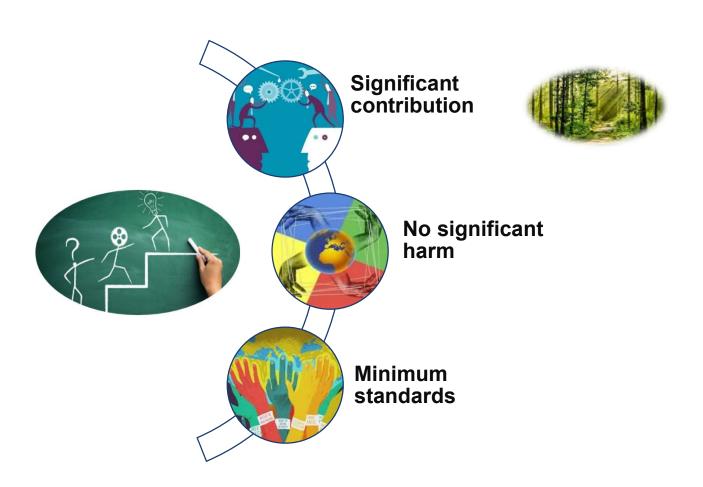


## Suitability - Banks Environmentally sustainable investments - Taxonomy





## **Suitability - Banks Sustainable investments - SFDR**



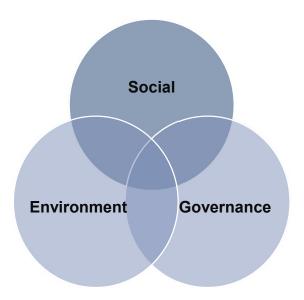




# **Suitability - Banks Principal adverse impacts**

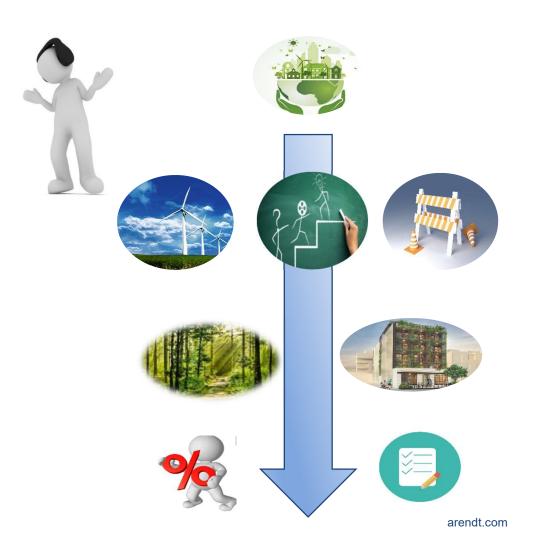








# **Suitability - Banks Assessing sustainability preferences**





**Draft guidelines** 





## **Suitability - Banks What should you do?**









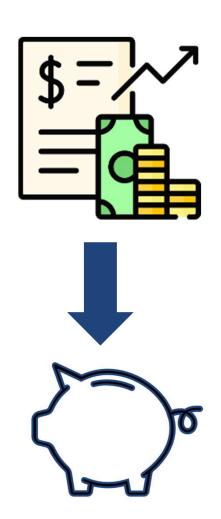








#### **Suitability - Insurance**







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## Conclusion

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#### **Contact us**



Emmanuelle Mousel Partner Arendt & Medernach

Emmanuelle.mousel@arendt.com



Clara Bourgi Senior Associate Arendt & Medernach

Clara.bourgi@arendt.com



Laura Archange Counsel Arendt & Medernach

Laura.archange@arendt.com



Antoine Peter
Manager
Arendt Regulatory & Consulting

Antoine.peter@arendt.com



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