

EBA/CP/2025/07

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22 May 2025

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# Consultation Paper

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Draft Implementing Technical Standards

amending Commission Implementing Regulation (EU) 2024/3172,  
as regards the disclosures on ESG risks, equity exposures and the  
aggregate exposure to shadow banking entities

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# 1. Responding to this consultation

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The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

## Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 22.08.2025. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

## Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

## 2. Executive Summary

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This report puts forward a consultation to amend the EBA Pillar 3 disclosures framework<sup>1</sup> by incorporating the Regulation (EU) 2024/1623 (CRR 3) requirements on ESG related risks, equity exposures and the aggregate exposure to shadow banking entities and finalising the implementation of the prudential disclosure requirements included in the EU the banking package published in 2024.

The proposed amending ITS are part of the Step 2 of the implementation of the disclosure requirements in the CRR3 banking package by the EBA, as explained in the EBA's "Roadmap on Strengthening the Prudential Framework."<sup>2</sup> In Step 2, the EBA will implement the CRR3 requirements that are not directly tied to Basel III.

This consultation paper aims to enhance transparency and consistency of disclosures, while simplifying the reporting process for institutions. The proposal covers streamlined new requirements for shadow banking and equity exposures, and clarifications on the application of the Guidelines on non-performing exposures and forbearance. The EBA will also provide an updated mapping tool between Pillar 3 and supervisory reporting to support implementation by institutions.

Regarding ESG related risks disclosures, and as per the CRR3 mandate, the proposal extends the scope of institutions required to disclose ESG information, covering not only large listed institutions but also large non listed and other institutions, SNCIs, and large subsidiaries. In alignment with the European Commission's commitment to reduce reporting costs and simplify sustainability reporting<sup>3</sup>, the EBA has designed a proportionate approach for ESG disclosures. Key aspects of the proposal include:

- **Simplified approach with only essential information depending on the size and complexity of institutions:** the EBA proposes a tailored approach, offering different sets of templates based on the institution type. SNCIs will disclose only essential information on ESG risks, including physical and transition risks and exposures to fossil fuel sectors. A proportionate approach is also proposed for other institutions and large subsidiaries.
- **No new requirements but enhanced clarity on the disclosures of large institutions:** the proposal aims to improve and clarify the existing disclosure requirements for large listed institutions, based on the Questions and Answers (Q&As) received by the EBA regarding Pillar 3 ESG framework currently in place. While the core information for large institutions remains relatively unchanged, these revisions aim to enhance clarity and ensure better understanding.
- **Full alignment with Taxonomy Regulation:** to simplify compliance and ensure full alignment the EBA is incorporating a direct cross-reference in the ITS for Pillar 3 disclosures. This approach ensures that the relevant templates in the Pillar 3 framework will be automatically updated in line with any future changes to the Taxonomy Regulation, thereby ensuring that the information

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<sup>1</sup> Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637 (EBA Pillar 3 ITS)

<sup>2</sup> [The EBA publishes roadmap on the implementation of the EU Banking Package | European Banking Authority](#)

<sup>3</sup> [Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief - European Commission](#)

to be disclosed is identical under both frameworks and avoiding the need for amendments to the regulations.

- **Transitional provisions to support institutions:** transitional provisions provide institutions with sufficient time and clarity to prepare for the amended ESG disclosure requirements. To address timing uncertainties— due to ongoing consultations on related legislative proposals —the EBA proposes a phased approach for the implementation of the ITS proposed in this consultation paper. Large, listed institutions will continue to apply existing disclosure rules until end-2026, with the exception of those templates related with the Green Asset Ratio (GAR) and Taxonomy Regulation, where the disclosure obligations under the EBA Pillar 3 framework are suspended until that date (end-2026), while institutions newly brought into scope under CRR3 will begin applying the new ITS from the same date.
- **Interim guidance on application:** during the interim period, from publication of this consultation until the ITS being consulted are in force, the EBA encourages competent authorities to provide institutions with the flexibility envisaged in those transitional provisions. In instances where institutions opt to apply the approach proposed in the transitional provisions during this period, it is advisable that competent authorities support this choice and deprioritise requesting them to disclose additional information. This approach aims to avoid operational burden, provide clarity, and support consistent and proportionate implementation across the sector, including for institutions already reporting Pillar 3 ESG related information (large listed institutions) and for institutions required to report under the CRR3 (the rest of institutions).

The proposal also includes clarifications on application of new NACE classification code (NACE Rev 2.1) and transitional provisions to clarify the first application of new classification.

### Next steps

The consultation paper will be published for a three-month consultation period. The EBA will assess the feedback received during the public consultation, before submitting the final draft to the European Commission.

## 3. Background and rationale

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1. Regulation (EU) No 575/2013 ('CRR')<sup>4</sup> mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and to develop IT solutions, including instructions, in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven.

### 3.1 The Banking Package and the EBA roadmap

2. Regulation (EU) 2024/1623 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 (CRR3) implements the Basel Committee on Banking Supervision (BCBS)'s December 2017 Basel III post-crisis regulatory reforms in EU, while considering the specific aspects of the EU's banking sector. The new banking package envisages further harmonisation of supervisory powers and enforcement tools and an increase of transparency and proportionality in the Pillar 3 disclosure requirements.
3. Regarding the Pillar 3 disclosure framework, CRR3 includes several amendments to Part Eight of the CRR, including disclosure requirements on equity exposures; new disclosure requirements on the aggregate exposure to shadow banking entities and on crypto assets; and the extension of the scope of application of disclosure requirements on non-performing exposures and forbearance and on ESG risks to all institutions, that should be implemented respecting the principle of proportionality.
4. On 14 December 2023, the EBA published the "EBA Roadmap on Strengthening the Prudential Framework" ([link](#)). This roadmap explains the delivery timeline of the EBA mandates under the banking package clarifying how the EBA will develop the mandates implementing the legislation, and when it expects to finalise the most significant components prior to the application date.
5. According to this roadmap, when developing reporting and disclosure requirements, the EBA will follow a two-step process prioritising in step 1 those mandates and changes necessary to implement and monitor Basel III requirements in the EU. In step 2, the EBA will implement other reporting and disclosure requirements that are not directly linked to Basel III implementation. During this process, coordination between the development of the reporting and the disclosure requirements is ensured to promote consistency between the two frameworks.
6. Following this approach, the EBA has already published the final draft Implementing Technical Standards (ITS) repealing Commission Implementing Regulation (EU) 2021/637<sup>5</sup> on public disclosures by institutions of the information on output floor, credit risk, credit valuation

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<sup>4</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and amending Regulation (EU) No 2024/1623 ([OJ L 176, 27.6.2013, p. 1; Regulation - EU - 2024/1623 - EN - EUR-Lex \(europa.eu\)](#)).

<sup>5</sup> [The EBA updates the Pillar 3 disclosure framework finalising the implementation of the Basel III Pillar 3 framework | European Banking Authority \(europa.eu\)](#).

adjustment (CVA) risk, market risk, operational risk and crypto assets for the transitional provisions of article 502d(2) of the CRR 3. The application date of these new ITS, which is adopted by Commission Implementing Regulation (EU) 2024/3172, is 1 January 2025. The Commission Implementing Regulation (EU) 2024/3172 (EBA Pillar 3 ITS) includes disclosure templates in the OJ in its Annex I, while the binding instructions to the templates are published directly on the EBA website as part of the ITS-related IT solutions as mandated in the CRR3.

7. As part of Step 2, this Consultation Paper covers:

- a. Revised disclosure requirements on ESG related risks as per Article 449a of the CRR3 including the extension of its scope of application to SNCIs (listed/non-listed), other institutions (listed/non-listed), large non-listed institutions and large subsidiaries.
- b. The new disclosure requirements on the aggregate exposure to shadow banking entities as of Article 449b of the CRR 3.
- c. The amended disclosure requirements on equity exposures of Article 438 (e) of the CRR 3
- d. The amended disclosure requirements on 'credit quality of loans and advances to non-financial corporations by industry' (template EU CQ5), to reflect the new NACE classification code for economic activities (NACE Rev. 2.1) set out in Commission Delegated Regulation (EU) 2023/137 of 10 October 2022<sup>6</sup>.

8. In addition, considering that the CRR 3 Articles 433b and 433c have extended the disclosure requirements on non-performing exposures and forbearance to listed SNCI and other non-listed institutions, this Consultation Paper clarifies that the guidelines EBA/GL/2018/10 as amended by EBA/GL/2022/13 have been replaced and therefore repealed since the related disclosure requirements are already included in the Commission Implementing Regulation (EU) 2024/3172 repealing Commission Implementing Regulation (EU) 2021/637.

9. The finalisation of the ITS now being consulted and that will amend the Commission Implementing Regulation (EU) 2024/3172 will be finalised and submitted to the Commission during Q4 2025.

10. Pursuant to Article 434a (1) as amended by the CRR 3 and in line with the process followed with EBA Pillar 3 ITS published last year, the instructions to templates included in this consultation paper will not be published in the Official Journal, but part of the binding package as ITS-related IT solutions published on the EBA website and according to which disclosures are required. This new process aims at easier operationalisation of the ITS. The instructions will be available in all languages and shall remain directly applicable in all Member States as part of the ITS once the ITS are adopted by the Commission and published in the Official Journal of the EU.

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<sup>6</sup> Commission Delegated Regulation (EU) 2023/137 of 10 October 2022 amending Regulation (EC) No 1893/2006 of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 (OJ L 19, 20.1.2023, p. 5)T



## 3.2 The Omnibus proposal

11. On February 26, 2025, the Commission published the Omnibus proposal<sup>7</sup> aimed at simplifying sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), and Taxonomy Regulation. The proposed amendments to these directives and regulation aim to simplify and reduce the complexity of the requirements specially for the SMEs, introducing further proportionality to reporting requirements. Below a high-level summary of the main changes proposed by the omnibus:

12. Amendments to CSRD<sup>8</sup>, under which companies above a certain size are required to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment, including:

- Reduction of the scope of reporting companies by around 80%, and only corporates with 1,000 or more employees, a balance sheet over 25 million EUR, and a turnover exceeding 50 million EUR would be obliged to report. As a result, the Commission estimates that only around 10,000 corporates in the EU will be required to disclose ESG information, while others will be able to do so on a voluntary basis.
- Review of the content of the European Sustainability Reporting Standards (ESRS), aiming to finalise the revision by mid-2026. For companies that wish to disclose voluntarily, the Commission will develop a simplified voluntary standard, based on the one submitted by EFRAG for non-listed SMEs in December 2024.
- Introduction, only for the purpose of sustainability reporting under the CSRD a cap to the value chain, limiting the information that companies under CSRD's scope can request from smaller companies in their supply chain.

13. Amendments to the Taxonomy Regulation, under which the Green Asset Ratio (hereinafter GAR) is required. The omnibus proposal reduces its scope, now applying only to CSRD corporates with a turnover of 450 million EUR or more, while others can report voluntarily. In addition, a one-month consultation was launched on the amendments to the Delegated Act, which includes updates to the GAR templates<sup>9</sup>.

14. Regarding the application of the CSRD and interlinkages with CRR scope, it is important to note that the mandate under Articles 449a and 434a of the CRR defines the scope of institutions, including large institutions, SNCI, and other institutions, as defined in Article 4, and in Articles 433a, 433b, and 433c, which specify the frequency of disclosures. The scope of institutions covered by the CSRD follow a different definition. The CSRD uses specific criteria to determine the types of undertakings within its scope, such as total balance sheet, net turnover, and number of employees. This differs from the CRR's mandate, which classifies institutions based on size and complexity, as outlined in Article 4(1) points 145-146 of the CRR, and sets out conditions for classifying institutions as large institutions, small and non-complex institutions, or other institutions. The CSRD and CRR disclosures serve different purposes, CSRD is covering sustainability concerns, while CRR3 addresses financial stability and prudential information. EBA ITS on disclosures follows the CRR classification as per the mandate.

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<sup>7</sup> [Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief - European Commission](#)

<sup>8</sup> [Proposal to Amend Accounting, Audit, CSRD, and CSDDD Directives \(European Commission\)](#)

<sup>9</sup> [Taxonomy Delegated Acts – amendments to make reporting simpler and more cost-effective for companies](#)

15. The omnibus proposal also includes the so-called value chain cap, according to which, for the reporting of sustainability information as required by the CSRD, undertakings should not seek to obtain from undertakings in their value chain - which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year - any information that exceeds the information specified in the standards for voluntary use by small and medium size enterprises referred to in Article 29ca of the CSRD (VSME), except for additional sustainability information that is commonly shared between undertakings in the sector concerned. EFRAG has developed, published and submitted to the Commission the VSME, and the Commission should issue a recommendation based on them as an intermediate step prior to adopt this VSME as a delegated act.
16. The value chain cap as specified in the omnibus proposal would only apply to the reporting of sustainability information under the CSRD, and not to compliance with requirements under the CRR, including Pillar 3 requirements. Still, the scope of the Pillar 3 disclosure requirements specified in the proposal now under consultation do not exceed the information included in the VSME as published by EFRAG and submitted to the Commission, remaining within the limits of the value chain cap. Furthermore, the proposal includes the possibility for institutions to resort to proxies, estimates and information provided by third party providers when preparing their Pillar 3 disclosures in certain cases.
17. In developing the proposals outlined in this Consultation Paper, the EBA has carefully examined the potential for simplifying its regulatory products in line with the Omnibus proposal and also in line with the mandate to prevent duplication of disclosure requirements already established under other applicable Union legislation. The EBA will continue to contribute to the simplification agenda and monitor the legislative developments and reflect the adjustments decided by the EU Commission and co-legislators ensuring that its regulatory approach remains aligned with these evolving requirements while maintaining clarity and effectiveness in ESG-related disclosures.

