Consultation Response

EBA Reporting Simplification: Module 7 - ESG

July 2026

Summary

This response supports in principle the overarching objective of seeking to simplify ESG supervisory reporting and leverage the existing Pillar 3 disclosure framework. However, the proposed changes significantly expand beyond this objective, introducing extensive new templates, granular datapoints, and duplication with existing frameworks such as FINREP and Pillar 3. This increased complexity risks undermining the intended simplification, creating substantial operational burden without clear additional supervisory value.

Key concerns include the ambitious implementation timeline, with insufficient time for required IT and data infrastructure changes, as well as the proposed semi-annual reporting frequency, which is disproportionate given that ESG data—particularly financed emissions—is typically updated annually and subject to significant lag.

The proposal also raises issues around proportionality, particularly for large subsidiaries, and introduces excessive geographic and obligor-level granularity, often unsupported by reliable data. This may lead to heavy reliance on proxies, reducing comparability and creating a false sense of precision.

It is recommended that the scope be restricted to core Pillar 3 ESG metrics, with increased materiality thresholds, annual reporting frequency, reduced geographic granularity, and phased implementation of more complex areas such as nature-related risks.

We have identified a potential inconsistency between the requirements for reporting the T+3 targets under the Pillar III ESG disclosures and the Supervisory Reporting framework.

Under the Pillar III requirements, the T+3 GHG intensity target is defined as the objective value corresponding to the IEA NZE 2050 pathway for the reporting year +3 (e.g. for the 2026 reporting period, the reported target corresponds to the 2029 IEA NZE benchmark).

In contrast, the Supervisory Reporting instructions require institutions to report an internal T+3 target derived from the institution's own baseline, following a convergence approach towards the IEA NZE 2050 benchmark (e.g. linear, exponential or logarithmic).

We believe these two approaches are not fully aligned, as they lead to different values being reported for the same T+3 horizon. To ensure consistency across regulatory disclosures and avoid

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unnecessary implementation complexity if a t+3 target is required for supervisory reporting purposes, we believe that it should be aligned with the Pillar III methodology, using the objective IEA NZE 2050 benchmark for the reporting year +3.

Consultation Questions

Question 1: Proportionality and scope of institutions

Do you have any comments on the comprehensive approach proposed for large institutions?

We generally welcome and support the EBA's objective to simplify the supervisory reporting framework and reduce the reporting burden. In this context, we believe that in principle leveraging the existing ESG disclosure templates from the Pillar 3 framework as a foundation for Module 7 is a fundamentally sound and efficient approach. However, we have significant concerns that the current draft for the ESG module extends far beyond these original objectives and the established Pillar 3 scope. The proposal contains not only substantial expansions of existing templates but also introduces entirely new templates with extensive and highly granular reporting requirements, as well as material duplication and reconciliation risk versus existing disclosures (e.g. with the immovable property template; through repeated geographic breakdowns across multiple templates). This multiplies production runs and controls without delivering commensurate supervisory value and runs counter to the stated simplification objective.

Furthermore, the proposed implementation timeline for Module 7 appears exceedingly ambitious. Considering that the final regulation is not expected until the end of 2026, the subsequent implementation period until year-end 2027 is clearly insufficient for the extensive IT and process adjustments required to meet these comprehensive new demands.

In light of these points, we strongly advocate that the scope of this new ESG reporting module be reconsidered. We would ask strongly for its requirements to be limited to the existing scope and core metrics of the Pillar 3 ESG disclosures, unless a clear supervisory gap is evidenced, and the established climate risk templates from the Short Term Exercise (STE). We also recommend enabling a single end-to-end data production process with *ad hoc* supervisory requests remaining exceptional. Such an approach would still provide valuable ESG data to supervisors while remaining aligned with the important goal of managing the reporting burden.

We also consider that requirements beyond climate (e.g. biodiversity, pollution and ecosystem dependency) should be deferred/phased in until standardised, auditable counterparty data and stable methodologies exist; otherwise reporting will rely heavily on proxies/models, reducing comparability and creating a false sense of precision.

Aligned with the comments submitted in response to the consultation on the EBA ITS on Pillar 3 disclosures, we do not consider the proposed reporting frequency for large institutions to be appropriate. We believe the frequency should be reduced to annual reporting. In general, ESG risks are medium to long term risks, and would not expect to see significant changes to an entity's ESG risk profile on six monthly basis (for reasons other than due to a significant change in strategy within an institution), as a lot of information driving the disclosures is counterparty information which is published annually. e.g. template 1 information, "GHG financed emissions" is typically produced (on a lag that could be two years) based data published by counterparties, and we wouldn't expect to see any changes in this information on 6 month increments.

In addition, the proposed changes are unclear. The amendments planned for December 2026 are not yet sufficiently defined, while additional changes are already being considered for the September 2027 reference date (to be applied from December 2027 reporting onwards).

This creates uncertainty for institutions and makes implementation planning significantly more challenging.

We would note also that the scoping requires greater clarity. For example, large subsidiaries that fall within the scope of the EBA stress testing (as referenced in Template D01.00) also meet the definition of large institutions. It should therefore be explicitly clarified that large subsidiaries are not required to report templates designated for large institutions, regardless of whether they are within the scope of the EBA stress testing.

Question 2: Do you have any comments on the simplified approach proposed to Other listed institutions and large subsidiaries?

The scoping requires greater clarity. Large subsidiaries should not be required to report templates designated for large institutions, regardless of whether they fall within the scope of the EBA stress testing.

It seems like the templates are meant to tie to FINREP. If so, the EBA should provide additional clarity on the scoping by template, ideally, this could be done in a table and used by companies for validation. e.g. For D01.00, Row 0780, column 0010 should be the same as FINREP template x, row y, column z.

3. Do you agree that large subsidiaries should report ESG risk exposures using the simplified reporting approach, in line with the proportionality principles applied to other institutions and similarly as in the Pillar 3 framework?

Yes, this should be proportionate. Large subsidiaries should be subject to reduced reporting requirements.

Question 5: Do you have any views on the proportionality approach proposed?

Question 6: Proportionality and scope of institutions

Are the proposed materiality thresholds for geographical breakdowns sufficient to provide meaningful reporting without imposing undue reporting burden?

The introduction of the "Z-axis" for geographical breakdowns is a particular point of concern in general within the proposed ESG module. Although the concept is known from FINREP, it creates a structural break with the existing Pillar 3 ESG disclosure framework and complicates the reuse of already implemented technical data supply chains. In our view, this runs directly counter to the stated goal of simplification and will, in fact, lead to a considerable increase in complexity, in reconciliation risk and reporting effort specifically related to ESG data. If the breakdown via "Z-axis" remains as a requirement, we would deem a significant increase of the threshold as an important relief and/or limiting country breakdowns to a single consolidated place.

Corporate Lending is often general purpose and fungible with borrowers' cash on hand. It can be used at a variety of borrower locations and at the borrowers discretion. The full extent of borrower locations and how the loan is used in the different locations may not be known and be subject to significant subjective methodological decisions. As a result, reporting at a detailed level (e.g. NUTS-2 or NUTS-3) may not be meaningful for a user and worse could lead to significant misunderstanding. As a result, it would be better if corporate lending is excluded.

If corporate lending is included, it would be most accurate to report this at an aggregate Enterprise level rather then by NUTS-2 or NUTS-3.

If a regional breakdown is absolutely required, country-level reporting would be less inaccurate than NUTS-2/3 reporting, and so would be preferrable. However, a higher materiality threshold would be more appropriate, consistent with the rationale set out in Row 73, to ensure proportionality and avoid excessive reporting with limited supervisory value.

The proposed materiality requirements are disproportionate to the objective of simplifying reporting across templates D01.00, D05.00 and D11.00, particularly when considered alongside existing ESG requirements such as financed emissions reporting, which already involve significant data aggregation, estimation, and governance effort.

