

Banking Stakeholder Group's response to Consultation on 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

1. Background

The report puts forward a consultation to amend the EBA Pillar 3 disclosures framework 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. " 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 (i) the extension of 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 (with a simplified approach with only essential information depending on the size and complexity of institutions) (ii) streamlined new requirements for shadow banking and equity exposures (iii) 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 and (iv) clarifications on the application of the Guidelines on nonperforming exposures and forbearance.

With regard to ESG disclosure, the draft ITS provide also enhanced clarity on the existing disclosures of large institutions, alignment with the taxonomy regulation, transitional provisions and interim guidance addressed to NCAs on application during the interim period.

2. High level principles

The BSG welcomes the initiative of the EBA to strengthen transparency and market discipline in respect of ESG risks. The current BSG also note [the comments](#) of the BSG group in 2021 on the initial draft ITS on Pillar 3 disclosures on ESG risk.

The BSG welcomes the considerations taken by the EBA in drafting these revised ITS to align with the European Commission's commitment to reduce reporting costs and simplify sustainability reporting and particularly appreciates the design of structural alignment between disclosure requirement under Pillar 3 and Taxonomy Regulation and the transitional provisions introduced to account for the current review of the EU ESG framework under the so-called Omnibus package¹.

In this regard, the BSG wants to highlight the importance of a proper legislative and regulatory process, ensuring legal certainty, coherence and predictability. The BSG welcomes the issuance of the no-action letter on 6th August 2025, that was needed due to the particular speed, scale and complexity of the review of the EU Level 1 ESG framework (especially referring to the Taxonomy regulation), in order to address the legal uncertainty surrounding the transitional application of ESG disclosure requirements in Pillar 3.

The BSG would recommend that, in cases where possible, any delay, adjustment, or clarification should normally come through formal legislative or regulatory channels. The regulatory process should enable to take into due account the issue of timing, in order to avoid the need for non-binding guidance and other informal communications that undermine legal certainty and predictability.

The BSG underlines the importance of ESG disclosure to provide market participants with a clear view of institutions' exposures to ESG risk and their ESG risk management strategies and policies. At the same time, the BSG also highlights the need for consistency within the ESG framework. Banks' disclosure obligations should not imply collection of information from clients exceeding what applicable ESG legislation requires them to disclose.

We welcome the intention of the EBA to provide an updated mapping tool between Pillar 3 and supervisory reporting to support implementation by institutions. We would welcome more clarity on the timing of such mapping giving assurance to the market that such mapping will be available at an appropriate time (in order to prevent a situation where institutions feel that they would need to perform their own mapping in order to be ready on time).

3. BSG comments on the ITS

Information to be disclosed

The BSG acknowledges and appreciates the EBA efforts to ensure adequate proportionality of the disclosure framework by means of tiered requirements for different categories of banks.

¹ Reference is made to the package announced by the EU Commission on 26th February (link: [Omnibus I package](#)).

The BSG would suggest that the EBA also considers other dimensions of proportionality, in addition to size, and namely:

- as regards the frequency of disclosure. The current proposal enlarges the scope of disclosure to be provided on annual basis, given that more frequent update of the background information by clients is unlikely. Given that the same holds true irrespective of banks' size, further extending the scope of templates subject to annual disclosure for large banks might be considered
- as regards the granularity of information. An appropriate level of granularity is essential to ensure that information is meaningful for users (e.g., relevance of NUTS level 3 breakdown for large cross-border institutions is questionable).

Still with a view to ensure proportionality, we would suggest envisaging, after a certain period of application of the ITS, an assessment in collaboration with relevant stakeholders, of whether the disclosures have achieved the intended objectives and (all) the information disclosed is deemed useful and actually used. This could take the form of structured dialogue with market participants (users of such disclosures) or more objective measures such as some download statistics. This would enable to assess whether the time needed to prepare, review and approve all such disclosures is proportionate to the benefits actually resulting from its public availability).