### 3.3 Key drivers of the changes to the ITS regarding ESG disclosure requirements

#### CRR3 amendments

18. CRR3 adjusts Art. 449a regarding disclosure requirements on environmental, social and governance related risks (ESG risks) and extends the scope of application of these requirements to all institutions in a proportionate manner. These amendments apply as of 1 January 2025. So far, only large-listed institutions – i.e. institutions which have issued securities that are admitted to trading on a regulated market of any Member State – had to disclose information on ESG risks, including physical risks and transition risks for environmental risks.
19. Furthermore, institutions will also need to disclose their environmental physical and transition risks, and their social and governance risks separately. They shall also disclose the total amount of exposures to fossil fuel sector entities and how they integrate the identified ESG risks in their business strategy and processes, and governance and risk management.
20. Article 449a CRR3 mandates the EBA to develop draft implementing technical standards to specify uniform disclosure formats, as laid down in Article 434a CRR, for ESG risks.

21. The following changes result from the replacement of Article 449a and CRR3 amendments:

- a. All institutions, and not only large and listed institutions, will have to disclose information on ESG risks. References to Article 449a have been inserted in Article 433a (disclosures by large institutions), Article 433b (disclosures by small and non-complex institutions - SNCIs) and Article 433c (disclosures by other institutions);
- b. SNCIs and other non-listed institutions shall disclose proportionally less than other listed institutions and large institutions, as referred to in recital 55 and in Article 449a (3) that states: 'The formats shall [...] especially take into account the size and complexity of the institution and the relative exposure of small and non-complex institutions';
- c. Institutions will have to disclose separately information on their environmental, social and governance risks and not pool them all together;
- d. Institutions will have to disclose the total amount of exposures to fossil fuel sector entities;
- e. Institutions will have to disclose how they integrate the identified ESG risks into their business strategy, processes, governance and risk management.

### Q&As and other elements

22. In The EBA has considered other elements when reviewing the Pillar 3 ITS on ESG risks:

- The EBA has received and answered several Questions and Answers (Q&As) relative to the Pillar 3 ITS on ESG disclosures;
- The experience gained from the EBA and the European Central Bank (ECB) Fit-for-55 climate risk scenario analysis<sup>10</sup>, the ECB Sigle Supervisory Mechanism (SSM) short term exercise<sup>11</sup> and the EBA ESG ad-hoc data collection<sup>12</sup> of the templates developed in accordance with Article 449a.

23. Consequently, the EBA must review the Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 on prudential disclosures to fulfil the CRR3-mandate and to provide the necessary clarifications and amendments.

## 3.4 Scope of institutions, proportionality and simplification measures

24. The CRR3 provided that to ensure comprehensive transparency to the markets it is necessary to extend the scope of institutions to all institutions. When developing the ITS, the EBA is mandated to ensure that the disclosure requirements:

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<sup>10</sup> <https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-final-templates-collect-climate-related-data-eu>

<sup>11</sup> <https://www.bankingsupervision.europa.eu/banking/srep/html/STereportingtemplates.en.html>

<sup>12</sup> <https://www.eba.europa.eu/publications-and-media/press-releases/eba-collecting-institutions-data-environmental-social-and>

- a. are proportional to the size and complexity of the institution and the relative exposure of small and non-complex institutions (SNCIs);
- b. avoid duplication of disclosure requirements already established in other applicable Union law; and that
- c. those formats shall not require disclosure of information beyond the information to be reported to competent authorities in accordance with Article 430(1), point (h) CRR.

### **3.4.1 Scope of institutions and proportionality**

25. The EBA Pillar 3 ITS specify the ESG related disclosures applicable large and listed institutions, while the Draft ITS presented in this CP, extends the scope of institutions to all institutions (large non-listed, other institutions and SNCIs at the highest level of consolidation, and also large subsidiaries) as mandated by the CRR3 (Articles 449a, 433a, 433b, 433c and 13) and adjusts and clarifies also the disclosure applicable to large listed institutions. Article 449a (3) indicates that this shall be done in a proportionate manner, taking into account the size and complexity of the institution and the relative exposure of small and non-complex institutions to ESG risks.

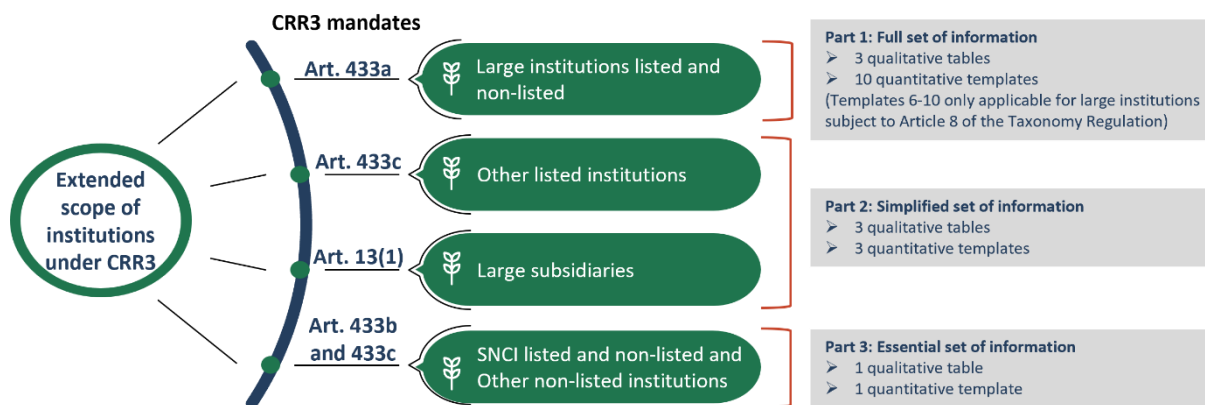
26. Article 13(1) of the CRR3 extends the ESG disclosures requirements to large subsidiaries, which have to disclose on an individual or sub-consolidated basis, where applicable. The EBA is proposing a proportionate approach for these institutions as well, considering that they are large institutions, but at the same time that they are included in the consolidated Pillar 3 reports of their EU parent institution and that some of the information required to large institutions makes usually sense at the highest level of consolidation.

27. Based on the above considerations, the EBA is putting forward a proportionate approach, by defining three sets of templates:

- a. A full set of templates to be disclosed by large listed and non-listed institutions, based on the templates already applicable under the existing Pillar 3 ITS, including clarifications and very limited additions. Furthermore, based on proportionality reasons and the need for simplification, the proposal in this consultation is to further limit the scope of application of templates 6 to 10 on mitigating actions, including GAR, BTAR and template 10, which will have to be disclosed only by those institutions that are subject to disclosure requirements under Article 8 of the Taxonomy Regulation.
- b. A simplified set of templates to be disclosed by Other listed institutions and large subsidiaries;
- c. A reduced and essential set of information that shall be disclosed by listed and non-listed SNCIs and by other non-listed institutions.

28. The following figure offers an overview of the tailored approach used for the different sets of templates:

*Figure 1: Scope of institutions for ESG disclosures requirements*



29. Furthermore, and in relation with the frequency of disclosures, while Article 433a of the CRR specifies large listed institutions shall disclose the information referred to in Article 449a (ESG risks) on a semi-annual basis, the EBA proposes to address proportionality for large institutions by giving them the possibility to reduce to annual the frequency of some tables and templates, based on materiality reasons that may not justify requesting this information on more often basis:

- Qualitative Information: Qualitative data is typically more stable and less likely to change frequently, making annual reporting more appropriate.
- Template 3 (Climate Change Transition Risk Indicators): Emission targets disclosed in this template are usually set on an annual basis, so, a priori, it would not be necessary to update this template in a semi-annual basis.
- Templates 6-10 on mitigating actions, including GAR and BTAR: in line with the frequency requested for GAR under Art. 8 of the Taxonomy Regulation Delegated Act, and the related assessment should also be conducted on annual basis for materiality reasons.

30. This proposal is based on the materiality principle outlined in Article 432(1) of the CRR, according to which, institutions may omit information required in the CRR when that information is not regarded as material. This would prevent the unnecessary repetition of information where changes are immaterial thus ensuring a proportionate approach where only relevant updates are disclosed. Institutions will still comply with the CRR requirement to disclose information on ESG risks on semi-annual basis by disclosing with this frequency the rest of the templates.

31. The full sets of tables and templates to be disclosed by each type of institution is provided in the table below:

Table 1: Overview of templates and tables for ESG

Table/Template	Large institutions	Simplified approach	
		Other listed institutions + Large subsidiaries	SNCI + Other non-listed institutions
Qualitative information			
Table 1: Environmental risk, including climate-related financial risks	Annual	Annual	-
Table 2: Social risk	Annual	Annual	-
Table 3: Governance risk	Annual	Annual	-
Table 1A: Simplified ESG information	-	-	Annual
Quantitative information			
Template 1: Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Semi-annual	Annual	-
Template 1A: Transition and physical risk for SNCI	-	-	Annual
Template 2: Climate change transition risk: Loans collateralised by immovable property - Energy performance of the collateral	Semi-annual	Annual	-
Template 3: Indicators of potential climate change transition risk: emission intensity per physical output and by sector	Annual	-	-
Template 4: Climate change transition risk: Exposures to top 20 carbon-intensive firms	Semi-annual	-	-
Template 5: Climate change physical risk: Exposures subject to physical risk	Semi-annual	-	-
Template 5A: Climate change physical risk: Exposures subject to physical risk	-	Annual	-
Template 6: Summary of GAR KPIs	Annual*	-	-
Template 7: Assets for the calculation of GAR (as per the Delegated Regulation 2021/2178)	Annual*	-	-
Template 8: GAR KPI flow (as per the Delegated Regulation 2021/2178)	Annual*	-	-
Template 9: Mitigating actions: BTAR	Annual* (voluntary)	-	-
Template 10: Other climate change mitigating actions that are not covered in the EU Taxonomy	Annual*	-	-

\*Applicable only for large institutions subject to Article 8 of the Taxonomy Regulation

### 3.4.2 Prevent duplication of disclosure requirements already established under other applicable Union legislation

32. In addition, the EBA has performed a comparison between the set 1 of European Sustainability Reporting Standards (ESRS)<sup>13</sup>. Overall, it was considered that a good level of alignment was achieved between this set of standards and the Pillar 3 Framework. Meeting the ESRS disclosures requirements is possible by incorporating information in the sustainability statement by reference to the Pillar 3 disclosures, avoiding duplication and unnecessary burden to institutions. The possibility to cross-refer is also relevant in the context of Article 449a of CRR3 where it is mentioned that duplication of disclosure requirements with other relevant Union law should be avoided. When cross-referring, it should be ensured that the information provided under ESRS matches the scope of consolidation used for the sustainability statement by complementing the incorporated information (Pillar 3) with additional elements as necessary<sup>14</sup>.

33. Furthermore, the EBA is also proposing full alignment with the Taxonomy Regulation. To ensure this alignment, the EBA is incorporating a direct cross-reference in the ITS for Pillar 3 disclosures to the relevant templates in the delegated act implementing the disclosures required under Article 8 of the Taxonomy Regulation. This approach ensures that the Pillar 3 framework will be automatically updated in line with any future changes to the Taxonomy Regulation, thereby ensuring full alignment and avoiding the need for amendments to the regulations.

### **3.4.3 Prevent including disclosure requirements that go beyond what is necessary for reporting**

34. Institutions should not be asked to disclose additional information that is not necessary or mandated by the authorities, ensuring that the reporting requirements are clear and focused on what is legally required. The EBA is considering in this proposal information that is necessary for users of Pillar 3 information and for supervisors. The EBA is in parallel developing the supervisory reporting ESG requirement, following the mandate in the CRR3, and will ensure the full alignment with Pillar 3.

#### **Consultation Questions:**

1. Do you have any comments on the proposed set of information for Large institutions?
2. Do you have any comments on the simplified set of information for Other listed institutions and Large subsidiaries?
3. Do you have any comments on the essential set of information proposed for SNCI and other non-listed institutions?
4. Do you have any comments on the proposed approach based on materiality principle to reduce the frequency (from semi-annual to annual) of specific templates (qualitative, template 3, and templates 6-10) for large listed institutions?