By way of illustration, one member bank has noted that D01.00 would result in ~1,400 datapoints across ~13 countries, and the semi annual reporting requirement would further amplify the operational burden, as institutions would need to produce, validate, and reconcile the granular dataset twice yearly. This is particularly challenging given that ESG information, including financed emissions, is largely model based and does not materially change on a semi annual basis, limiting the incremental value of such frequent reporting.

It also does not seem necessary for templates that focus on GHG emissions, which have a global impact.

Recommendation:

- Require only one template for D01.00 (which has GHG Emissions), consistent with Pillar 3 and Ad hoc reporting. If specific financed emissions is required for stress testing, that should be requested only as and when required
- Increase materiality thresholds for country by country reporting from > 1% of total exposure to >10% of total exposure, the threshold for non-domestic banks.
- Remove 'other countries' template as both total and country by country figures are already reported.
- Ensure any additional granularity and reporting frequency are clearly justified by distinct supervisory value

We recommend clarification of the proposal with an example.

Question 7: Proportionality and scope of institutions

Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please: specify which element(s) of the proposal trigger(s) that particularly high cost of compliance, explain the nature/source of the cost (i.e. explain what makes it costly to comply with this particular element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements, offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you.

1. The consultation outlines a simplified approach for institutions, rationalizing reporting requirement, streamlining templates, consolidating data points and removing duplicate information; however, for large institutions, EBA have added significant number of datapoints and expanded the data collection through these supervisory templates that are in addition to the CRR2 P3 quantitative datapoints, for e.g.:

a. Template 1 on Climate change transition now requires 13 Credit risk parameters (related to PD, TR, LGD and LTV ratio). While the EBA recommended that banks leverage FINREP for these additional data points, including in the ESG template, this would lead to significant duplication of efforts for the bank. We recommend EBA to expand in FINREP from NACE L1 to NACE L2/L4 where applicable and leverage directly from FINREP rather than duplicating the data point in the ESG templates.

b. Templates 1, 5 and 11 require to be duplicated at country by country reporting and other geographies if the non-domestic exposure is more than 10% of the total exposures and then report only those countries that represent more than 1% of the total exposures. This lower threshold would lead to a significant expansion in the number of templates. We recommend EBA raising the 1% threshold to a higher level (e.g. 10%) to better reflect materiality for global institutions.

c. New Template 4 has been introduced which requires obligor level reporting including counterparty details such as residence, sector of activity, total revenue, transition plan of the counterparty, new exposures, exposures considering mitigating actions etc. Given EBA's intention to streamline reporting, this expansion in requirements should be reconsidered.

d. New Template 11 is also introduced on Environmental risks which requires disclosure of exposures to companies whose activities negatively impact environment and exposures to companies whose activities depend on environment. Country by Country template split is also required. Given EBA's intention to streamline reporting, this expansion in requirements should be reconsidered. Definitions should be reconciled with CSRD (E2-E5) and the EBA Guidelines on the Management of ESG Risks, supporting clarity and coherence across the framework, and facilitating integration into existing practices. In addition, clarification would be welcome on whether the template is intended to capture current impacts and dependencies or also forward-looking risks and dependencies. Overall, we recommend clarifying that institutions may leverage their existing internal methodologies, (+taxonomies/terminology), and assessments for these purposes.

2. We propose that EBA provide clear definitions for all new data points required in the templates in supervisory reporting to avoid any ambiguity, including data points that are already defined in other regulations, such as:

a.) TR, LRLT S2, etc. (D01.00)

b.) Domestic/non-domestic exposures (D01.00)

c.) Scoping for Total exposures (D01.00) and Total corporate exposures (D04.00)

d.) Cover pool of covered bonds (D02.00)

e.) Short Term Targets (D03.00)

f.) "Highly" or "moderately" exposed physical risks (D05.00)

3. Scoping: While country-by-country templates are required for amortized cost, the total template requires both amortized cost and FVOCI. Additionally, template 1 of Pillar 3 requires

banks to report Loans, Debt, and Equity in the banking book, which includes exposures at amortized cost, FVOCI, and FVTPL. We suggest EBA maintain consistent scoping with Pillar 3 (including FVTPL balances) and across all country-by-country templates. Further clarification is needed regarding the scoping for off-balance sheet exposures, specifically confirming whether it includes undrawn commitments and/or contingent liabilities as per IFRS.

4. Credit Risk Parameters: The LGD is currently at the individual facility level; guidance is needed on the appropriate weighting methodology (such as exposure-weighted or count-based) for application of LGD at the obligor level. It would be helpful to clarify whether alignment with stress testing methodologies is expected for TR. Clarification is required for the definition and calculation of LRLT S2.

5. Gross fee and commission income at sector level: There is currently no FINREP or regulatory requirement to report fee income by sector. We recommend that EBA assess whether existing FINREP table F 22.01(Fee and commission income and expenses by activity) is sufficient.

While there is currently a requirement in the EU Taxonomy to report the fee and commission income KPI from December 2027, we have suggested that this KPI be removed, as it does not provide meaningful information. We similarly request that the EBA consider removing this requirement through this consultation.

The introduction of the "Z-axis" for geographical breakdowns is a particular point of concern in general within the proposed ESG module, as stated above, particularly for large international banking groups).

Additional elements likely to trigger disproportionate cost include:

- Semi-annual reporting requirements for large institutions across multiple templates add limited supervisory value while materially increasing operational burden, in a context where ESG data is published annually by our counterparties. In many cases, the information reported is relatively stable over time and does not exhibit significant fluctuations between reporting periods. Therefore, the reporting frequency should be calibrated according to the nature of the information and its supervisory relevance, avoiding unnecessarily frequent reporting where the underlying data are largely static. Semi-annual reporting for large institutions across multiple templates, which adds limited supervisory value while materially increasing operational burden. We would note in addition that stress testing exercises are conducted on annual or even bi-annual basis while at the moment the supervisory reporting is proposed as semi-annual.
- The transition from NACE Rev. 2 to NACE 2.1, which requires significant remapping and system changes; a transitional allowance is needed. The timeline should be harmonised with the adoption of NACE 2.1 in FINREP.
- The move to broad obligor-level reporting in Template D 04.00 (beyond a “top 20” approach), where key datapoints (e.g. revenue, transition plans, financed emissions at entity level) are often unavailable or not auditable. We would note that measures of ‘revenue’ are not always relevant, especially for project finance or asset-based exposures.
- Requirements beyond climate, where data gaps would force proxy/model reliance, reducing comparability and creating pseudo-accuracy.

The requirement to report on households by energy consumption fails to consider that, in many non-EU countries, such information is not available, as it is not mandated by local regulation.

Once again, the realities faced by European international groups with a significant presence in third countries have not been adequately considered.

The requirement to report at NUTS-2 and NUTS-3 level is expected to create a disproportionate implementation and ongoing compliance burden.

In particular, much of the granular geographic data required at NUTS-2 and NUTS-3 level is not currently available, so adds very little value. As an alternative, country-level or EU-level reporting is preferred.

Question 8 D 01.00 – Climate Change Transition Risk

Do you have any views on the additional information included for supervisory reporting purposes in template D 01.00?

The current draft extends far beyond the established Pillar 3 scope and contains substantial expansions of parameters.

We recommend reassessing certain additional data points to ensure they are justified, proportionate and aligned with the simplification objective. In particular, we highlight (i) purchased or credit-impaired assets and (ii) off-balance sheet exposures as areas where the additional burden appears to outweigh the supervisory benefit.

Purchased or credit-impaired assets (POCI)

The separate identification of POCI exposures does not provide meaningful additional insight for ESG risk assessment. These exposures are already captured through existing non-performing and impairment metrics, while the distinction itself remains mainly accounting-driven and not relevant for transition risk analysis. We therefore consider this data point unnecessarily complex and request its removal.

