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Zagreb, 26 May 2025

TO ALL CREDIT INSTITUTIONS

Attention of: Management Board

Subject: Application of the EBA Guidelines on the management of environmental, social and governance (ESG) risks

Dear Sir/Madam,

We hereby inform you that the European Banking Authority (hereinafter: the EBA) has issued the Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2025/01; hereinafter: the Guidelines). The Guidelines apply to credit institutions other than small and non-complex credit institutions from 11 January 2026. The Guidelines apply to small and non-complex credit institutions at the latest from 11 January 2027.

The Guidelines address the ESG risk management processes of credit institutions as part of their broader risk management framework. They apply in relation to the robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of ESG risks over the short, medium and long term that credit institutions are required to have as part of their governance arrangements including risk management framework.

The Guidelines cover:

- (a) minimum standards and reference methodologies for the identification, measurement, management and monitoring of ESG risks;
- (b) qualitative and quantitative criteria for the assessment of the impact of ESG risks on the risk profile and solvency of credit institutions in the short, medium and long term; and
- (c) the content of plans to be prepared by the management body, which shall include specific timelines and intermediate quantifiable targets and milestones, in order to monitor and address the financial risks stemming from ESG factors.

In accordance with Article 4, paragraph (1), item (3) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020, 151/2022 and 145/2024, hereinafter: the Act), the Croatian National Bank shall make every effort to comply with those guidelines and recommendations issued by the European Banking Authority in accordance with Article 16 of Regulation (EU) No 1093/2010 (OJ L 24/11/2010). These Guidelines also form a whole with the provisions of the Act and the subordinate legislation adopted pursuant to the Act that governs the management of ESG risks.

In the light of the foregoing, the credit institutions subject to the application of these Guidelines are expected to fully comply with the Guidelines.

The EBA Guidelines are available on the EBA website at the following link:

<https://www.eba.europa.eu/sites/default/files/2025-01/fb22982a-d69d-42cc-9d62-1023497ad58a/Final%20Guidelines%20on%20the%20management%20of%20ESG%20risks.pdf>

Kind regards,

Tomislav Ćorić
Vicegovernor