## **3.5 Transitional provisions introduced in the ITS and interim guidance until the finalisation of the ITS**

35. The ITS under consultation include transitional provisions to ensure institutions have sufficient time to comply with the new or amended disclosure requirements. This report also includes interim

<sup>13</sup> [The Commission adopts the European Sustainability Reporting Standards - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-articles/detail/11700)

<sup>14</sup> ESRS 1, paragraph 119.



guidance to provide clarity on what should happen until the ITS and related transitional provisions start to apply. The interim guidance is based on the approach proposed in the transitional provisions and it aims to address the timing challenges associated with the application of these ITS, as while it is finalised, adopted by the European Commission and published in the Official Journal of the European Union (OJ), the CRR3 disclosure requirements are already applicable. The interim guidance also seeks to address the uncertainty linked to the ongoing consultation on certain proposals included in the Omnibus package, including those related to the disclosures required under the Taxonomy Regulation:

**36. Transitional provisions to support institutions:**

37. Large, listed institutions, which are under the scope of the existing ITS, shall apply these amending ITS, now being consulted, with reference date as of 31 December 2026. Until then, such institutions shall continue preparing their disclosure requirements in accordance with Regulation (EU) 2024/3172, with the exception of those templates related with the Green Asset Ratio (GAR) and Taxonomy Regulation (templates 6 to 10), for which the disclosure obligations are suspended until end-2026.

38. All other institutions falling within the expanded scope introduced by CRR3—namely large non-listed institutions, other institutions, small and non-complex institutions SNCIs, and large subsidiaries—shall apply the ITS proposed in this Consultation Paper from the reference date of 31 December 2026 onwards. Until that reference date the disclosure obligations on ESG related risks under the EBA Pillar 3 ITS would not apply.

39. **Interim guidance on application:** the EBA advises that the approach proposed in the transitional provisions for ESG related disclosures explained above is applied starting from the publication of this consultation until the ITS being consulted are in force and encourages competent authorities to provide institutions with the flexibility envisaged in those transitional provisions. In instances where institutions opt to apply the approach proposed in the transitional provisions during this period, it is advisable that competent authorities do not prioritise requesting the related additional disclosures. This approach aims to avoid operational burden, provide clarity, and support consistent and proportionate implementation across the sector, including for institutions already reporting Pillar 3 ESG related information (large-listed institutions) and for institutions required to report under the CRR3 (the rest of institutions).

40. The transitional provisions and interim guidance explained above should prevent unintended disclosure requirements—particularly for institutions that have not previously been subject to Pillar 3 ESG disclosure obligations and on disclosures linked to the Taxonomy Regulation and the GAR. The EBA will continue to closely monitor relevant developments and provide additional guidance, as needed, to facilitate a smooth and coordinated process.

41. For the disclosures on the aggregate exposure to shadow banking entities and amendments on equity exposures the provisions shall start applying with reference date as of 31 December 2026.

**Consultation Questions:**

5. Do you have any comments on the transitional provisions and on the overall content of section 3.5 of the consultation paper?



## 3.6 Review of the qualitative and quantitative information on ESG

42. The following section provides an analysis of how the elements described in the background section might affect the ESG disclosures requirements and provides a review of each existing ESG disclosures tables and templates and a proposal of how to amend it.

### 3.6.1 Qualitative information

43. Article 449a of the CRR requires institutions to disclose information on ESG risks distinguishing environmental, social and governance risks, and physical risks and transition risks for environmental risks. The ESG disclosure requirements currently applicable already include separate tables with qualitative information for environmental, social and governance risks. The same qualitative tables require institutions to disclose information on how they integrate ESG risks in their business strategy, processes, governance and risk management, as required by Article 449a (2) point b of the CRR.

44. A comparison between Pillar 3 framework qualitative information on environmental risk and ESRS qualitative requirements was performed. In overall terms, it is considered that both frameworks are aligned.

45. The qualitative disclosures aim to complement the quantitative information and in order to provide further clarifications on the qualitative aspects it was also necessary to introduce the following amendments:

46. On **Table 1, related to the information on Environmental risk, including climate-related financial risks**, the EBA identified several items that are necessary to fully understand the banks approach to risk management, the business strategy and process. The following amendments and clarifications were included:

- a. Business strategy and processes: some further clarifications added in in row a) on the ‘time horizon of environmental risks’.
- b. Governance: the EBA proposes to enhance the instructions for the governance section of table 1. This includes information on the governance structure responsible for the oversight of environmental risks, the availability of skills and competencies, how the board and its committees deal with environmental risks, and how the board oversees environmental targets in the remuneration practices. Furthermore, some rows labels and content have been reviewed and merged to streamline the information and provide better clarity to what is expected to be disclosed under each row of this table. Therefore, row (f) is proposed for deletion and row (g) has been amended to clarify that the internal governance arrangements shall also consider the allocation of tasks and responsibilities in business lines and control functions.
- c. Risk management: the instructions under “risk management” for the item ‘Definitions, methodologies and international standards on which the environmental risk

management framework is based' have been extended to require the disclosure of changes to the previous period. The description and instructions in row (j) have also been amended. Row (n) and row (l) content has been merged and presented now as row (l).

47. **Table 2 on information on Social risk** remains unchanged and in **Table 3 on disclosures on Governance risk** only minor re-wording has been done to clarify the labels of rows (a) and (d), related to governance and risk management arrangements respectively.

48. For the SNCI and other non-listed institutions, the EBA proposes a simplified **Table 1A** with the strictly necessary key qualitative information.

**Consultation Questions:**

6. Do you have any comments on the proposed amendments to Table 1 and Table 3?
7. Do you have any further suggestions on Table 1A?

### 3.6.2 Quantitative information

#### (i) Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

49. In template 1, in addition to some clarifications in the instructions following Q&As received by the EBA, the NACE sector breakdown has been revised to ensure transparency by institutions on their exposures towards fossil fuel sectors. Article 4 (153) of CRR3 defines a "fossil fuel sector entity" as a 'company, enterprise or undertaking statistically classified as having its principal economic activity in the coal, oil or gas sector of economic activities', and identifies them by referring to NACE codes B to D and G. Considering the information that institutions are currently required to disclose in the Pillar 3 ESG templates, the EBA has been looking for a mapping of the sector breakdown by NACE codes beyond level 1 that provides a complete but simple overview of the fossil fuel sector. The methodology provided by the ETH Zurich in its classification of climate policy relevant sectors (CPRS)<sup>15</sup> provides a simple mapping of the fossil fuel sector and can easily be implemented in the existing templates without requiring too many additions.

50. The ETH Zurich defines in its CPRS the following NACE codes (rev.2)<sup>16</sup> as part of the fossil fuel sector: 05, 06, 08.92, 09.10, 19, 35.2, 46.71, 47.3, 49.5. Out of these NACE codes, only five are not yet included in Template 1. Introducing these would allow market participants to establish a detailed assessment of the exposures towards fossil fuel sector entities of the disclosing credit institution. Consequently, these five sector breakdowns are added to template 1, under their new coding according to NACE rev. 2.1<sup>17</sup>:

<sup>15</sup> <https://www.df.uzh.ch/en/people/professor/battiston/projects/CPRS.html>

<sup>16</sup> <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>

<sup>17</sup> [https://eur-lex.europa.eu/eli/reg\\_del/2023/137/oj](https://eur-lex.europa.eu/eli/reg_del/2023/137/oj)

- a. B 09.1 - Support activities for petroleum and natural gas extraction;
- b. D 35.4 - Activities of brokers and agents for electric power and natural gas (the activities of gas brokers or agents that arrange the sale of gas over gas distribution systems operated by others was included in D 35.2 under NACE rev. 2);
- c. G 46.81 - Wholesale of solid, liquid and gaseous fuels and related products (previously 46.71 under NACE rev. 2);
- d. G 47.3 - Retail sale of automotive fuel; and
- e. H.49.5 - Transport via pipeline.

51.Regarding exposures towards sectors that highly contribute to climate change, sector I - Accommodation and food service activities, based on the feedback received by the EBA from experts and industry, is not considered to be part of those sectors. Therefore, this row is deleted from the individual breakdown and instead include it in the row “exposures to other sectors”. In addition, EU data suggests that emissions from NACE code ‘K 63 - *Computing infrastructure, data processing, hosting and other information service activities*’ have increased relative to other sectors. The consultation includes a question to gather feedback on whether this sector should be considered among those with significant climate impact in Template 1.

52.Furthermore, the agriculture sector has an impact not only on climate change but also on the four environmental objectives beyond climate change, such as on the sustainable use and protection of water and marine resources, or on the protection and restoration of biodiversity and ecosystems. Therefore, the breakdown for the agriculture sector at the next NACE level is considered, adding the following rows:

- a. A.01 - Crop and animal production, hunting and related service activities;
- b. A.02 - Forestry and logging; and
- c. A.03 - Fishing and aquaculture.

53.Also, the description of the sectors in template 1 is updated to match the NACE rev. 2.1.

54.In the rows, also a row on the “Coverage of portfolio with use of proxies (according to Partnership for Carbon Accounting Financials (PCAF) methodology<sup>18</sup>) (in %)” is included. This information has so far been requested as qualitative information to be provided in the narrative accompanying this template and is only requested for the financed emissions.

55.In addition, in the columns the EBA has included some amendments to:

- a. Further clarify that the exposures that have to be disclosed are on-balance sheet and group them;

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<sup>18</sup> <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

- b. Include the breakdown of greenhouse gas (GHG) emissions for scope 1 and scope 2 emissions; Template 1 will thus have the full breakdown of GHG financed emissions.

**Consultation Questions:**

8. Do you have any comments on the proposed additions and deletions to the sector breakdown?
9. Do you have any views with regards to the update of the templates to NACE 2.1?
10. Do you have any views with regards to NACE code *K – Telecommunication, computer programming, consulting, computing infrastructure and other information service activities*, and in particular *K 63 - Computing infrastructure, data processing, hosting and other information service activities*, whether these sectors should be rather allocated in the template under section Exposures towards sectors that highly contribute to climate change?
11. Do you have any comments on the inclusion of row “Coverage of portfolio with use of proxies (according to PCAF)”?
12. Do you have any further comments on Template 1?

**(ii) Template 1A: Simplified ESG information for SNCI and Other non-listed institutions covering both transition and physical risk**

56. This proposed new template, applicable for SNCI and Other non-listed institutions, aims to provide in a simplified manner relevant disclosures which combines transition and physical risks information related to exposures across sectors (including information on exposures towards sectors that highly contribute to climate change and within these, to fossil fuel sector entities as defined in Art 4 (153) of the CRR) and geographies (for exposures subject to climate change physical risk, and for the most relevant geographies), along with a breakdown by residual maturity.

57. The sectoral breakdown of the template, apart from including the fossil fuel sectors (NACE codes B to D and G) as defined by CRR, consider both transitional risk and physical risk perspectives, therefore including sectors from both Template 1 and Template 5.

**Consultation Questions:**

13. Do you have any comments or alternative suggestions on Template 1A for SNCIs and other institutions that are not listed, regarding the sector breakdown?
14. Do you have any additional suggestions how to adjust Template 1A for SNCIs and other institutions that are not listed?
15. Do you have any further comments on Template 1A?

**(iii) Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral**

58. Template 2 includes information on the distribution of real estate loans and advances and of repossessed collateral, by energy consumption and by EPC label of the collateral. The revision of

this template aims to provide further clarifications of the disclosure requirements based on the feedback received through the Q&A process.

59. Following Recital 55 of the CRR3, the EBA is asked to assess means to enhance the disclosures on ESG risks of cover pools of covered bonds and to consider whether information on the relevant exposures of the pools of loans underlying covered bonds issued by institutions, either directly or through the transfer of loans to a special purpose vehicle (SPV), should either be included in the revised ITS or in the regulatory and disclosure framework for covered bonds.
60. Covered bonds are debt obligations issued by credit institutions which offer a dual-recourse protection to bondholders: if the issuer fails, the bondholder has a direct and preferential claim against the cover pool and an ordinary claim against the issuer's remaining assets. Climate-related risks can impact investors through the exposure of the issuing bank (first layer) and, in case of insolvency of the bank, of the underlying cover pool (second layer). In this respect, one key information investors are likely to focus on is the sustainability-risks metrics of the issuing bank, which they get from Pillar 3 disclosure. Consideration of the sustainability metric of the cover pool may also be relevant.
61. Therefore, some disclosures on covered bonds in the Pillar 3 framework would be beneficial, as there are currently no concrete requirements in Directive 2019/2162 (Covered Bond Directive – CBD)<sup>19</sup> to disclose the relevant information.
62. Consequently, in order to increase transparency on the ESG risks associated with the covered bonds, Template 2 includes for Total EU area exposures and under the total non-EU exposures a row called “of which: part of a cover pool of covered bonds”. Specific feedback is requested in response to this consultation in the relevance of this information from Pillar 3 purposes in addition to the information that banks issuing covered bonds would have to provide under the Covered Bonds Directive (article 14) and under the SFDR on aggregate level regarding principal adverse impact (PAI), as indicated in the EBA, ECB, EIOPA and ESMA March 2023 joint statement on disclosure on climate change for structure finance products<sup>20</sup> (last paragraph).
63. Regarding the columns of the template, column “Of which level of energy performance (EP score in kWh/m<sup>2</sup> of collateral) estimated” should not be a subset of the column (o) “Without EPC label of collateral” since it refers to the columns on the EP score. The EBA thus proposes to move that column closer to the columns for the EP score as it is a subset of those columns, being now the new column (g1). Furthermore, a new column (g2) “Without EP score in kWh/m<sup>2</sup> of collateral (neither measured nor estimated)” is added as this will help market participants to clearly validate the other disclosed figures on the EP scores.
64. Beyond these changes, the EBA also seeks the view of stakeholders on whether it would be useful to capture information on the share of EPC labels that credit institutions would be able to estimate in the absence of an energy performance certificate. As a reminder, the currently applicable template only includes information on the share of estimates in the breakdown by EP score and not in the breakdown by EPC labels.