Off-balance sheet exposures (OBS)

The inclusion of OBS exposures introduces significant operational burden while offering limited value in its current design. These exposures are not directly comparable to on-balance sheet exposures and are not readily usable for stress testing without further transformation into exposure-at-default measures based on institution-specific assumptions. This undermines the simplification objective of the framework. We therefore propose either removing this requirement or deferring its implementation to allow sufficient time for institutions to prepare.

A transition arrangement would be also needed to allow continued use of NACE Rev. 2 where NACE 2.1 is not yet consistently adopted for those banks that have yet to make this development.

In addition, the proposed split to report Scope 2 financed emissions introduces further granularity and an extra datapoint that is not aligned with the simplification objective.

We would note also that information related to income, credit risk parameters and stage classifications is already reported under FINREP. Including these data points again within the ESG module would duplicate existing reporting requirements, create unnecessary operational complexity, and go beyond the intended scope of the framework. We do acknowledge that FINREP templates as of now do not include the credit risk parameters together, the NACE2 opening or the households opening. In our general view, the ESG module should remain focused exclusively on ESG-related information.

More generally, we reiterate our recommendation to adhere to the existing core metrics of Pillar 3 ESG disclosure framework.

Furthermore, the proposed implementation period until year-end 2027 is insufficient to implement these new demands. Institutions would be required to produce the new stress test-related reporting structures already for the 2026 Stress Test exercise (using December 2026 and December 2025 reference data), while the official first reporting date for the corresponding FINREP/COREP templates would only apply from September 2027 onwards. This creates a material inconsistency for institutions for several reasons.

Additionally, institutions would effectively be required to reconstruct historical information (e.g. December 2025 and December 2026 datasets) using reporting structures and reconciliations that would not yet be officially implemented nor stabilized operationally.

We therefore consider data and metrics related to both standard and climate stress tests should follow the same implementation timeline, as there is an intention to integrate both exercises within a single execution framework:

- In this context, we consider the proposed timeline of September 2028 appropriate to ensure the availability of the starting point for the EBA 2029 stress test exercise (notwithstanding that, due to stress test requirements, data would need to be available with a reference date of December 2027, given the need to capture opening and closing stocks as well as intermediate flows).
- Accordingly, climate stress test metrics should also be required as of September 2028 in order to enable the full integration of both exercises (or at least, at the same time as the FINREP new reporting framework).
- Consequently, conducting the 2027 stress test exercise based on a reporting framework that is not yet in force and is still in the process of being defined and established by the banks would require a tactical, early-stage data processing exercise ahead of the strategic solution needed to meet the reporting requirements. This could jeopardize both exercises or prevent efforts from being focused on developing a robust strategic solution. Therefore, it seems more reasonable for the 2027 EBA Stress Test to maintain the approach followed in the 2025 stress test rather than anticipating the change.

Regarding the inclusion of the row on coverage of portfolio with use of proxies according to PCAF and the interaction with column 0120 which appears to be asking for the same (but inverse) information at a more granular NACE level, This categorization could conflict within Template 1 itself, particularly for PCAF Option 2: Physical activity-based emissions. For example, the coverage row definition states that “every non-reported emissions that is not based on a report from a counterparty, is by definition a proxy”. However Column 0120 requires an estimation based on “counterparties’ scope 1, 2 and 3 emissions associated with institutions’ exposures based on information disclosed by their counterparties or reported to the institution directly”. How should emissions which are calculated using a sector proxy - based on a company’s public or privately-reported energy consumption or production be treated for Column 0120 – would it be considered company-specific reporting, or proxy?

Also, these definitions could conflict with similarly requested CSRD emissions coverage metrics. Directive 2023/2772 (AR 46.g) requires companies to “disclose the extent to which the undertaking’s Scope 3 GHG emissions are measured using inputs from specific activities within the entity’s upstream and downstream value chain, and disclose the percentage of emissions calculated using primary data obtained from suppliers or other value chain partners”. Financial institutions could define ‘primary data’ differently than either the Template 1 proxies coverage row or Column 0120 company-reported data interpretations

Question 9 D 01.00 – Climate Change Transition Risk

The EBA is assessing the introduction of data points requesting RWA in Templates D 01.00 and D 05.00 to enable national authorities to calculate potential Systemic Risk Buffer (SyRB) in case of systemic risks. What are your views on the inclusion of this information, both from an operational and from a macroprudential perspective? Do you foresee significant operational challenges related to the inclusion of this information? What alternative approaches would you suggest?

We are fundamentally opposed to managing the potential consequences of climate change through a nationally defined systemic risk buffer. In our view, the inclusion of environmental risks is not necessary, as the current legal framework already allows for their consideration. Including additional data fields would further increase the extensive requirements and runs counter to the goal of simplifying reporting.

As has been flagged in recent consultations responses to the EC on competitiveness for banks and to the EBA guidelines on sectoral SyRB, the Systemic Risk Buffer (SyRB), as currently designed and implemented, presents several structural and conceptual limitations and raises questions regarding proportionality and effectiveness with respect to the current prudential and supervisory framework.

First, the SyRB is an instrument of an exclusively European nature, lacking international alignment or recognition. This creates an uneven playing field vis-à-vis non-EU institutions, potentially affecting the global competitiveness of European banks without delivering commensurate financial stability benefits.

Second, the prudential framework already provides robust and comprehensive mechanisms under Pillar 1 and Pillar 2 to identify, assess and mitigate systemic and macro-prudential risks. Pillar 1 ensures minimum capital requirements for risks that are quantifiable and sufficiently modelled (including ESG risks), while Pillar 2 offers supervisors the flexibility to address institution-specific and system-wide risks that are not adequately captured under Pillar 1, including emerging or forward-looking risks. Through the Supervisory Review and Evaluation Process (SREP), competent authorities can already impose additional capital requirements or qualitative measures tailored to the specific risk profile of each institution. Therefore, a SyRB will result in double counting since ESG and climate risks are already considered in Pillar 1 and Pillar 2, and at a more granular level than the sector or the NUTS 3 code.

In this context, the SyRB risks becoming redundant and overlapping (with G-SII, O-SII and CCyB buffers), adding complexity to the capital framework without a clear incremental contribution to financial stability. Therefore, the SyRB in its general and sectoral approach should be discontinued. From an operational perspective, no additional reporting requirements for SyRB purposes should be added until the macroprudential framework is reviewed through the lens of simplification and competitiveness.

Question 10: Do you have any views on the proposed template D 01.02?

We recommend that the column "of which: Exposures considering mitigating actions" is aligned with the definition and treatment used in Template 10. This would improve consistency across templates and reduce interpretative complexity and reporting burden.

Question 11 D 01.01 – Simplified ESG Information (for SNCIs and other non-listed institutions)

Do you have any views on the proposed Template D 01.01?

The level of granularity requested for the top four geographies based on the NUTS 2 classification is largely confined to exposures involving EU counterparties. The requirement to report concentration information at the level of the top four NUTS 2 regions appears disproportionate relative to the implementation effort involved. In line with the "Final Draft ITS with regards on disclosures on ESG risks, equity exposures and the aggregate exposures to shadow banking entities", and template EU CRFR1.1 (which provides guidance for completing template D 01.01), we propose replacing the NUTS 2 codes with the ISO country codes. This would simplify the reporting requirements while also promoting greater consistency and alignment across the reporting frameworks.

Additionally, we would welcome further clarification on the scope of positions to report in Template D 01.01. The proposed Annex refers to template EU CRFR 1.1 for which the scope is limited to non-financial corporations. Furthermore, it is noted that the FINREP templates F06.01 and F20.7.1 are proposed for removal, as the breakdown by NACE codes is expected to be covered by the ESG reporting framework. Given that these templates are limited to non-financial corporations, and that EU CRFR 1.1 is explicitly scoped in the same way, it will be welcomed if this scope can be clearly confirmed in the instructions for Template D 01.01 to avoid any ambiguity."