With regard to specific information required, clarification would be useful as regards the transitional provisions outlined in paragraph 37. The EBA specifies that templates related with the Green Asset Ratio (GAR) and Taxonomy Regulation (templates 6 to 10) are suspended until end-2026, in accordance with the review of the underlying legislation. In this regard, it would be important to clarify that, for the transitional period, suspension consistently also applies to information connected to the Taxonomy included in templates that are not suspended.

Table 1A

BSG members welcome the proportionality approach applicable to SNCI with a simplified table 1A which is critical not to overly burden smaller organisations and to support the objectives of simplification. However, in order to ensure a good quality of disclosures and to enable some comparability of the disclosures between table 1 and table 1A, the BSG would recommend that table 1A is accompanied with some guidance or instructions that could take over, but always with a view of proportionality, some elements of the information requested for the largest organisations in table 1 (e.g table 1 A could clarify that in business strategy and processes, firms may want to address the anticipated effects of environmental risks on the bank's business model and strategic response to such risks over the short-, medium- and long-term).

Template 3

With regard to the information to be reported in Template 3, it is worth highlighting that the use of a standard and shared template for collecting such data from companies could facilitate not only the banks' reporting activities, but also the companies' own efforts in gathering and transmitting the required information. This approach would promote timely responses, ensure full alignment and comparability of data across banks, and reduce both duplication of information and the number of interactions with companies, which would otherwise be asked to provide similar data in different formats and at different times. In this regard, the BSG acknowledges the work underway – and namely the ongoing revision of the CSRD and the [ESRS](#) and the commitment of the EU Commission as regards the [VSME](#) – and recommends the EBA to keep into account, in finalizing the ITS, the outcome of such (and other relevant) developments, given that the availability of reliable and

comparable information about clients is a precondition for meaningful (and feasible) disclosure by banks.

Furthermore, the BSG notes that template 3 will not be applicable to SNCI at this stage as the EBA recognise that some smaller institutions may not have set targets yet and in order to limit the reporting burden. BSG members welcome again the proportionality approach and recognize also that smaller organizations may have more exposures to SMEs that would make disclosures from those counterparties more challenging (noting that not all companies across all sectors are compelled to report their emissions especially SMEs) and potentially less reliable (as those companies that do report their emissions may do so with limited transparency). However, one BSG member recognizes the importance of reporting even for smaller organizations as it may help these organisations develop a deeper and clearer understanding of their exposures to climate risks. The BSG would recommend that the EBA undertake further work before contemplating extending in some forms (including in a simplified form) those disclosures to SNCI such as mapping legal requirements of organisations to report their emissions and collecting feedback from those larger organisations that already report template 3 to identify existing challenges and data availability and reliability issue.

Template 5

The BSG is of the view that the geographical breakdown by NUTS 3 regions is too granular, so that top NUTS 3 regions are likely to cover only a small part of disclosures. The BSG believes that disclosure at NUTS2 level is therefore more appropriate.

Disclosures on shadow banking

The BSG welcome the new disclosures that would enable to monitor risks exposures arising from shadow banking. Taking into account that the regulatory framework on exposures to shadow banking entities will be changed, the BSG is of the view that the disclosures at an aggregate level is a good starting point and sufficient pending the revised framework. It is also aligned with CRR that only requires aggregate disclosure. However, the BSG would recommend that for the future the EBA develops an appropriate breakdown that is both meaningful for users and provides useful insights with a view to directly identifying and monitoring the risk of those entities in the regulatory framework (i.e. not to channel via banks/institutions the monitoring and management of the risk of such entities).

Last but not least, the BSG would highlight the interest of market participants for information about if and how projects for sustainability transition and adaptation to climate change are financed in an innovative way. Inclusion of information in this regard – implying a definition of innovative financing - where appropriate in the ESG disclosure framework might be considered, as encouraging transparency in this area would provide meaningful insight for stakeholders and better reflect the evolving role of the banking sector in financing the green transition and adaptation efforts.