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<sup>19</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019L2162-20240109>

<sup>20</sup> [ESAs ECB Joint Statement on disclosures for securitisations.pdf](#)

65. Regarding the instructions, and following Q&A 2022\_6532<sup>21</sup>, the instructions to clarify that row 5 is a subset of row 2, 3, and 4 and that row 10 is a subset of rows 7, 8 and 9 are updated. However, the EBA seeks stakeholder's view on this topic and on whether the reporting of row 2, 3 and 4 and 7, 8 and 9 for the EP score should include estimates - as is currently the case - or not. If estimates would not be allowed in rows 2, 3, 4 and 7, 8 and 9 for the EP score, this would lead to alignment with the disclosures approach for the same rows for the EPC label.

**Consultation Questions:**

16. Should Template 2 in addition include separate information on EPC labels estimated and about the share of EPC labels that can be estimated?
17. Should rows 2, 3 and 4 and 7, 8 and 9 for the EP score continue to include estimates or should it only include actual information on energy consumption, akin to the same rows for EPC labels?
18. Do you have any comments on the inclusion of information on covered bonds?
19. Do you have any comments on the breakdown included in columns b to g on the levels of energy performance?
20. Do you have any further comments on Template 2?

**(iv) Template 3: Banking book – Indicators of potential climate change transition risk: emission intensity per physical output and by sector**

66. Having received many Q&As on Template 3, the EBA proposes improving the description of the columns and introducing more clarity on the targets for the alignment metric. Furthermore, beyond these changes, the template under consultation also includes information on the baseline year as this is different for each alignment metric. This information would help understand where an institution started its transition process, where it is and how far it has gone in achieving its targets. Consequently, the following columns are added to that template:

- a. Baseline year
- b. Value of intensity metric at baseline year
- c. 2030 Target for the value of the intensity metric
- d. Additional target for the value of the intensity metric (if the institution has defined an additional target beyond 2030)
- e. Year for the additional target (if applicable)
- f. PiT Distance to that additional target (if applicable)

67. While there are smaller institutions that already set targets and would be able to report this template, the EBA is nevertheless of the view that only large institutions should be required to

<sup>21</sup> [https://www.eba.europa.eu/single-rule-book-ga/qna/view/publicId/2022\\_6532](https://www.eba.europa.eu/single-rule-book-ga/qna/view/publicId/2022_6532)

disclose this template at this stage, in order to limit the reporting burden. Therefore, the disclosure of this template will be required only from large institutions.

**Consultation Questions:**

21. Do you have any comments on Template 3?

**(v) Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms**

68. Template 4 remains largely unchanged and only the instructions have been clarified to ensure that institutions indicate the source of the list of the 20 most carbon-intensive firms that it uses. The instructions will also be adjusted to clarify that while this information has to be disclosed at the highest level of consolidation, based on the CRR requirements, institutions shall disclose exposures to the 20 most carbon-intensive firms within their perimeter of prudential consolidation, including not only exposures of the parent company but also of the institutions within that perimeter of consolidation.

69. Finally, following feedback received from users of this template, a question is added for consultation on whether some additional breakdown by e.g. sector of the counterparty or other, should be added to this template for better information.

70. In terms of proportionality, the template would be applicable only to large institutions.

**Consultation Questions:**

22. Do you have any comments with the proposals on Template 4 and the instructions?

23. Do you have any views on whether this template could be improved with some more granular information in the rows, by requesting e.g. split by sector of counterparty or other?

24. Do you have any further comments on Template 4?

**(vi) Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk**

71. The EBA has reviewed template 5 and amended the scope of its z-axis. Now the template should be disclosed separately by the z-axis for the top 10 NUTS 3 geographical regions in terms of gross carrying amount of exposures, and once for disclosing the Total EU exposures and additionally the Total exposures as well. Therefore, the number of sheets to disclose has been set and maximized at 12, providing a clear approach also for the geographical area breakdown used for the template. Instructions have also been amended to clarify that institutions shall provide the geographical information at NUTS level 3, in line with the breakdown proposed in AR 69 of the ESRS standards

for physical risk<sup>22</sup>. It is essential to have a harmonized approach to disclose regional exposures in order to have comparable and meaningful information and prescribing the level of granularity is very helpful in that regard.

72. The EBA has reviewed the sector breakdown, to update it to the NACE 2.1 categorization and to establish whether all relevant sectors that are subject to physical risk are included. In this regard, hospitality and telecommunications sectors seem to be highly dependent on their physical assets and on the physical environment. Therefore, the following subcategories to the sector breakdown are added:

- a. I - Accommodation and Food Service Activities; and
- b. K – Telecommunication, computer programming, consulting, computing infrastructure and other information service activities.

73. Based on experience, the breakdown by acute and chronic hazards does not seem useful. Therefore, the EBA proposes to delete the three columns relating to acute and chronic physical risks. Instead, as the analysis of physical risks is commonly based on specific hazards, the EBA included four columns in the template, one for each hazard classified as climate-related hazards by COMMISSION DELEGATED REGULATION (EU) 2023/2486<sup>23</sup>.

74. Furthermore, the EBA adapted the instructions to require more specific disclosures in the narrative regarding the methodology, such as assumptions and scenarios, used by the institutions to determine which exposures are subject to the impact of material physical risks.

75. In terms of proportionality, the full template 5 would be applicable to large institutions only.

**(vii) Template 5A: Banking book - Climate change physical risk: Exposures subject to physical risk**

76. This template would be applicable to other listed institutions and to large subsidiaries. It is a simplified version of template 5, excluding the following information:

- a. Gross carrying amount for stage 2 exposures;
- b. Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions for stage 2 exposures;
- c. Residual maturity buckets of “> 5 year <= 10 years”, “> 10 year <= 20 years”, “> 20 years” and “average weighted maturity”, but include instead the bucket “> 5 year”;
- d. The four columns for disclosing separately the exposures under the scope of the different climate-related hazards; and

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<sup>22</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L\\_202302772](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202302772)

<sup>23</sup> [COMMISSION DELEGATED REGULATION \(EU\) 2023/2486 of 27 June 2023 supplementing Regulation \(EU\) 2020/852](#)



- e. The breakdown for the top 10 NUTS level 3 regions. Instead, only the top 5 NUTS level 2 regions would be requested from these institutions, highlighting that the NUTS level 2 classification is way less granular as NUTS level 3. The Total EU exposures and the Total exposures breakdown would be still requested to disclose by these institutions as well.

**Consultation Questions:**

- 25. Do you have any comments on the proposal using NUTS level 3 breakdown for Large institutions and NUTS level 2 for Other listed institutions and Large subsidiaries? Would NUTS level 2 breakdown be sufficient for Large institutions as well?
- 26. Do you have any comments on the instructions for the accompanying narrative and on whether they are comprehensive and clear?
- 27. Do you have any further comments on Template 5 and on its simplified version Template 5A?

**(viii) Templates 6 to 10 on GAR, BTAR and other mitigating actions**

**77.** The templates for disclosing information on GAR, BTAR, and other mitigating actions outside the Taxonomy will apply only to Large institutions that are subject to the Taxonomy Regulation. The disclosure requirements on the GAR have been subject to several enquiries from the industry, in particular on the alignment with the requirements under Commission Delegated Regulation (EU) 2021/217824. The instructions under the current Pillar ITS as regards templates 6 to 8 (GAR-related templates) already made clear that this information shall be provided in accordance with Commission Delegated Regulation (EU) 2021/2178. However, doubts remained on whether the information to be disclosed under Pillar 3 was exactly the same, reason why some actions are proposed in view of further clarification and burden reduction to institutions. Below, an overview of the main proposals is presented.

**Green asset ratio (GAR)**

- a. Commission Delegated Regulation 2021/2178<sup>25</sup> under the EU Taxonomy Regulation 2020/852<sup>26</sup> has been updated in June 2023 to include in the GAR also other environmental risks beyond climate change adaptation (CCA) and climate change mitigation (CCM). Furthermore, the Delegated Regulation is currently being reviewed as part of the Simplification driven by the Omnibus proposal. I

**78. Templates 7** on the disclosure of assets for the calculation of the GAR and **template 8** which provides information on the percentage of the total assets covered, provide important information on how institutions are mitigating risks relating to climate change. However, **templates 7 and 8** on the GAR in the ITS on disclosures may become out of sync with the GAR disclosure in the

<sup>24</sup> [CL2021R2178EN0020010.0001.3bi\\_cp 1..1](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R2178-20240101)

<sup>25</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R2178-20240101>

<sup>26</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

Commission Delegated Regulation 2021/2178 in case that the latter is modified but the former not yet adjusted to reflect these modifications. In order to align with the requirements as set out in the Commission Delegated Regulation 2021/2178, the EBA proposes to replace templates 7 and 8 from the ITS on ESG disclosures with a cross-reference to the relevant templates in the Commission Delegated Regulation 2021/2178 to guarantee the continuous alignment with those requirements.

79. The cross reference included in the Draft amending ITS now under consultation asks institutions to include in their Pillar 3 disclosures report the *templates 1 called “Assets for the calculation of GAR”* and *template 4 called “GAR KPI flow”* from Annex VI of Commission Delegated Regulation 2021/2178 and follow the related instructions. This way, it is ensured that all relevant information is included in the prudential disclosure requirements and at the same time, consistency with the disclosures under the taxonomy regulation is ensured. The frequency of the templates would be annual as explained above, for materiality reasons.

80. In addition to the aspects referred above, there are some particular aspects worth highlighting driven by the omnibus proposal:

- a. Better alignment between numerator and denominator of the GAR: exposures to non-CSR D corporates, so far included in the denominator of the GAR but not in the numerator, would be dropped also from the denominator under the omnibus proposal. This would address one of the shortcomings identified from the beginning by the EBA and would make the information provided by GAR more meaningful, even if the scope of corporates assessed would still be limited (excluding e.g. SMEs).
- b. Further simplification to GAR templates: for the purpose of the public consultation the Commission already considered relevant amendments to the GAR templates, reducing significantly the number of data points (around 89%) to be disclosed under the taxonomy regulation, and the introduction of a 10% de materiality threshold under which taxonomy alignment does not need to be assessed.

81. Finally, while the Commission Delegated Regulation 2021/2178 requires banks to disclose the GAR information twice, reflecting the alignment of the general purpose lending twice, once based on the turnover KPI of the counterparties, and also on the CAPEX KPI of the counterparties, the Pillar 3 ITS requests this disclosure only once, with the general purpose lending alignment based on the turnover KPI of the counterparty only. This is consistent with the current requirement and the reasons explained in the EBA final report on prudential disclosures on ESG risks in accordance with Article 449a CRR, published on 24 January 2022<sup>27</sup>.

### Banking Book Taxonomy Alignment Ratio (BTAR)

82. In Template 9, the Banking Book Taxonomy Alignment Ratio (BTAR) is a metric that is based on the GAR but complements it by including relevant and meaningful information on the taxonomy alignment of exposures towards SMEs, as explained in the EBA final report on prudential disclosures

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[https://www.eba.europa.eu/sites/default/files/document\\_library/Publications/Draft%20Technical%20Standards/2022/1026171/EBA%20draft%20ITS%20on%20Pillar%203%20disclosures%20on%20ESG%20risks.pdf](https://www.eba.europa.eu/sites/default/files/document_library/Publications/Draft%20Technical%20Standards/2022/1026171/EBA%20draft%20ITS%20on%20Pillar%203%20disclosures%20on%20ESG%20risks.pdf)

on ESG risks in accordance with Article 449a CRR, published on 24 January 2022<sup>28</sup>. As the GAR has been adjusted in the proposal provided by the Omnibus package, the BTAR has been simplified and updated to match the changes to the GAR and the descriptions. The EBA has also extended the BTAR to the four remaining environmental objectives. The EBA proposes that BTAR information continues to be disclosed in a voluntary basis.