Question 12 - D 02.00 – Climate Change Transition Risk

Do you have any views on the proposed Template D 02.00?

Please see our response to question no. 13

In addition, the information available for this template is limited, and sourcing this information is difficult. It's typically not possible to source for existing business (and typically only at origination or refixing of the loan). Even when sourced, differing criteria across Europe (and may not be existing at all for non-EU loans) means that the disclosure may be misleading, and is not comparable from one country to another within an institution, nor is it useful for comparison of one entity to another.

Question 13D 02.00 – Climate Change Transition Risk

Do you have any comments on the inclusion of information on covered bonds?

We do not agree with the inclusion of information on covered bonds.

Reporting obligations related to covered bonds are already addressed under the EU Covered Bond Directive (Directive 2019/2162) which ensures transparency and investor protection, next to other existing market channels, such as harmonized transparency templates and regular investor reporting. To avoid fragmented disclosures and inconsistencies on reporting frequencies, the ESG related information should be embedded in the dedicated covered bonds reporting tools.

Many covered bond issuers already report energy class and asset energy consumption distributions (data such as kWh/m² and energy labels of collateral) via ECBC's Harmonised Transparency Template (HTT) on a quarterly basis although not as comprehensively as proposed in the consultation. Nevertheless, we suggest removing the rows "covered bonds" from template 2 to avoid fragmented disclosures.

In addition, the covered bond pool is subject to change and complex to track. Including information on covered bonds would not mean simplification; on the contrary, it would imply additional burden for large institutions without obvious added value. Moreover, the information provided by the covered bond issuer and the covered bond purchaser may be duplicated and therefore appear in the Pillar 3/Reporting of two different entities".

Question 14 Do you have any comments on the new column for EPC estimates?

We support the addition of the new column in Template D02.00. The column "of which level of energy efficiency (EPC label of collateral) estimated" (0190) is particularly useful, as it captures cases where either an EPC label or an EPC score is not available.

However, it should be clear that these are voluntary fields. Banks are not required to develop estimates of energy efficiency for regulatory reporting purposes. Instead, if they have internal estimates, they can provide that information voluntarily.

Question 15 D 02.00 – Climate Change Transition Risk

To what degree do institutions consider assessing transitions in the energy performance of collateral (e.g., EPC label or energy performance score categories) to be relevant for evaluating the evolution of transition risk exposures and enhancing transparency on improvements in energy efficiency of CRE and RRE portfolios? Please indicate how such transitions are currently monitored for both existing collateral and newly originated loans.

In our view, this disclosure is not suitable for assessing the reduction of transition risk in the mortgage portfolio. For existing business, it is generally not possible to require energy performance certificates from clients, which is why data availability is limited and estimates are used in a portfolio approach, reducing comparability and creating a false sense of precision. Therefore, we believe that this parameter does not adequately capture the development of transition risk and recommend removing the new column; subsidiarily, limit any mandatory disclosure to exposures where EPC data is available.

Even where institutions seek to address these data gaps through the purchase of third-party data, this would entail significant additional costs for financial institutions. Moreover, in many jurisdictions where banks operate, Energy Performance Certificates (EPCs) and reliable energy consumption data are simply not available, limiting the effectiveness of such an approach and raising concerns about data consistency and comparability.

We would also suggest removing the column "Of which: Loans with an improvement of the energy efficiency of the collateral compared with the previous periods" (0015) from Template D02.00.

In practice, EPCs are typically obtained at origination or refinancing and generally do not change over time. As a result, movements reported in this column would largely reflect changes in loan balances rather than genuine improvements in the energy efficiency of the collateral. The scenario envisaged by this column therefore appears to be an edge case and is unlikely to provide meaningful supervisory insight."

Question 16 D 02.00 – Climate Change Transition Risk

To what degree do institutions consider that adding the same information on LTV buckets by EPC label and energy performance score categories for RRE exposures as for CRE exposures would facilitate identification of risk concentrations, improve comparability across portfolios, and support more effective prudential assessment?

A breakdown by LTV buckets and EPC labels would create an additional reporting burden with no added value, in our view.

The primary risk to a loan is if a borrower is able to make repayments on its loans. While LTV can have behavioural implications, it is largely a secondary measure that drives LGD. It seems speculative to link the risk to energy performance of the collateral, and so it seems disproportionate.

The EBA should follow the science, and until there is scientific consensus that EPC has or should have a material impact on bank losses, this ""speculative"", ""nice-to-have"" information should not be included."

Question 17 - Do you have any views on the proposed Template D 03.00?

General comments:

- There is no simplification in the proposal; instead, there is greater complexity in the information required.
- In addition to this, the inclusion of targets would seem counter intuitive to EBA guidelines where there was no expectation of targets, although "2030 Target for the value of the intensity metric, according to IEA NZE2050" was implicit in the last disclosure, and makes for a more meaningful disclosure for comparative purposes by a regulator when comparing industry level information.
- Tracking against defined benchmarks (such as IEA STEPS) instead of internal targets that a bank may or may not have would provide more useful information for comparability across banks

Specific comments:

- More sectors are included than those currently reported, as at present only sectors for which entities are tracking material sectors are reported. Some of the sector breakdowns are too granular too be meaningful; a split between LDV and HDV automotive? How would that practically be achieved? They share the same NACE categorisation. Often they're the same companies sell both.
- The lack of data will result in a large part of the template being reported blank; therefore, we do not see its usefulness or the benefit relative to the additional workload for banks.
- Institutions report their strategies, but the template as currently defined does not reflect banks' strategies. This template should not be used to force institutions to adopt a specific strategy.
- It is not clear from the instructions what is meant by short or long term. It is important to clarify that there are no established targets for 2050, but rather ambitions.

- To meet the objective of obtaining a better understanding of institutions' internal strategies we recommend that institutions are allowed to disclose short-term targets that they have actually set rather than on a Reporting Year + 3 basis, as required in the ESG instructions document.
- Reporting regarding „internal targets" should exclusively relate to the defined, self-determined scope (e.g. SBTi-relevant sector clients) and not to the entire client base of the respective sector portfolio. This limitation is preferred, as targets are often not available for the entire sector client base. A clarification would be helpful.
- We do not support the proposed split between Automotive LDV and HDV in Template D03.00. This level of granularity is likely to present data availability and quality challenges, as the required classification is not consistently captured across systems. Well-run subsidiaries should not be required to introduce new data collection or proxy methodologies solely to meet this split.

Greater clarity is also required on the scope of Template D03.00. The clarification that this template is only to be completed if the reporting institution is group-level with public targets, or where legal-entity public targets exist. . The clarification that this template is not required for subsidiaries is appropriate and should be retained. The definition of short-term targets should be defined, and it should be clear that these are not required to be defined by the reporting FI or reported if not defined.

- We recommend to adopt publicly available reference scenarios (e.g., IEA, NGFS and IPCC) instead of internal targets.
- The specification of a target year should remain flexible, as it may differ significantly across entities depending on their strategic objectives and portfolio characteristics.
- Additionally, we recommend that entities select the sectors they wish to report on. Similarly, sector definitions should not be prescriptive; entities should retain the flexibility to determine sector classifications aligned with their internal portfolio structures. As such, a one-size-fits-all sector framework may not be appropriate.
- We note that the current drafting refers to "EU - CRFR4: Indicators of climate change transition risk: emission intensity per physical output and by sector", as set out in Annex XL of Implementing Regulation (EU) 2024/3172.
- However, this reference appears to reflect CRR2-based requirements. To ensure clarity and future-proofing under the evolving CRR3 framework, we recommend updating the wording to explicitly refer to the final applicable rules.