### Mitigating actions outside the EU taxonomy: Assets contributing to sustainability and transition finance

83. Under Template 10 institutions disclose on other climate change mitigating actions that are supporting the transition path but do not comply with the criteria in the EU Taxonomy. It makes sense to extend this template to the four remaining environmental objectives, in line with the GAR extension. Therefore, a column for each type of risk mitigated is included, namely for risks associated with the sustainable use and protection of water and marine resources, risks associated with the transition to a circular economy, risks associated with pollution prevention and control, and risks associated with the protection and restoration of biodiversity and ecosystems. Furthermore, the structure of the template has been clarified with regards to the first two columns.

84. Regarding proportionality, the EBA is proposing to fully align the scope of application of templates 6 to 10 with that of the article 8 of Taxonomy regulation, and only large institutions that are required to disclose under the Taxonomy regulation should disclose these templates.

#### Consultation Questions:

28. Do you have any comments on the proposal to fully align templates on the GAR, that is, templates 7 and 8, with those under the Taxonomy delegated act by replacing the templates with a direct cross reference to the delegated act?
29. Do you have any comments on the proposal related the BTAR and to keep it voluntary?
30. Do you have any comments regarding the adjustments to template 10?
31. Do you have any further comments on the Consultation Paper Pillar 3 disclosures requirements on ESG risk?

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[https://www.eba.europa.eu/sites/default/files/document\\_library/Publications/Draft%20Technical%20Standards/2022/1026171/EBA%20draft%20ITS%20on%20Pillar%203%20disclosures%20on%20ESG%20risks.pdf](https://www.eba.europa.eu/sites/default/files/document_library/Publications/Draft%20Technical%20Standards/2022/1026171/EBA%20draft%20ITS%20on%20Pillar%203%20disclosures%20on%20ESG%20risks.pdf)

### 3.7 Disclosure requirements on the aggregate exposure to shadow banking entities, equity exposures and clarifications on non-performing and forborne exposures

85. As mentioned above in the Background & Rationale section, this Consultation Paper covers also other amendments to the Pillar 3 framework, more specifically: a) the new disclosure requirements on the aggregate exposure to shadow banking entities as of Article 449b of the CRR 3; b) the amended disclosure requirements on equity exposures as of Article 438 (e) of the CRR 3; c) the amended disclosure requirements on 'credit quality of loans and advances to non-financial corporations by industry' (template EU CQ5), to reflect the new NACE classification code for economic activities (NACE Rev. 2.1) already applicable; d) some clarifications regarding the application of the credit risk templates to listed SNCI and other non-listed institutions in accordance with the Articles 433b and 433c of the CRR3
86. In including these other amendments coming from the Level 1 text, proportionality has been also taken into account, and a simplification approach has been adopted. In particular, regarding the new disclosure on the aggregate exposure to shadow banking entities, the original proposal required banks to disclose their aggregate exposure to shadow banking entities (SBE) exposures based on a breakdown of different types of SBEs. Finally, it was decided not to introduce these details under this consultation but keep the new disclosures as simple as possible. In this regard, please refer also to the Impact assessment section on aggregate exposure to shadow banking entities.
87. In line with the approach adopted for the new disclosure on the aggregate exposure to SBE exposures, the proposed amendments to disclosure requirements on equity exposures have been also kept as simple as possible by requiring the information as of Article 438 (e) of the CRR 3 for the total amount of equity exposures, without any breakdown by category of equity exposures' that is not strictly provided by the CRR 3.

#### 3.7.1 Regulatory framework on the aggregate exposure to shadow banking entities

88. Shadow banking entities can lead to increased risks for financial stability since they are entities involved in credit intermediation activities outside the regulated framework.
89. On the basis of the mandate received by Article 395(2) of the Capital Requirements Regulation 2 – (CRR2), the EBA published the guidelines EBA/GL/2015/20 [\[link\]](#), which set out requirements for specific individual and aggregate limits on exposures to shadow banking entities under Pillar 2 and thus limiting the risks that those entities pose to institutions when the latter enter into a relation with a shadow banking entity.
90. In addition, following the mandate of Article 394(4) of the CRR, the EBA worked on Regulatory Technical Standards (RTS) on criteria for the identification of shadow banking entities which were

adopted by the Commission Delegated Regulation (EU) 2023/2779 of 6 September 2023. These RTS rely to a great extent on the work undertaken for the EBA guidelines.

91. Under these RTS, entities offering banking services or performing banking activities and being not authorised and supervised in accordance with any of the Union acts listed in the Annex to Commission Delegated Regulation (EU) 2023/2779 of 6 September 2023 shall be identified as 'shadow banking entities'. Furthermore, some exposures shall be regarded as exposures to shadow banking entities: exposures to money market funds, due to the risks they may pose in stressed market conditions; exposures to alternative investment funds where they employ leverage on a substantial basis, originate loans in the ordinary course of their business or purchase third-party lending exposures for their own account.
92. The RTS also set out the cases of exclusions from being shadow banking entities considering different aspects, among which: the comparability, in terms of robustness, of the prudential requirements of third countries with the ones applied in the Union; the inclusion of the entity in the consolidated prudential supervision in accordance with the CRR; the application of the Basel Core Principles for effective banking supervision.
93. The current regulatory framework is complemented by reporting requirements. Specifically, Article 394(2) of the CRR 2 requires institutions to report the 10 largest exposures to institutions, on a consolidated basis, as well as the 10 largest exposures to shadow banking entities on a consolidated basis. In application of this article, the reporting framework 3.0 applicable from 30 June 2021 includes this information in templates LE1, LE2, LE3. The exposure value calculated in column 210 ('Total') of template LE2 is the amount that shall be used for determining these 20 largest exposures.
94. The CRR 3 has now strengthened the current framework on exposures to shadow banking entities by introducing new disclosure requirements, additional reporting requirements and new policy mandates.
95. Regarding the Pillar 3 disclosure, the new Article 449b of the CRR 3 requires institutions to disclose the information concerning their aggregate exposure to shadow banking entities. The same obligation is introduced for reporting purposes, in addition to the reporting of the 10 largest exposures to shadow banking entities on a consolidated basis. Therefore, consistency and integration between disclosure and reporting requirements is being ensured.
96. Regarding the policy mandates, the new paragraph 2a of Article 395 mandates the EBA to update the guidelines EBA/GL/2015/20 on the limits on exposures to shadow banking entities within 30 months after the date of entry into force of the CRR 3.
97. The EBA is also required to submit a report to the Commission by 31 December 2027 and, on the basis of that report, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal on exposure limits to shadow banking entities by 31 December 2028.

### **(i) Approach followed and new disclosure requirements on the aggregate exposure to shadow banking entities**

98. In the absence of Basel disclosure standards on exposures to shadow banking entities, the EBA has developed a new disclosure template to implement the Article 449b of the CRR 3 by considering the following aspects: the definition of shadow banking entities (that has been moved from Article 394(2) of the CRR2 to Article 4(1) (155) of the CRR 3); the criteria for the identification of shadow banking entities set out in the RTS; the current reporting requirements on the ten largest exposures to shadow banking entities.
99. More specifically, the new disclosure template includes information on original exposures, for both on-balance sheet and off-balance sheet exposures to shadow banking entities, as well as information on exposure values before and after the application of the exemptions of Articles 400 and 493(3)<sup>1</sup> of the CRR and CRM techniques. This information is consistent with the one already required in the reporting template LE3.
100. To ensure integration between disclosure and reporting requirements, a mapping between the quantitative disclosure template included in these draft ITS and the reviewed reporting data on exposures to shadow banking entities is provided in this consultation paper. Since the current regulatory framework will be reviewed with the new policy mandates of Article 395(2a) of the CRR 3 and this will likely have an impact on the reporting and disclosure requirements, the latter have been kept as simple as possible for the time being. More granular breakdown may be considered for the future, depending on these future policy mandate under the CRR 3.

#### **Consultation Questions:**

32. Are the new template EU SB 1 and the related instructions clear to the respondents? If no, please motivate your response.
33. Do the respondents agree that the new template EU SB 1 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

### **3.7.2 Disclosure requirements on equity exposures**

101. Under the implementation of the Basel III standards, CRR 3 has not allowed the application of the Internal Ratings Approach ('IRB') to calculate the own funds requirements for equity exposures, except for a transitional period specified in Articles 495 (1) of the CRR 3.
102. Following this change, the disclosure requirements on equity exposures included in Article 438, point (e) has been amended by the CRR 3 to consider the categories of equity exposures under the Standardised Approach as set out in Article 133(3) to (6) of the CRR3 and the equity exposures subject to the transitional provisions of Article 495a(3) of the CRR 3.

<sup>1</sup> The relevant national implementation of Article 493(3) CRR is crucial.

103. In Step 1, template EU CR 10.5 on equity exposures was kept flexible to consider these new disclosure requirements and with the view of amending this template in Step 2.

104. Template EU CR 10.5 has been now changed to include the total amount of equity exposures subject to Article 133(3) to (6) and to Article 495a(3) of the CRR 3. In addition, the columns on risk weight, exposure value and expected loss amount have been deleted in line with the disclosure requirements of Article 438 (e) of the CRR 3.

**Consultation Questions:**

34. Are the amended template EU CR 10.5 and the related instructions clear to the respondents? If no, please motivate your response.
35. Do the respondents agree that the amended template EU CR 10.5 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

### **3.7.3 Clarifications on disclosure requirements on non-performing and forborne exposures**

105. The new ITS on Pillar 3 disclosures published on 21 June 2024<sup>2</sup> include disclosure requirements on non-performing and forborne exposures in line with Article 442 of Regulation (EU) No 575/2013. These requirements were applicable only to large institutions and other listed institutions under the previous Pillar 3 disclosures framework set out in Commission Implementing Regulation (EU) 2021/637.

106. The CRR 3 has now amended the articles 433b and 433c by requiring listed small and non-complex institutions and non-listed other institutions to disclose the information of points (c) and (d) of Article 442 on non-performing and forborne exposures, on annual basis.

107. The article 442, paragraphs c) and d) of the CRR covers, in particular, information on: the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received, as well as an ageing of accounting past due exposures.

108. Listed small and non-complex institutions and non-listed other institutions already provide this information by using the templates included in the guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10), as amended by EBA/GL/2022/13. In particular, the latter

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<sup>2</sup> [The EBA updates the Pillar 3 disclosure framework finalising the implementation of the Basel III Pillar 3 framework | European Banking Authority \(europa.eu\).](#)



include a set of four templates that are applicable to all listed small and non-complex institutions and non-listed other institutions.

109. The templates included in the guidelines have their equivalent ones in Section 8 – ‘Disclosure of credit risk quality’ of Annex I to Regulation 2024/3172. For this reason, applying the existing templates that are included in the EBA IT solutions would not cause additional and new costs of disclosures for listed small and non-complex institutions and other non-listed institutions. Therefore, no ad-hoc specific templates have been developed for these institutions and the EBA Guidelines on non-performing and forborne exposures (EBA/GL/2018/10, as amended by EBA/GL/2022/13) will be deemed repealed once the ITS become applicable. The table below shows the templates of the guidelines and their correspondent ones in Section 8 – ‘Disclosure of credit risk quality’ of Annex I to Regulation 2024/3172.

*Table 2: Templates on non-performing and forborne exposures included in the guidelines EBA/GL/2018/10 as amended by the EBA/GL/2022/13 and their correspondent templates in Section 8 – ‘Disclosure of credit risk quality’ of Annex I to Regulation 2024/3172*

<b>EBA/GL/2018/10 as amended by EBA/GL/2022/13</b>	<b>Section 8 of Annex I to Regulation 2024/3172</b>	<b>Legal basis</b>
Template 1: Credit quality of forborne exposures	EU CQ1: Credit quality of forborne exposures	Article 442 (c)
Template 3: Credit quality of performing and non-performing exposures by past due days	EU CQ3: Credit quality of performing and non-performing exposures by past due days	Article 442(c)(d)
Template 4: Performing and non-performing exposures and related provisions	EU CR1: Performing and non-performing exposures and related provisions.	Article 442 (c)
Template 9: Collateral obtained by taking possession and execution processes	EU CQ7: Collateral obtained by taking possession and execution processes	Article 442 (c)

#### **(i) Disclosures requirements for listed small and non-complex institutions and other non-listed institutions**

110. All listed small and non-complex institutions and other non-listed institutions shall disclose the information referred to in article 442, point c) of the CRR by using the following templates of Section 8 of Annex I to Regulation (EU) 2024/3172: EU CR1, EU CQ1 and EU CQ7. The information referred to in Article 442, point d) of the CRR shall be disclosed by using the template EU CQ3 of the same Section 8.

111. The table 3 below shows the templates of Section 8 including the disclosure requirements of Article 442, points c) and d) of the CRR with their scope of application and frequency.



112. With regard to template EU CQ5: ‘Credit quality of loans and advances to non-financial corporations by industry’, the rows have been amended to reflect the new NACE classification code for economic activities (NACE Rev. 2.1) set out in Commission Delegated Regulation (EU) 2023/137 of 10 October 2022<sup>3</sup>. Consistent change will be also implemented in the related Finrep template in the context of the on-going review of Finrep framework. The publication of the Consultation Paper on Finrep review is expected during the summer. As a consequence, other minor changes to the Pillar 3 credit risk templates may be implemented after the public consultation to keep alignment with the related Finrep templates under review.

*Table 3: Templates on the disclosure requirements of Article 442, points c) and d) of the CRR included in Section 8 – ‘Disclosure of credit risk quality’ of Annex I to Regulation (EU) 2024/3172, with their scope of application and their frequencies*

Section 8 of Annex I to Regulation 2024/3172	Legal basis	Scope	Frequency
EU CQ1: Credit quality of forborne exposures	Article 442 (c)	Large institutions, other institutions, listed SNCI	Large institutions: semi-annual Other institutions and listed SNCI: annual
EU CQ2: Quality of forbearance	Article 442 (c)	Large institutions with a threshold ratio on NPLs of 5% or above	Annual
EU CQ3: Credit quality of performing and non-performing exposures by past due days	Article 442 (d)	Large institutions, other institutions, listed SNCI	Annual
EU CR1: Performing and non-performing exposures and related provisions.	Article 442 (c)	Large institutions, other institutions, listed SNCI	Large institutions: semi-annual Other institutions and listed SNCI: annual
EU CQ4: Quality of non-performing exposures by geography	Article 442 (c)(e)	Large institutions and other listed institutions. Columns (b) and (d): Large institutions with a threshold ratio on NPLs of 5% or above.	Large institutions: semi-annual Other listed institutions: annual Columns (b) and (d): annual

<sup>3</sup> Commission Delegated Regulation (EU) 2023/137 of 10 October 2022 amending Regulation (EC) No 1893/2006 of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 (OJ L 19, 20.1.2023, p. 5).

Section 8 of Annex I to Regulation 2024/3172	Legal basis	Scope	Frequency
EU CQ5: Credit quality of loans and advances to non-financial corporations by industry	Article 442 (c)(e)	Large institutions and other listed institutions.  Columns (b) and (d): Large institutions with a threshold ratio on NPLs of 5% or above.	Large institutions: semi-annual  Other listed institutions: annual  Columns (b) and (d): annual
EU CQ6: Collateral valuation - loans and advances	Article 442 (c)	Large institutions with a threshold ratio on NPLs of 5% or above	Annual
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Article 442 (c)(f)	Large institutions with a threshold ratio on NPLs of 5% or above	Annual
EU CQ7: Collateral obtained by taking possession and execution processes	Article 442 (c)	Large institutions, other institutions, listed SNCI	Large institutions: semi-annual  Other institutions and listed SNCI: annual
EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	Article 442 (c)	Large institutions with a threshold ratio on NPLs of 5% or above	Annual

## 4. Draft implementing technical standards

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### COMMISSION IMPLEMENTING REGULATION (EU) .../...

of **XXX**

**amending the implementing technical standards laid down in Commission Implementing Regulation (EU) 2024/3172 as regards the disclosure of environmental, social and governance risks and as regards the public disclosures by institutions of the information on the aggregate exposure to shadow banking entities and on equity exposures**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,  
Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012<sup>32</sup> and in particular Article 434a, the fifth paragraph and Article 449a (3), subparagraph 2, thereof,

Whereas:

- (1) Commission Implementing Regulation (EU) 2021/637<sup>33</sup> laid down uniform disclosure formats to ensure the uniform application of Regulation (EU) No 575/2013. Regulation (EU) 2024/1623 of the European Parliament and of the

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<sup>32</sup> OJ L 176, 27.6.2013, p. 1., ELI: .

<sup>33</sup> Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (OJ L 136, 21.4.2021, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2021/637/oj](http://data.europa.eu/eli/reg_impl/2021/637/oj)).

Council<sup>34</sup> amended Regulation (EU) No 575/2013 to incorporate amendments on Articles 433a, 433b, 433c and 449a, which introduce the scope of institutions covered by disclosure requirements. Articles 433b and 433c of the Regulation (EU) No 575/2013 require small and non-complex institutions (SNCI) and other institutions to disclose, on an annual basis, the information under Article 449a – Disclosure of environmental, social and governance (ESG) risks, taking into account the proportionality principle. Therefore, the amendments to Regulation (EU) No 575/2013 should be reflected in Implementing Regulation (EU) 2024/3172, which should set out, in addition to the existing uniform disclosure formats and reference to associated instructions on ESG risks, specific uniform disclosure formats and reference to associated instructions for the disclosures of ESG risks for SNCI and other institutions.

- (2) In its Communication of 11 February 2025 entitled ‘A simpler and faster Europe: Communication on implementation and simplification’<sup>35</sup>, the European Commission set out a vision for an implementation and simplification agenda. The Commission, the European Parliament, the Council, Member States’ authorities at all levels and stakeholders need to work together to streamline and simplify EU, national and regional rules and implement policies more effectively.
- (3) The changes proposed through the ‘Simplification Omnibus package’<sup>36</sup>, included far-reaching simplification in the fields of sustainable finance reporting, sustainability due diligence and EU taxonomy, such as amendments to Regulation (EU) 2021/2178<sup>37</sup>, and Directives 2006/43/EC<sup>38</sup>, 2013/34/EU<sup>39</sup> and (EU) 2022/2464<sup>40</sup> of the European Parliament and of the Council. These Directives and Regulation have an impact on the content and development of the disclosure’s frameworks on ESG risks and the impacts

<sup>34</sup> Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. (OJ L, 2024/1623, 19.6.2024, ELI: ).

<sup>35</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 February 2025, ‘A simpler and faster Europe: Communication on implementation and simplification’, COM/2025/47 final.

<sup>36</sup> [Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief - European Commission](#)

<sup>37</sup> Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, p. 9–67, ELI: [http://data.europa.eu/eli/reg\\_del/2021/2178/oj](http://data.europa.eu/eli/reg_del/2021/2178/oj)).

<sup>38</sup> Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87–107, ELI: <http://data.europa.eu/eli/dir/2006/43/oj>).

<sup>39</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19–76, ELI: <http://data.europa.eu/eli/dir/2013/34/oj>).

<sup>40</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive) (OJ L 322, 16.12.2022, p. 15–80, ELI: <http://data.europa.eu/eli/dir/2022/2464/oj>).

derived from their amendment should be considered when developing these frameworks.

- (4) To facilitate in a proportional manner the disclosures requirements that should apply to SNCI and other institutions, their disclosures on ESG should be significantly simpler without losing essential information that is key for transparency purposes. In addition, the disclosures templates to large institutions should be amended to provide further clarifications without adding further information as the information currently requested has proved to be sufficient for its purpose.
- (5) In addition, a cross reference to the specific templates on Green Asset Ratio, provided in Annex VI of the Commission Delegated Regulation (EU) 2021/2178 should be included to avoid duplication with information disclosed under Template 7 (Mitigating actions: Assets for the calculation of GAR) and Template 8 (GAR (%)) of Annex I to the Regulation (EU) 2022/2453<sup>41</sup>.
- (6) It is necessary to ensure coherence and consistency between the reporting obligations laid down in Regulation (EU) No 575/2013 with other Union legislation in the area of ESG risks, and in particular Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>42</sup>. Rules on the disclosure of ESG risks should therefore take into account the definitions and criteria laid down in Articles 2 and 3 of Regulation (EU) 2020/852. In particular, those rules should take into account the criteria for the identification and classification of environmentally sustainable economic activities, as laid down in Regulation (EU) 2020/852 and also in Commission Delegated Regulation (EU) 2020/1818<sup>43</sup>. For the same reason, when disclosing information on the energy performance of their real estate portfolio, institutions should provide that information in the form of the energy performance certificate as defined in Article 2, point 12 of Directive 2010/31/EU of the European Parliament and of the Council<sup>44</sup>.
- (7) Materiality considerations as specified in Article 432(1) Regulation (EU) No 575/2013, should be taken into account, particularly with respect to the frequency of the information disclosed by large listed institutions in relation to the qualitative information in Tables 1 to 3, Template 3, and Templates 6-10, and the materiality of mid-year disclosures.

<sup>41</sup> Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1–54, ELI: [http://data.europa.eu/eli/reg\\_impl/2022/2453/oj](http://data.europa.eu/eli/reg_impl/2022/2453/oj)).

<sup>42</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: <http://data.europa.eu/eli/reg/2020/852/oj>).

<sup>43</sup> Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17, ELI: [http://data.europa.eu/eli/reg\\_del/2020/1818/oj](http://data.europa.eu/eli/reg_del/2020/1818/oj)).

<sup>44</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13, ELI: <http://data.europa.eu/eli/dir/2010/31/oj>).

- (8) Regulation (EU) 2024/1623 of the European Parliament and of the Council<sup>45</sup> amended Regulation (EU) No 575/2013 by providing new and amended disclosure requirements on the aggregate exposure to shadow banking entities and equity exposures and extended the scope of application of the disclosure requirements referred to in Article 442, points c) and d) of that Regulation to listed SNCI and other non-listed institutions. In this respect, Commission Implementing Regulation (EU) No 2024/3172 should be amended only to reflect the new NACE classification code for economic activities set out in Commission Delegated Regulation (EU) 2023/137 of 10 October 2022<sup>46</sup>.
- (9) Regulation (EU) No 575/2013 as amended by Regulation (EU) 2024/1623 mandated the European Banking Authority to update the guidelines on specific individual and aggregate limits on exposures to shadow banking entities and to submit a report to the Commission, on the basis of which a legislative proposal on exposure limits to those exposures could be developed. Along with the development of the framework on exposures to shadow banking entities, the Commission Implementing Regulation (EU) No 2024/3172 should set out a new template on the disclosure of the aggregate exposure amount to shadow banking entities, having regard to the current regulatory framework which relies on the criteria for the identification of those entities established in the Commission Delegated Regulation (EU) 2023/2779<sup>47</sup>.
- (10) Regulation (EU) No 575/2013 as amended by Regulation (EU) 2024/1623 has reviewed the exposure classes under the Standardised Approach ('SA') and the Internal Ratings Approach ('IRB') to calculate the own funds requirements for credit risk. In particular, for equity exposures, only the use of Standardised Approach is allowed, except for a transitional period. The disclosure template on equity exposure sets out in Section 12 – 'Disclosure of specialised lending and equity exposures' of Annex I to Implementing Regulation (EU) 2024/3172 should be therefore amended to reflect the amended disclosure requirements of Article 438(e) of the Regulation (EU) No 575/2013. In addition, templates of Implementing Regulation (EU) 2024/3172 and instructions referred to in that Regulation should be reviewed to reassess the convenience and appropriateness of items included in that Regulation as well as to amend and clarify references and inconsistencies relating to implementing the disclosure requirements.
- (11) Implementing Regulation (EU) 2024/3172 should therefore be amended accordingly.

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<sup>45</sup> Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. OJ L, 2024/1623, 19.6.2024, EL: ).

<sup>46</sup> Commission Delegated Regulation (EU) 2023/137 of 10 October 2022 amending Regulation (EC) No 1893/2006 of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 (OJ L 19, 20.1.2023, p. 5).

<sup>47</sup> Commission Delegated Regulation (EU) 2023/2779 of 6 September 2023 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for the identification of shadow banking entities referred to in Article 394(2) of Regulation (EU) No 575/2013 (OJ L, 2023/2779, 12.12.2023, EL: [http://data.europa.eu/eli/reg\\_del/2023/2779/oj](http://data.europa.eu/eli/reg_del/2023/2779/oj)).

- (12) To ensure timely and quality disclosures by institutions, they should be given sufficient time to adapt their internal systems in view of the changes to the existing disclosure framework reflected/incorporated in this Regulation.
- (13) This Regulation is based on the draft implementing technical standards submitted to the Commission by the European Banking Authority.
- (14) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>48</sup>,

HAS ADOPTED THIS REGULATION:

*Article 1*

**Amendments to Implementing Regulation (EU) 2024/3172**

Implementing Regulation (EU) 2024/3172 is amended as follows:

- (1) Article 22 is replaced by the following:

*‘Article 22*

**Disclosure of environmental, social and governance risks (ESG risks)**

- 1. Institutions that are subject to Article 433a of Regulation (EU) No 575/2013 shall disclose the information referred in Article 449a of that Regulation, as specified in Tables 1 to 3 and Templates 1 to 5 of Part 1 of Section 21 - ‘Disclosure of prudential disclosures on ESG risks’ in Annex I’.
- 2. By way of derogation from paragraph 1, institutions subject to Article 433a of Regulation (EU) No 575/2013 and that are also subject to Article 8 of the Commission Delegated Regulation (EU) 2021/2178, shall disclose in addition to the information referred in paragraph 1 of this Article the information related to the calculation of the Green Asset ratio as set out in Annexes V and VI of the Commission Delegated Regulation (EU) 2021/2178 Template 1 ‘Assets for the calculation of GAR’, Template 4 ‘GAR KPI flow’, Template 6 and Template 10 as specified in Part 1 of Section 21 - ‘Disclosure of prudential disclosures on ESG risks’ in Annex I’

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<sup>48</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).