Suggested amendment:

- "Institutions shall report the information referred to in this template in accordance with the instructions provided for 'EU - CRFR4: Indicators of climate change transition risk: emission intensity per physical output and by sector', as set out in Annex XL of Implementing Regulation (EU) 2024/3172, and as subsequently updated or amended "

If Template 3 is intended to reflect a bank's progress against their existing voluntary Net Zero commitments, then there will likely be misalignment between the financial assets in-scope for those targets, and the "gross carrying amount" value requested by Column 0030. For example, for relationship lending, financial institutions commonly set targets on a Committed basis (which is more akin to Drawn+Undrawn loan values), instead of the 'Drawn' basis implied by the requirement to report a Gross Carrying Amount. Similarly, most do not include other types of advances, debt securities nor equity instrument exposures in their targets (which are required to be included under the Gross Carrying Amount definition). Thus, if a bank is to follow the financial scoping of Gross Carrying Amount as per the Template 3 definition instead of their own assets scoping definition, this could result in two sets of conflicting public portfolio results disclosures which appear to be related to the bank's voluntary net zero targets. Or, a financial institution could elect to report on only the assets it deems in-scope and relevant for its net zero targets, which could limit the comparability of Template 3 across all institutions. It is also unclear how banks which have included facilitated volumes in their voluntary Net Zero targets should consider inclusion or exclusion of these emissions, as it pertains to Template 3.

More generally, it should be recognised that NACE is not the only industry classification system. To ensure that reporting accurately reflects practice, template 3 should permit sectors to be defined by other standards like NAICS or GICS.

Question 18 D 04.00 - Obligor-level environment-related corporate exposures

Do you agree with the proposed sectoral scope for D 04.00?

The proposal does not result in any simplification, it only increases complexity.

The current template provides an aggregated view of the top clients. If the proposed template is to be retained, it is important that the equivalent template in the Climate Risk Stress Test (STE) framework, which requires a granular list of individual clients and exposures in selected sectors, be removed.

The proposed version of D04 is largely redundant with the information already requested through the STE and, in some respects, goes even further by requiring additional information. Furthermore, depending on the final instructions regarding thresholds, scope and level of granularity, the resulting list of clients could become excessively large, significantly increasing the reporting burden without a commensurate supervisory benefit.

We would appreciate confirmation that subsidiaries are permitted to leave the template blank or use group-level (enterprise) decarbonisation targets when reporting decarbonisation pathways in Template 4, where entity-specific targets are not available.

This approach would reflect how transition strategies are typically defined and governed at group level, and would avoid the need for subsidiaries to develop artificial or duplicative targets that may not align with the overall enterprise transition plan.

It is essential to clearly prescribe whether publicly available reference scenarios (e.g., IEA) must be used, instead of internal targets.

Where reference scenarios such as IEA are applied, clarification is needed on which version and projection horizon should be used, noting that recent updates have shifted key milestones (e.g., from 2030 to 2035). If alignment is required for the same reporting year (e.g., 2026), additional methodological guidance is necessary. While linear interpolation between scenario datapoints could be applied, this represents a simplified assumption and may not adequately reflect underlying transition pathways.

Overall, the framework should provide clear, prescriptive guidance on data selection and calculation methods, prioritizing the use of publicly available and cost-free datasets to ensure consistency, comparability, and feasibility across institutions."

Question 19 D 04.00 - Obligor-level environment-related corporate exposures

For the purpose of obligor-level information requested in this template, do you agree that output-denominated emission intensity is more comparable and informative compared to revenue-based emission intensity? Please justify your view.

Yes, we agree.

Significant regional disparities exist in the availability of the requested data, particularly between Europe and third countries.

Additionally, we consider production or output-based intensity to be a superior metric to revenue as it calculates the CO2 impact per unit of production/output. Revenue intensity introduces a third nonrelated metric being the global commodity price of the metric. Therefore, if a tonne of steel double in value, on a revenue intensity the CO2 per revenue halves, but no carbon reduction has happened.

There should also be flexibility for banks to enter in the metrics that they monitor and track rather than have an approach forced upon them by the EU that may or may not be appropriate for their business model.

The use of output-based emission intensity metrics is inherently more standardizable across entities, as production units are not affected by exchange rate fluctuations, inflation, or accounting differences. This enhances comparability and consistency on a global basis.

In contrast, revenue-based intensity metrics are less intuitive for peer comparison, as they are influenced by external factors such as currency movements, price volatility, and varying accounting practices, which can distort underlying emissions performance.

As a result, most benchmark transition scenarios do not incorporate a revenue component, further limiting the relevance and comparability of revenue-based intensity metrics in alignment assessments.

There are, however, other challenges of the output based intensity at obligor level. Therefore we propose that information on the intensity metric at obligor level should be removed or else flexibility should be provided to leave blank when it is not meaningful to provide this information.

Question 20 D 04.00 - Obligor-level environment-related corporate exposures

Do you have any views on the list of sectors proposed for this template?

The proposal expands the scope of the reporting requirements by introducing additional data points and extending the list of sectors. As a result, institutions would be required to collect, process and report information for a larger number of sectors, increasing both the operational burden and implementation costs. Consequently, this change cannot be regarded as a simplification measure.

While a sectoral breakdown could be justified from a supervisory perspective, we do not consider it appropriate to link it directly to NACE classifications, particularly given the size, complexity and diversity of activities carried out by many counterparties.

In practice, large counterparties often operate across multiple business lines and sectors, making a single NACE classification an imperfect representation of their actual risk profile. As a result, we do not see the added value of introducing this requirement, while it would increase reporting complexity and operational effort.

The sectoral scope is acceptable provided that, for counterparties without available data, it is possible to submit a "zero report"; Focus is on AVAILABLE information. We would appreciate it if this could be clarified accordingly in the ITS.

For Template D04.00, the scope should be limited to counterparties in sectors (e.g. defined using NAICS) where a publicly available physical-intensity target exists, such that the intensity metric per physical output (column 0230) can be meaningfully populated.

Where an exposure is not subject to a relevant physical-intensity target, it may still be included within the template; however, column 0230 should be left blank in such cases.

Template D04.00 – Columns 0240 / 0250

It should be made clear that different approaches may be used, including recognised frameworks such as the IEA. Institutions should not be required to source counterparty-level decarbonisation pathways, and it should be permissible to leave these fields blank where no relevant target or measurement exists.

Institutions should not be expected to create new data or methodologies solely for this template. The framework should also recognise that assumptions or adjustments may be needed when applying IEA approaches, as IEA sector definitions may not fully align with available targets (e.g. Autos vs. autos and light trucks).

As in our response to question 18, we would note that validation rules should be programmed so as not to penalise banks submitting blank fields.

Question 21D 04.00 - Obligor-level environment-related corporate exposures

Do you have views on whether the absolute 10 Mn EUR threshold could be replaced by a relative threshold (e.g: obligors representing above x % of total NFC exposures)?

The established materiality threshold (€10 million) is set at a very low level, requiring institutions to report large volumes of data without clear added value and significantly increasing the reporting burden. The proposed threshold would effectively require institutions to report a substantial proportion of their portfolios. Instead, we propose adopting a “Top X” approach, focusing on truly material exposures, perhaps 10% of the entity’s portfolio. An alternative could be to raise the threshold to €300m, in alignment with large exposures reporting.

In addition, we do not believe that the information should be collected and reported at individual client level. A group-level approach should be sufficient to meet the supervisory objective while avoiding unnecessary granularity and operational complexity.

More generally, the rationale for requiring this level of reporting effort remains unclear. Before introducing such extensive data requirements, it would be important to demonstrate the specific supervisory need and the added value expected from the information collected, particularly given the significant implementation and ongoing reporting costs involved.

Question 22 D 04.00 - Obligor-level environment-related corporate exposures

Do you have views on how to define the threshold in addition to the EUR 10 million exposure threshold (e.g: total number of obligors to be reported per institution or other Tier 1 capital-based relative threshold)?

We would prefer to establish a limit for the total number of obligors to be reported, that is a. "Top X" approach, reporting only the most material exposures to ensure relevance and proportionality rather than reporting large volumes of low-value information. As mentioned, a particular threshold might be 10% of the entity's portfolio.