3. Institutions referred to in paragraph 2 may choose to disclose the quantitative information on mitigating actions and exposures on climate-change-related risks associated with economic activities that qualify as environmentally sustainable under Article 3 of Regulation (EU) 2020/852, towards counterparties that are non-financial corporations, that are not subject to the disclosure obligations laid down in Articles 19a or 29a of Directive 2013/34/EU, and that are not subject to the disclosure obligations laid down in Commission Implementing Regulation (EU) 2021/2178, in accordance with Template 9 as specified in Part 1 of Section 21 - 'Disclosure of prudential disclosures on ESG risks' in Annex I.

For the calculation of the percentage of the exposures to activities that comply with the requirements laid down in Article 3 of Regulation (EU) 2020/852 (taxonomy-aligned exposures) towards those counterparties, institutions:

- (a) may, where available, use the information received from their counterparties on a voluntary and bilateral basis through the loan origination, and regular credit review and monitoring processes;
- (b) where the counterparty is not able or willing to provide the data concerned on a bilateral basis, may use internal estimates and proxies and explain in the narrative accompanying the template to what extent those internal estimates and proxies have been used, and which internal estimates and proxies have been applied;
- (c) where they are unable to collect on a bilateral basis the information concerned, or cannot use internal estimates and proxies, or cannot collect that information or use those estimates and proxies in a way that is not overly burdensome for them or their counterparties, may explain that inability in the narrative accompanying the template.

For the purposes of point (a), institutions shall inform their counterparties that the provision of such information is voluntary.

4. Institutions that are subject to Article 433b of Regulation (EU) No 575/2013, and those subject to Article 433c(2) of that Regulation shall disclose the information referred in Article 449a of that Regulation, as specified in Part 3 of Section 21 - 'Disclosure of prudential disclosures on ESG risks' in Annex I.
5. Institutions subject to Article 433c(1) of Regulation (EU) No 575/2013, which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU and those subject to Article 13(1), the second subparagraph of Regulation (EU) No 575/2013 shall disclose the information referred in Article 449a of that Regulation, as specified in Part 2 of Section 21 - 'Disclosure of prudential disclosures on ESG risks' in Annex I.

(2) The following article is inserted:

*'Article 23a*



Institutions shall disclose the information referred to in Article 449b of Regulation (EU) No 575/2013 as specified in Section 23 – ‘Disclosure of the aggregate exposure to shadow banking entities’ of Annex I.’

(3) Section 12 – ‘Disclosure of specialised lending and equity exposures’ of Annex I is replaced by the text set out in Annex I to this Regulation.

(4) Section 21 - ‘Disclosure of prudential disclosures on ESG risks’ of Annex I is replaced by the text set out in the Annex II to this Regulation.

(5) The text set out in Annex III to this Regulation is added as Section 23 – ‘Disclosure of the aggregate exposure to shadow banking entities’ of Annex I.

(6) Section 8 – ‘Disclosure of credit risk quality’ of Annex I is replaced by the text set out in the Annex IV to this Regulation.

## *Article 2* **Transitional provisions**

1. Institutions subject to Article 433a of Regulation (EU) No 575/2013 which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall apply this Regulation starting with the reference date as of 31 December 2026. Until then, such institutions, shall continue preparing their disclosure requirements in accordance with the Implementing Regulation (EU) 2024/3172 as applicable on 1 January 2025 with the exception of Templates 6-10 of that Regulation.
2. Non-listed institutions subject to Article 433a of Regulation (EU) No 575/2013, which are subject to the disclosure requirements referred to in Article 449a of that Regulation, shall apply this Regulation starting with the reference date as of 31 December 2026.
3. Institutions referred to in Articles 433b, 433c, and Article 13(1) of Regulation (EU) No 575/2013, which are subject to the disclosure requirements referred to in Article 449a of that Regulation, shall apply this Regulation starting with reference date as of 31 December 2026.
4. Institutions shall use the template EU SB1 set out in Annex I to this Regulation to disclose the information referred to in Article 449b of Regulation (EU) No 575/2013 starting with reference date as of 31 December 2026.
5. The amendments provided by this Regulation to the disclosure template on equity exposure sets out in Section 12 – ‘Disclosure of specialised lending and equity

exposures’ of Annex I to Implementing Regulation (EU) 2024/3172 shall apply starting with reference date as of 31 December 2026.

6. The amendments provided by this Regulation to the disclosure template on credit quality of loans and advances to non-financial corporations by industry set out in Section 8 – ‘Disclosure of credit risk quality’ of Annex I to Implementing Regulation (EU) 2024/3172 shall apply with first reference date as of 31 December 2026.

### *Article 3*

#### ***Entry into force and application***

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.  
It shall apply from 31 December 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*

The President

On behalf of the President

[Position]

## **LIST OF ANNEXES**

- Annex I (contains the amended section 12 – ‘Disclosure of specialised lending and equity exposures’ of Annex I to Commission Implementing Regulation (EU) 2024/3172).
- Annex II (contains the amended section 21 – ‘Disclosure of prudential disclosures on ESG risks’ of Annex I to Commission Implementing Regulation (EU) 2024/3172).
- Annex III (contains the new section 23 – ‘Disclosure of the aggregate exposure to shadow banking entities’ of Annex I to Commission Implementing Regulation (EU) 2024/3172).
- Annex IV (contains the amended section 8- ‘Disclosure of credit risk quality’ of Annex I to Commission Implementing Regulation (EU) 2024/3172).

## 5. Accompanying documents

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### 5.1 “Mapping tool” – Mapping of disclosure quantitative data with supervisory reporting

The “mapping tool” is a comprehensive set of excel files that provides the mapping of the quantitative disclosure templates with the relevant reporting data points.

The “mapping tool” is not part of the draft ITS but it is provided as an accompanying document to support institutions when populating the quantitative disclosure template<sup>2</sup>.

The ‘mapping tool’ has been reviewed to consider the quantitative disclosure templates affected by the changes of these draft ITS (i.e. amended template EU CR 10.5 and the new template EU SB1). A question is included in the section 5.3.4 in order to encourage respondents to review the mapping provided.

### 5.2 Draft cost-benefit analysis

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’.

This analysis presents the IA of the main policy options included in this Consultation Paper on the draft ITS amending Commission Implementing Regulation (EU) 2024/3172 with regard to prudential disclosures on environmental, social and governance (‘ESG’) risks in accordance with Article 449(a) CRR, and on the aggregate exposure to shadow banking entities under Article 449b of the CRR and on the amended disclosure requirements on equity exposures of Article 438 (e) of the CRR3. The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

#### A. Problem identification and background

The Sustainable Finance Action Plan published by the European Commission in 2018 included fostering transparency as one of the key goals, in order to foster market discipline in the financial sector and allow investors and other stakeholders to compare the sustainability performance and risk profile of institutions and make informed decisions. This had triggered several legislative initiatives on ESG disclosure in the EU, one of them being the prudential disclosures required under Article 449(a) CRR which required large institutions that have issued securities that are admitted to trading on a regulated market of any Member State to disclose prudential information on ESG risk. The objective of the prudential disclosures under Art. 449a of CRR is to provide external stakeholders with information on risks faced by institutions and on their risk profile.

The EBA was mandated under CRR Article 434(a) and 449a to develop ITS specifying these disclosures in a way that conveys sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and the EBA drafted in 2022 the ITS EBA/ITS/2022/01 on prudential disclosures on ESG risks published under the Commission Implementing Regulation 2022/2453. In the form, this ITS EBA/ITS/2022/01 was amending Implementing Regulation (EU) 2021/637 on disclosure requirements and the later has been since then repealed and replaced by Commission Implementing Regulation (EU) 2024/3172.

On 31 May 2024, Regulation 2024/1623 was published and amends Regulation 575/2013 (Capital Requirements Regulation – CRR) which is now referred to as CRR3. Its Article 449(a) was thus amended with modified requirements on the disclosure of ESG risks. The same Article 449(a) make the link with Article 434(a) and mandates the EBA to develop technical standards implementing the updates brought by the amendments in the disclosure requirements. Therefore, the EBA draft the current ITS (the Draft ITS) that will amend the Commission Implementing Regulation (EU) 2024/3172.

Furthermore, the CRR3 has also amended the disclosure requirements on equity exposures included in Article 438 (e) of the CRR and introduced new disclosure requirements on the aggregate exposure to shadow banking entities, and these requirements also implicates amendments to Commission Implementing Regulation (EU) 2024/3172.

## B. Policy objectives

The draft ITS amending Commission Implementing Regulation (EU) 2024/3172 with regard to prudential disclosures on ESG risks in accordance with Article 449(a) CRR aims at updating the ESG templates, tables and associated instructions to be in line with the regulatory framework changes triggered by the CRR3 ESG amendments and also to bring additional prudential ESG risk information that would be of interest.

Furthermore, the draft ITS amending Commission Implementing Regulation (EU) 2024/3172 with regard to public disclosures on the aggregate exposure to shadow banking entities under Article 449(b) CRR and on equity exposures of Article 438 (e) CRR aims at adapting the current disclosure templates and related instructions to the CRR3 related new requirements.

## C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the Draft ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

## Fossil fuel sector

Amended Article 449(a) of the CRR3 states that *“the institutions shall disclose information on ESG risks, including: (a) the total amount of exposures to fossil fuel sector entities”*. With regards to the practical requirements in the ESG disclosure templates, the EBA considered two options.

### **Option 1a: Leveraging on NACE codes related to fossil fuel sector**

### **Option 1b: Requesting to report at aggregate level the total amount of exposures to fossil fuel sector entities**

Requesting institutions to report at aggregate level the total amount of exposures to fossil fuel sector entities in line with Article 4(153) of CRR 3 definition (i.e. ‘*company, enterprise or undertaking statistically classified as having its principal economic activity in the coal, oil or gas sector of economic activities*’) would have the benefit of being hundred percent aligned with the requirement of Article 449(a) of the CRR3. Nevertheless, this definition being in a different scope than the current sectorization split used in the ESG disclosures templates (which is based on NACE Codes), reporting this aggregate amount in the template where data split by NACE Codes are disclosed could create confusion with an overlapping between those figures but also, if a single new template was created just for this aggregate amount, this could trigger additional costs. Additionally, this global definition could trigger costs for institutions in order to identify the exposures concerned.

On the other hand, leveraging on the five NACE Codes identified as significantly complementing the coverage of the fossil fuel sector would have the benefit of supporting institutions in the identification of the concerned exposures and, with more guidance, this would thus increase the quality of the data. This would also give to the stakeholders more granular data and allow a better understanding of the fossil fuel sector exposures of institutions and the comparison between institutions. Leveraging on NACE Codes would have also the benefit of not triggering significant costs compared to other options as institutions are already used to work with NACE Codes in several disclosures templates.

Based on the above, **the Option 1a has been chosen as the preferred option** and the Draft ITS will leverage on NACE codes in order to request institutions to disclose their exposures to fossil fuel sector entities.

## Real estate exposures: Encumbered assets and cover pools of covered bonds

Recital 55 of the CRR 3 states that *“When revising the implementing technical standards as regards the disclosure of ESG risks, EBA should assess means to enhance disclosures of ESG risks of cover pools of covered bonds”*. With regards to the way and extent this information should be disclosed, the EBA considered three options.

**Option 2a: Creating a new separate template on ESG risks of encumbered assets, securitization and of cover pool of covered bonds**

**Option 2b: Creating a new separate template on ESG risks of cover pool of covered bonds**

**Option 2c: Including the information on ESG risks of cover pool of covered bonds in existing ESG disclosure template**

Requesting institutions to disclose not only information related to ESG risk of pool of covered bonds but also to ESG risks of encumbered assets and securitization would have had the benefit of giving a broader and more detailed view of the loans collateralized by immovable property. On the other hand, the additional requests for encumbered assets and securitization would, by adding further disclosure requirements (for instance, the amount of data to be filled by Large banks in Template 2 would have been approximately doubled), incur costs that are not linked to the mandate and also for which it is not proven that the benefits would exceed them. Hence, option 2a was rejected.

Then, it is true that dedicating a new separate template for ESG risks of cover pool of covered bonds would bring this information to a more visible level and give the possibility to request the disclosure of those information for all type of the institutions' assets. On the other hand, leveraging on one existing ESG disclosure template (i.e. Template 2) by requesting the disclosure of those information only for immovable property assets would first decrease costs linked to the disclosure of one new template but also decrease costs of disclosing the information related to other assets.