Template D04.00 – Column 0230 - GHG intensity metric per physical output

Column 0230 is likely to present material data-quality challenges at counterparty level, as the underlying physical-intensity information is not consistently available or measurable across obligors. As a result, reporting against this field could rely heavily on estimates or proxies, and this low data quality could limit comparability and supervisory value.

We therefore recommend removing columns 0230, 0240 and 0250 or making them voluntary fields, rather than introducing additional thresholds or complexity beyond the existing EUR 10 million exposure threshold.

Question 23 D 04.00 - Obligor-level environment-related corporate exposures

Do you have any other comments on Template D04.00?

The new template extends far beyond the established Pillar 3 scope and contains substantial new parameters.

We do not understand why this template includes information related to physical risk when its stated objective is to capture transition risk. Physical risk is already comprehensively covered in Template 5, which contains the relevant requirements and metrics associated with that risk category.

Including physical risk elements in this template creates unnecessary overlap and may lead to duplication of information without providing additional supervisory value.

We therefore propose removing column T (field 0200), as the information it captures appears to fall within the scope of physical risk and is already covered elsewhere in the framework.

In particular, information related to income, credit risk parameters and stage classifications is already reported under FINREP. Including these data points again within the ESG module would duplicate existing reporting requirements, create unnecessary operational complexity, and go beyond the intended scope of the framework. In addition, requiring off-balance sheet information at obligor level creates operational burden while it is not sufficiently justified how it will be used in its current form (i.e. with mix of committed and uncommitted part and the lack of bank specific conversion rates). In our view, the ESG module should remain focused exclusively on ESG-related information.

In addition, we would like to highlight that FINREP classifications at obligor level are not always fully aligned with the methodologies used for emissions calculations, which are often based on the underlying financed activity or asset-level information. As a result, the proposed reporting format may generate inconsistencies or incompatibilities between prudential reporting classifications and the calculation of emissions-related metrics.

GHG intensity per physical output is inherently activity-specific and requires a homogeneous output unit. For diversified counterparties operating across multiple business lines, a single meaningful metric cannot be derived.

In practice, institutions would need to base the metric on a selected activity, which only captures part of the obligor's operations and may therefore lead to misleading results. We therefore recommend the removal of this obligor level information output based intensities or reassessing the inclusion of this data point with more flexibility.

An additional limitation arises in relation to the requirement to assess alignment with sectoral decarbonisation pathways (SDPs). SDPs typically focus on the most material emission scope for a given sector (e.g. Scope 1), whereas reported intensity metrics generally incorporate broader scopes (e.g. Scope 1 and 2). As a result, the reported intensities are not directly comparable to the SDPs, leading to a structural misalignment. While this limitation already exists at sectoral level, it is significantly amplified at obligor level, where data aggregation and scope inconsistencies further reduce the interpretability of the metric. We therefore recommend datapoints on sectoral decarbonisation pathway to be removed. Assessment on alignment with SDPs should be focused as part of D 03.00.

Expanding from a "top 20" approach to broad obligor-level reporting is operationally challenging, and key obligor datapoints (e.g. revenue, transition plans, financed emissions at entity level, decarbonisation pathways) are often unavailable or not auditable, which would also force institutions to rely on proxies and models, reducing comparability and potentially creating a false sense of precision. We recommend reverting to a 'top-X' approach and/or phasing in scope with tighter thresholds and clear data-availability criteria.

The level of aggregation required for reporting counterparty information is unclear—particularly whether it refers to the group level, legal entity level, or another level.

When indicating whether a counterparty has a transition plan, clarification is needed on whether the existence of a sustainability report can be considered equivalent. Also, if obligor level information will be retained as required for direct counterpart and not at parent level, there should be flexibility to report 'Yes' in case transition plan is available at the parent/ group level of the counterparty. Transition plans are developed and managed at the group level in general.Alternatively, clarification could be provided on what a transition plan should encompass.

it should also be acknowledged that, when reporting information relating to counterparties located in non-EU third countries, institutions may face legal or regulatory restrictions regarding data sharing and transfer. In such cases, institutions should be permitted to report anonymised or appropriately aggregated information where necessary.

We do not see a clear justification for a breakdown by OBS. Requiring off-balance sheet information at obligor level creates operational burden while it is not sufficiently justified how it will be used in its current form (i.e. with mix of committed and uncommitted part and the lack of bank specific conversion rates).

We would note in addition that this template becomes considerably more complex compared with the current version, as it introduces a client-level breakdown similar to the one requested in the STE Climate Risk report, but with a far greater level of column detail. It is unclear whether the instructions will follow a similar approach. In large banking groups, it makes little sense to report information at transaction level — as required in the STE — or to report groups with exposures above such low thresholds. For large institutions, those thresholds are not meaningful and would be more appropriately calibrated against capital, Tier 1, or a similar prudential metric, as it is done under the Large Exposures framework.

It should also be noted that in case of semi-annual reporting for large institutions, GHG intensity metrics are only available annually, therefore emissions reporting can only be done a roll forward basis (i.e. updated for exposures).

We propose that for sectors for which institutions have set absolute targets only or where no target has been set flexibility is allowed not to include intensity metrics.

Data quality may be a material issue when identifying counterparty-level transition plans, as such information is not consistently available in internal systems or third-party vendor data. Requiring institutions to conduct manual searches for each counterparty where this information is missing would be disproportionate and operationally burdensome.

Accordingly, reporting should not require additional manual data collection where transition-plan information is not readily available from existing or recognised data sources."

Template D04.00 – Client Revenue (Column 0070)

Client revenue information should be reported by the clients themselves rather than estimated or derived by institutions. As such, we recommend removing column 0070, as this data is not typically available to banks in external reporting.

In addition, columns 0010–0060 should be rationalised

Template D04.00

It should be clarified that straight-line interpolation is an acceptable approach for projecting or interpolating values between target years, as this is commonly applied as a default methodology where no more granular pathway information is available."

Template D04.00 – Column 0240 (Sectoral decarbonisation pathway)

We suggest replacing the term “up-to-date” with “relatively recently published” in the instructions for column 0240.

Flexibility in reporting should be provided, allowing institutions to report decarbonisation pathways at sectoral level, where obligor level information is not available.

Clarify that sectoral decarbonisation pathways should be science based and sourced from recognised frameworks (such as IEA, NGFS and IPCC)."

Furthermore, the proposed implementation period until year-end 2027 is insufficient to implement these new demands.

Question 24 D 05.00 - Climate change physical Risk: Exposures subject to physical risk

We have identified several concerns regarding this template. Firstly, there is a lack of clarity in key definitions, particularly when distinguishing between categories such as “highly exposed” and “moderately exposed,” which may lead to inconsistent interpretation and reporting.

Secondly, the inclusion of off-balance sheet exposures (e.g., guarantees, undrawn credit lines) introduces additional methodological complexity and raises concerns about consistency and comparability.

Furthermore, the allocation of physical risk remains challenging due to the lack of sufficiently granular data, particularly regarding the precise location of clients' activities.

Finally, the template is expected to significantly increase operational effort without clear evidence of proportional added value, raising concerns about its overall efficiency.

Template D05.00

We suggest removing columns 0030 and 0040 and instead allowing institutions to provide a qualitative description of what constitutes exposures subject to physical risk. Quantitative definitions in these columns risk inconsistent interpretation across institutions and impose a one-size-fits-all approach that may not be appropriate given differing risk profiles, portfolios, and business models.

A qualitative approach would be more adaptable and proportionate across the range of financial institutions in scope, while still supporting meaningful supervisory understanding of physical risk exposure.

The proposed requirements are disproportionate to the objective of simplifying reporting for D05.00. For large institutions, D05.00 would result in a substantial volume of datapoints across multiple geographies, creating a material operational burden. This burden is further amplified by the semi-annual reporting requirement, as institutions would need to produce, validate, and reconcile highly granular datasets twice yearly.

The draft Instructions document does not provide detail about the materiality approach for D 05.00. Based on the instructions of D 11.00 it can be deducted that the same approach is applicable to the D 05.00, however based on the consultation paper it can also be understood that the materiality approach of D 01.00 is applicable. It is important to clarify this.

Recommendation:

- Require only one template for D05.00.
- We recommend at most reporting at total exposures and total EU exposures level, as it is still quite challenging to identify exact locations of counterparties' assets (in case of general corporate lending to companies operating in multiple locations around the world).
- Increase materiality thresholds for country by country reporting from > 1% of total exposure to >10% of total exposure, the threshold for non-domestic banks
- Ensure any additional granularity and reporting frequency are clearly justified by distinct supervisory value

We recommend clarification of the proposal with an example.

Template D05.00 – Off-balance-sheet items (Column 0230)

We suggest removing column 0230. Including undrawn off-balance-sheet items could materially expand the scope of the template, which is difficult to justify from a risk perspective.

In practice, it is challenging to meaningfully assess the physical risk of a potential future drawdown that has not yet occurred, including uncertainty around where the drawdown would be utilised geographically. Limiting the scope would improve relevance, consistency, and proportionality of the reporting.

In addition, we note that banks have undrawn exposure to CPs without drawn components, and the inclusion of undrawn balances could lead to incorrect inferences about the potential risks associated with undrawn balances. "

Question 25D 05.00 - Climate change physical Risk

What would be the most appropriate way to assess the extent to which exposures are ("adequately") insured against relevant hazards? In particular, would the inclusion of a single column indicating the percentage of insured exposures be sufficient? How to deal with potential State insurance schemes? Precisely assessing insurance 'adequacy' remains a significant challenge due to a lack of standardized benchmark data. Furthermore, implementing a percentage-based metric is operationally difficult because it requires the insured value for each exposure. Calculating this value is dependent on the customer providing specific details regarding their policy limits and underlying liabilities. This complexity is compounded by the diverse nature of insurance products and the existence of public schemes, both of which fluctuate significantly depending on the hazard and countries.

We recommend not including insurance, and instead consider it in a future revision. The templates are already complex, and inclusion of additional criteria on the types of the insurance that would qualify for reporting seems disproportionate at this stage.

Question 26 D 05.00 - Climate change physical Risk

What information can credit institutions provide regarding the insurance coverage of their exposures? In particular, please indicate whether institutions can report: (i) the existence of active and up-to-date insurance coverage for a given exposure; (ii) the insured amount as a percentage of the exposure; (iii) the types of hazards covered by the insurance policy; (iv) whether the insurance is held by the institution or by the borrower; (v) whether reporting should be limited to real estate-related exposures or may also include non-real estate exposures; and (vi) any other relevant information (please specify)

Please see response to question no. 25.

While credit institutions recognize the critical role of insurance as a mitigant for physical climate risks, precisely assessing and reporting "adequacy" presents significant operational challenges. Current data infrastructures often lack the granularity required to provide standardized metrics, as most insurance-related data is not natively captured in credit systems and remains heavily dependent on self-reporting by customers.

(I) Existence of Coverage: Tracking is feasible at loan origination, but maintaining "up-to-date" status is resource-intensive and remains entirely dependent on proactive borrower disclosure or manual verification.

(ii) Insured Amount (%): Precise calculation is currently unfeasible. Determining a definitive "insured value" requires granular data on policy limits and underlying liabilities, which can only be provided by the customer.

(iii) Hazard Types: Reporting is complicated by the diverse nature of products across different industries and geographies. Furthermore, the existence of public insurance schemes varies by hazard, making standardized reporting difficult without manual, case-by-case analysis.

Based on our experience, the hazards covered vary significantly across jurisdictions and entities. As a result, any attempt to aggregate this information at group level would introduce additional complexity and could raise challenges in terms of consistency, comparability and interpretation of the reported data.

(iv) Business Interruption (BI): While critical for assessing physical risk, BI coverage adds significant complexity. Adequacy checks require sensitive data on borrower cash flows and recovery timelines, increasing customer data dependency.

(v) Scope (Real Estate vs. Non-Real Estate): While tracking is established for real estate collateral, extending this to non-real estate exposures would require a massive, non-standardized data collection effort with near-total reliance on customer-provided answers.

Question 27 D 05.00 - Climate change physical Risk

To better monitor the risk and losses stemming from physical impacts. Do you agree to include information on exposures highly and moderately exposed to physical risk?

We agree that monitoring risk and losses from physical impacts is crucial. While a tiered approach to categorize exposures is generally sensible, we find that simply distinguishing between "highly" and "moderately" exposed might not be sufficient to accurately capture the nuances of physical risk. Such broad categories could obscure significant differences in risk profiles and potential losses within each tier. It is important to highlight that losses would be an estimation because they are gross losses because there is no information on insurance. In addition, losses has to be associated to key parameters such as a return period and severity.

As previously noted, there is no clarity on what “highly” and “moderately exposed,” means. This may lead to inconsistent interpretation and reporting and we would recommend aligning with the Pillar 3 framework.

Question 29D 05.00 - Climate change physical Risk

Do you have any views on whether additional information on expected losses, (excluding insurance) and reflecting the accurate vulnerability, including damage functions, would be useful?

While we understand the theoretical value of incorporating additional information on expected losses, including damage functions and accurate vulnerability, we believe it would significantly and unnecessarily increase complexity. This approach might not necessarily create genuine additional transparency, but rather a pseudo-accuracy driven by the sheer complexity.

In addition to the above, the geographic breakdown requirements contribute to cumulative duplication across templates (also for D01 and D11), increasing production and reconciliation risk.

Furthermore, information related to income, credit risk parameters and stage classifications is already reported under FINREP. Including these data points again within the ESG module would duplicate existing reporting requirements, create unnecessary operational complexity, and go beyond the intended scope of the framework. In our view, the ESG module should remain focused exclusively on ESG-related information.

In addition to the concerns outlined above, a single exposure may be affected by more than one of the four hazard categories identified in the template. As a result, these hazards are not mutually exclusive and may overlap with the same underlying exposure.

Therefore, under no circumstances should the different hazard categories be aggregated, as doing so could result in double counting, misrepresentation of the risk profile and a loss of transparency regarding the nature of the underlying physical risks.

Question 30: Do you have any views on the proposed Template D 05.01(simplified)?

Template D05.01

We support the removal of peril-level reporting in Template D05.01. Consistent with our previous comments, geographic reporting should be limited to the global level, rather than NUTS-2 or NUTS-3.

The more granular geographic breakdown would require data that is largely unavailable, result in significant additional manual effort, and provide limited incremental supervisory value. Global reporting would be best, but Country-level reporting would represent a more proportionate and pragmatic approach compared to NUTS 2/3 level reporting.

Where asset-level locational information is unavailable, particularly due to privacy or legal constraints, entities should be permitted to appropriately de-scope such exposures from this template, with adequate justification.

The use of proxy data to approximate physical risk in the absence of reliable location information can introduce material inaccuracies. Such estimates may not be sufficiently representative and could distort the overall risk profile being disclosed.

To ensure the integrity and credibility of disclosures, the framework should allow for transparent exclusions where data limitations cannot be reasonably overcome, rather than requiring the use of overly simplified or imprecise proxies."

Template D05.01 – Column 0080

The same considerations apply as for Template D05.00 regarding undrawn exposures. Including undrawn positions in column 0080 significantly expands the scope of the template and introduces uncertainty, as it is difficult to assess the physical risk of a drawdown that has not yet occurred. We therefore recommend removing this column or limiting it to drawn exposures only to ensure proportionality and relevance."

Question 31 D 10.00 - Exposures Contributing to Sustainability Objectives

Do you have any views on the proposed Template D 10.00?