Based on the above, **the Option 2c has been chosen as the preferred option** and the Draft ITS will request institutions to disclose the information about ESG risks of cover pools of covered bonds in existing ESG disclosure template 2. It has to be noticed that, taking into account the proportionality principle, the SNCI banks and "other non-listed" banks will not be subject to the reporting of these information.

**Green Asset Ratio ('GAR') disclosure templates**

The current ESG disclosure framework requires institutions to disclose detailed information regarding the GAR in two templates (i.e. Template 7 - Mitigating actions: Assets for the calculation of GAR and Template 8 - GAR (%)) as it provides important information on how institutions are mitigating risks relating to climate change. However, Commission Delegated Regulation 2021/2178 ('CDR 2021/2178') also requests institutions to disclose, in templates for KPIs of credit institutions, the same information. With regards to simplify the disclosure of this information, the EBA considered two options.

**Option 3a: Full and permanent alignment of the ESG disclosure templates 6 and 7 in the Pillar 3 ITS with the two related CDR 2021/2178 templates (i.e. templates 1 'Assets for the calculation of GAR' and 4 'GAR KPI flow') by cross-referring to the definition of these templates in the CDR 2021/2178**

**Option 3b: Replicating the two CDR 2021/2178 templates (i.e. templates 1 ‘Assets for the calculation of GAR’ and 4 ‘GAR KPI flow’) in the Pillar 3 ESG disclosures framework under templates 6 and 7.**

Replicating templates 1 and 4 of CDR 2021/2178 in the Pillar 3 ESG disclosure templates 6 and 7 would create additional non-justified costs and the risk of mis-alignment if the templates in the CDR are amended while the ones in the Pillar 3 framework are adjusted as, with regards to the concerned templates, the ESG disclosure templates would have to be updated as soon as the CDR 2021/2178 would be modified (which is the situation with the current ITS). In comparison, requiring institutions to disclose the same templates in their Pillar 3 report as under CDR 2021/2178, allow institutions to ‘copy and paste’ the templates and thereby eliminating the risk of any discrepancies between the pillar 3 templates and the CDR 2021/2178 templates and significantly reduces the disclosures burden of the disclosing institutions. In this regards it has to be mentioned that the amount of data to be provided by Large institutions subject to disclosure requirements under Art. 8 of Taxonomy Regulation should decrease by approximately 50% between the former Template 6 and 7 and the two CRD 2021/2178 templates, based on the Omnibus proposal now under discussion.

Based on the above, **the Option 3a has been chosen as the preferred option** and the Draft ITS will request institutions to disclose templates 6 and 7 in accordance with the two CDR 2021/2178 templates (i.e. templates 1 ‘Assets for the calculation of GAR’ and 4 ‘GAR KPI flow’), ensuring identical disclosures on a permanent basis and minimizing the cost and maximizing the simplification of this disclosure.

**Transitional provisions and interim guidance on templates 6 to 10**

The current ESG disclosure framework requires institutions to disclose detailed information on mitigating actions where funding is granted to counterparties to mitigate environmental related risks, including information on the GAR, voluntary information on BTAR, and information on other mitigating actions beyond GAR.

Under the omnibus proposal published by the Commission in February 2025, the delegated act CDR 2021/2178 on disclosures under the Taxonomy Regulation are being revised, including the templates on the GAR. Templates 6 to 10 in the EBA Pillar 3 ITS are defined based on the GAR templates in the Commission delegated act: GAR templates should be fully consistent with those under the CDR 2021/2178; the BTAR voluntary template should also be fully consistent on those parts that are common with the GAR template; and Template 10 on ‘Other mitigating actions’ should cover information not covered in the GAR templates. With regards to the transitional provisions applicable to large-listed institutions, two options were assessed:

**Option 4a: Request large listed institutions to keep disclosing all tables and templates of the currently applicable Pillar 3 ITS (Commission Implementing Regulation (EU) 2024/3172) until 31 December 2026**



**Option 4b: Request large listed institutions to keep disclosing all tables and templates except for templates 6 to 10 of the currently applicable Pillar 3 ITS (Commission Implementing Regulation (EU) 2024/3172) until 31 December 2026**

Requesting large listed institutions to keep disclosing templates 6 to 10 during the review of the related relevant templates under CDR 2021/2178 while the mentioned CDR and templates are revised under the Omnibus proposal discussions would mean that banks may need to disclose templates that are different from those that they may need to disclose under the CDR during this period. This would create uncertainty for institutions and increase the costs and complexity of the disclosures.

Based on the above, **Option 4b has been chosen as the preferred option**, and it should provide certainty, reduce compliance costs and more simple disclosures for large listed banks that have to disclose this information during the interim period between the publication of the consultation paper and the finalization of the ITS and afterwards during the transitional period.

**Proportionality on Pillar 3 ESG related disclosures**

CRR3 extends Pillar 3 disclosures on ESG related risks to all institutions, beyond the large listed institutions that are required to disclose so far. The same CRR3 asks the EBA to implement this disclosures in a proportionate manner. When fulfilling this mandate the EBA has considered 2 options

**Option 5a: Define two sets of templates, a comprehensive one applicable to all large institutions, including large subsidiaries and a simplified one applicable to other institutions and SNCIs.**

**Option 5b: Define three sets of templates: a comprehensive set applicable to large institutions; a second simplified set applicable to other listed institutions and large subsidiaries; and a third very basic one applicable to other non-listed institutions and SNCIs.**

Part Eight of the CRR on disclosure requirements envisages a reduced set of Pillar 3 disclosure requirements for Other non-listed institutions compared to other institutions that are listed, besides the fact that institutions that are listed have a broader interest and a broader range of external stakeholders compared to those that are not listed. Moreover, Art. 13 of the CRR on the level of application of Part Eight envisages that large subsidiaries shall be subject only to a limited number of the disclosure requirements of those applicable to large institutions at the highest level of consolidation. Finally, some of the templates applicable to large institutions in the EBA Pillar 3 ITS make sense only at the highest level of consolidation. All these justify a different treatment in terms of Pillar 3 ESG related disclosure requirements applicable to large subsidiaries compared to large institutions at the highest level of consolidation, and to other non-listed institutions compared to other listed institutions.

Based on the above **Option 5b has been chosen as the preferred option**, to ensure a proportionate approach for all type of institutions.

### Aggregate exposure to shadow banking entities

Shadow banking entities can lead to increased risks for financial stability since they are entities involved in credit intermediation activities outside the regulated framework. For the time being, based on Article 394(2) of the CRR, the institutions had to report their 10 largest exposures to shadow banking entities on a consolidated basis but the CRR3 has strengthened the current framework on exposures to shadow banking entities by introducing new disclosure requirements, additional reporting requirements and new policy mandates. More precisely, on the disclosure requirements, the CRR3 introduced the requirement for institutions to disclose the information concerning their aggregate exposure to shadow banking entities. With regards to the level of details of the disclosure of these information, the EBA considered the following two options.

**Option 6a: Requesting institutions to disclose the aggregate exposure to shadow banking entities with a breakdown by counterparty in accordance with RTS on the definition of shadow banking (Commission Delegated Regulation (EU) 2023/2779).**

**Option 7b: Requesting institutions to disclose only the aggregate exposure to shadow banking entities.**

Requesting institutions to disclose the aggregate exposure to shadow banking entities with a breakdown by counterparty would provide stakeholders with additional and useful information on the types of shadow banking entities to which institutions are exposed and the related risks. Nevertheless, this option may go beyond the regulatory requirements of Article 449b of the CRR 3. Furthermore, the regulatory framework on exposures to shadow banking entities is going to be changed according to the CRR3 (cfr Article 395(2a) of the CRR3) and this could also impact disclosures.

Based on the above, **the Option 7b has been chosen as the preferred option** and the draft ITS will request institutions to disclose only the aggregate exposure to shadow banking entities

## D. Conclusion

The Draft ITS will amend Commission Implementing Regulation (EU) 2024/3172 with regard to prudential disclosures on ESG risks in accordance with Article 449(a) CRR and will update the ESG templates, tables and associated instructions to be in line with the regulatory framework changes introduced by the CRR3 ESG amendments and also to bring additional prudential ESG risk information that would be of interest to stakeholders. For the institutions, the Draft ITS amendments are not expected to induce significant costs. The proportionality principle was taken into account with, in terms of amount of data, the 'Other listed institutions and large subsidiaries' and the 'SNCI and other non-listed institutions' requested to report respectively approximately 60% and 7% of what is requested to large institutions. It has also to be noticed that, in order to limit the burden for institutions, the amount of data requested has been reduced during the process of elaboration of this draft ITS by approximately 50% between the first proposal and the actual one. Simplification and reduction of reporting costs have also been considered regarding the disclosure of GAR and related templates fully based on the Taxonomy Regulation templates and by defining

transitional provisions and providing guidance on what to do while the transitional provisions can be applied.

Overall, the impact assessment on the Draft ITS suggests that the expected benefits are higher than the expected costs.

The Draft ITS will also amend Commission Implementing Regulation (EU) 2024/3172 with regard to public disclosures on the aggregate exposure to shadow banking entities under Article 449b CRR and on equity exposures of Article 438 (e) CRR and will adapt the current disclosure templates and instructions to the CRR 3 related new requirements. For institutions, the Draft ITS requirements are expected to trigger costs given that additional information will be requested (concerning shadow banking). However, these requirements are linked to the CRR3 changes and thus the costs are not all to be associated with the draft ITS but with the underlying related changes brought by the CRR3. Moreover, these requirements are necessary to allow stakeholders to better assess institutions' risk profiles and compliance with CRR3 requirements and this benefit exceeds the costs for institutions. Overall, the impact assessment on the draft ITS suggests that the expected benefits are higher than the incurred expected costs.

## 5.3 Overview of questions for consultation

### 5.3.1 Disclosures on ESG

1. Do you have any comments on the proposed set of information for Large institutions?
2. Do you have any comments on the simplified set of information for Other listed institutions and Large subsidiaries?
3. Do you have any comments on the simplified set of information proposed for SNCI and other non-listed institutions?
4. Do you have any comments on the proposed approach based on materiality principle to reduce the frequency (from semi-annual to annual) of specific templates (qualitative, template 3, and templates 6-10) for large listed institutions?
5. Do you have any comments on the proposed amendments to Table 1 and Table 3?
6. Do you have any further suggestions on Table 1A?
7. Do you have any comments on the proposed additions and deletions to the sector breakdown?
8. Do you have any views with regards to the update of the templates to NACE 2.1?
9. Do you have any further comments on Template 1?
10. Do you have any comments or alternative suggestions for SNCIs and other institutions that are not listed, regarding the sector breakdown?
11. Do you have any additional suggestions how to adjust Template 1A for SNCIs and other institutions that are not listed?
12. Do you have any further comments on Template 1A?
13. Should Template 2 in addition include separate information on EPC labels estimated and about the share of EPC labels that can be estimated?
14. Should rows 2, 3 and 4 and 7, 8 and 9 for the EP score continue to include estimates or should it only include actual information on energy consumption, akin to the same rows for EPC labels?
15. Do you have any comments on the inclusion of information on covered bonds?
16. Do you have any comments on the breakdown included in columns b to g on the levels of energy performance?
17. Do you have any further comments on Template 2?
18. Do you have any comments on Template 3?
19. Do you have any comments with the proposals on Template 4 and the instructions?
20. Do you have any views on whether this template could be improved with some more granular information in the rows, by requesting e.g. split by sector of counterparty or other?
21. Do you have any further comments on Template 4?
22. Do you have any comments on the proposal using NUTS level 3 breakdown for Large institutions and NUTS level 2 for Other listed institutions and Large subsidiaries? Would NUTS level 2 breakdown be sufficient for Large institutions as well?

23. Do you have any comments on the instructions for the accompanying narrative and on whether they are comprehensive and clear?
24. Do you have any further comments on Template 5 and on its simplified version Template 5A?
25. Do you have any comments on the proposal to fully align templates on the GAR, that is, templates 7 and 8, with those under the Taxonomy delegated act by replacing the templates with a direct cross reference to the delegated act?
26. Do you have any comments on the proposal related the BTAR and to keep it voluntary?
27. Do you have any comments regarding the adjustments to template 10?>
28. Do you have any further comments on the Consultation Paper Pillar 3 disclosures requirements on ESG risk?

### **5.3.2 Disclosure of the aggregate exposure to shadow banking entities**

29. Are the new template EU SB 1 and the related instructions clear to the respondents? If no, please motivate your response.
30. Do the respondents agree that the new template EU SB 1 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

### **5.3.3 Disclosure of equity exposures**

31. Are the amended template EU CR 10.5 and the related instructions clear to the respondents? If no, please motivate your response.
32. Do the respondents agree that the amended template EU CR 10.5 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

### **5.3.4 Mapping tool**

33. Do the respondents consider that the “mapping tool” appropriately reflects the mapping of the quantitative disclosure templates with supervisory reporting templates?