The distinction between 'Exposures mitigating climate change transition and physical risks' and 'Exposures financing assets and activities contributing to the transition' remains unclear to us. Further explanation and examples would be helpful.

We would also need definitions of what would be generally included in mitigating actions. Are CCM / CCA to be defined considering the requirements outline that loans are included in this, irrespective of their alignment with the EU Taxonomy.

We note that this template introduces further changes to a framework that is not yet fully stabilized, particularly given that the Pillar 3 framework is still pending finalization. This creates uncertainty and may lead to rework in the near future.

In addition, there are doubts regarding the actual usefulness of this template compared to existing metrics, such as the Green Asset Ratio (GAR). The proposal is also perceived as duplicative, contributing to an unnecessary increase in reporting requirements rather than supporting simplification and streamlining efforts.

Clarification is needed on the scope of exposures to be included. The template should be limited to lending that directly supports climate change mitigation or adaptation (CCM/CCA). General-purpose loans and sustainability-linked loans (SLLs) should be excluded.

Only financing with explicit climate outcomes (e.g. wind farms or targeted home-improvement loans) should be in scope, rather than lending that is only tangentially related, such as loans secured on properties with EPC ratings of A–C without specific efficiency-improving use of proceeds."

Question 32 D 11.00 – Exposures to Environmental Risks (Beyond Climate)

Do you have any views on the proposed Template D 11.00?

We understand the remit is focus of supervision is to increase and focus on nature risks as well as climate, we are cognisant that this information has not been reported previously, and the data has not been rigorously tested for this use, so there needs to be a longer lead in period for this reporting.

Rather than creating new reporting frameworks and concepts, if this is reporting they need, should it not lean on existing frameworks for this in TNFD (or ISSB when that's released).

We recommend delaying or phasing in the implementation of this template until consistent taxonomies, definitions, data infrastructure and robust methodologies are in place (notably for biodiversity, pollution and ecosystem dependency metrics); otherwise, reporting is likely to be burdensome, poor-quality, non-comparable and of limited supervisory value.

In due course, we would recommend referring to exposures that are materially exposed to the relevant activities rather than applying a prescriptive classification. Institutions should be allowed to define their own materiality criteria based on their risk profile, portfolio characteristics and internal risk management frameworks.

This approach would better reflect the actual risk relevance of the exposure, avoid the reporting of immaterial information and provide institutions with the necessary flexibility to apply proportionate and risk-based assessments.

We regard the ENCORE tool as a useful starting point for systematically capturing sectoral environmental linkages. However, it is neither conceptually nor methodologically sufficient to adequately reflect the environmental risks relevant for risk management and supervisory expectations, in particular when distinguishing between transition and physical risks. ENCORE essentially reflects a form of "exposure" or "affectedness", but affectedness alone cannot be directly translated into risk in the sense of probability, timing and financial impact.

First, ENCORE "pressures" primarily describe environmental impacts of economic activities (e.g. emissions, land-use change). This impact perspective is not equivalent to transition risks from climate risk, where transition risks arise from the reaction of policymakers, markets, technology and societal preferences to these environmental harms (e.g. carbon pricing, stricter regulation, demand shifts, liability risks). While ENCORE highlights high levels of environmental pressure, it does not provide concrete information on the likelihood or time horizon of future regulatory, market or liability risks.

Second, ENCORE "dependencies" on ecosystem services are not the same as physical risks from climate risk. Dependencies indicate how strongly a sector relies on specific natural resources and ecosystem functions (e.g. water availability, pollination, soil fertility). Physical nature-related risk, by contrast, materialise only when ecosystem services are actually impaired by acute risk drivers such as droughts, floods or biodiversity loss and when these impairments manifest spatially, temporally and economically in a concrete way.

Against this background, we see ENCORE primarily as an orientation and screening tool that helps us identify potentially risk-relevant portfolio segments with regard to environmental and, in particular, biodiversity risks, and to prioritise in-depth materiality assessments. This foundation of "affectedness" must be complemented by further modelling (time horizons, hazards and location-specific characteristics) before it can support a robust classification of biodiversity as a potentially material risk factor and its systematic integration into risk and reporting frameworks.

In our view, it would be important to align with the approach adopted under the CSRD disclosure framework, particularly in relation to the requirements set out in E4-6 . Applying a consistent methodology would prevent the need to handle the same information through different approaches, thereby reducing duplication, enhancing consistency, and mitigating operational risks.

Overall, expanding requirements - particularly into environmental impacts and nature-related risks beyond climate - appears premature given the lack of standardised, auditable counterparty data and a stable methodological framework (the EBA ESG Guidelines EBA/GL/2025/01 recognise the need for a progressive approach for non-climate risks).

Adding credit quality splits would further compound uncertainty and increase implementation burden.

It is not clear from field 0010 of the template at which level of risk the information is expected to be reported. Further clarification would be helpful to ensure a consistent interpretation and application of the reporting requirements across institutions.

Question 33 D 11.00 – Exposures to Environmental Risks (Beyond Climate)

Do you have any views on the materiality threshold introduced in this template?

Granularity & Industry Readiness: The proposed template requires counterparty-level reporting across detailed environmental impact and ecosystem dependency drivers. In our view, this exceeds current industry maturity. No single, consistent market standard currently supports this level of granularity. The referenced frameworks (TNFD, ENCORE, IPBES, NGFS) are not fully aligned in scope or methodology, which risks inconsistencies in comparability across institutions.

Current Practice: Industry practice remains largely sector- or activity-based, with limited capability to map exposures to specific impact and dependency drivers consistently. Without standardised guidance on key parameters, approaches will vary materially across banks, undermining comparability.

We are concerned that the materiality threshold proposed in relation to the country-by-country reporting is set at a level that is too low to meaningfully identify actual environmental risks. From our perspective, this would lead to disclosures that are largely non-informative, as they would not allow for a clear distinction between genuinely risk-relevant exposures and immaterial positions.

As this is the first time of this reporting requirement, would it make more sense to build up understanding and expertise in this area at an overall level before deciding if a breakdown by geography (based on materiality thresholds) would be necessary.

The materiality thresholds (starting from paragraph 24) for country-by-country reporting are prejudicial against European-wide banks and international-banks. A geographically, well diversified EU bank might in theory have to report 28 country-level templates, compared to 2 for a national bank. In practice this is a significant increase in data points, rather than a decrease. It is anti-competitive and disproportionate to require European-wide banks to report more than mostly single country banks. It is against the single market and banking union which aims to treat all EU countries the same. It is not proportionate that some banks need to report for 1% of exposures, while others do not.

Recommendations:

• Require only one template for D11.00

• Increase materiality thresholds for country by country reporting from > 1% of total exposure to >10% of total exposure, the threshold for non-domestic banks. There should be clearer guidance on defining "material" exposures (e.g. via tools such as ENCORE) to reduce divergent outcomes across institutions. There should be acknowledgement of limitations in certain reporting dimensions (e.g. country-level reporting for multinational exposures provides only a high-level view). • Ensure any additional granularity and reporting frequency are clearly justified by distinct supervisory value.

The template seems designed for ENCORE. We recommend that the EBA endorse using ENCORE as a starting point for Template D11.00 and provide a worked example. It should be clarified that the template reflects potential risk, assessed by mapping FINREP NACE classifications to ENCORE risk indicators.

As mentioned in our response to question 32, there are important limitations to the use of ENCORE and where it is not possible to classify risks either since the information is not available or ENCORE does not cover it, it should be possible to exclude such exposures from the template (i.e. due to data issues)". There should be standardised approaches for handling missing data on impacts and dependencies.

More widely, there should be recognition that non-EU banks may not use NACE as their primary or native industry classification system.

We would encourage a phased approach that recognises:

• There is not yet a single, aligned framework supporting consistent activity-level reporting of nature-related risks.

• A more aggregated, sector-level approach – guided by TNFD priority sector classifications – would be more proportionate at this stage and better support comparability across the industry.