

Communication

Public

Brussels, 12 December 2023

Reference: NBB_2023_15

Your correspondent:
Pieter-Jan Janssens
Tel. +32 2 221 20 23
pieterjan.janssens@nbb.be

Reporting to the Bank of Pillar 3 disclosures on environmental, social and governance-related (ESG) risks pursuant to EBA Decision EBA/DC/498

Scope of application

- *Credit institutions governed by Belgian law;*
- *Approved or designated (mixed) financial holding companies governed by Belgian law;*
- *Large investment firms¹;*
- *Investment holding companies and mixed financial holding companies governed by Belgian law that are included in the Bank's supervision, on a consolidated basis, of a group of investment firms, where that group includes a large investment firms.*

Summary/Objective

This communication aims to implement in Belgium the EBA decision of 6 July 2023 concerning ad hoc collection by competent authorities to the EBA of institutions' ESG data (EBA/DC/498, hereinafter the "EBA Decision").

Section 1 of this communication sets out the general context, while Section 2 lays down the formalities for reporting by the institutions concerned to the Bank.

The NBB will contact directly² the institutions under its supervision that are required to submit reports to it pursuant to the EBA Decision. Within the Single Supervisory Mechanism (SSM), the ECB has extended the scope of application of the EBA Decision further to the regulation on the Short-Term Exercise data collection for the SREP. The ECB will contact the institutions concerned that fall under its direct supervision regarding this matter.

¹ As referred to in Article 3(5) of the Act of 20 July 2022 on the legal status and supervision of listed companies and various other provisions.

² The NBB will contact these institutions by email.

Dear Madam,
Dear Sir,

1. INTRODUCTION

In order to carry out the tasks entrusted to it in relation to the monitoring of environmental, social and governance-related risks (so-called “ESG risks”) to the financial system, the EBA needs quantitative data. While it is normally possible to rely on periodic supervisory reporting by institutions, there is currently no specific prudential ESG reporting. Nevertheless, since Q4 2022, certain institutions have been required to disclose Pillar 3 data on ESG risks (hereinafter “ESG Pillar 3 data”) on a semi-annual basis pursuant to Article 449a CRR and as set out in Article 18(a) of Implementing Regulation (EU) 2021/637.³

To obtain data earlier, the EBA decided, by means of the EBA Decision, to request these ESG Pillar 3 data from the credit institutions concerned through the national supervisory authorities (in Belgium, the Bank). This collection of ESG Pillar 3 data is an interim solution pending the development of supervisory reporting on ESG risks as foreseen in the CRR3 proposal.

2. REPORTING FORMALITIES

As stipulated in the ESG Pillar 3 requirements (Article 449a CRR), so-called “large institutions”⁴ which have issued securities that are admitted to trading on a regulated market of any Member State⁵ must submit quantitative ESG Pillar 3 data to the competent national authority (in Belgium, the Bank). The data must be prepared at the highest level of consolidation in the EU, as stipulated in Article 13 CRR. More information on the scope of application can be found in the EBA Decision and EBA Q&A 2022_6652.⁶

According to Article 1 of the EBA Decision, the institutions concerned are requested to report to the Bank quantitative ESG Pillar 3 data⁷ (as defined in Article 18a of Implementing Regulation (EU) 2021/637 and the corresponding annexes containing tables and instructions) on a semi-annual basis (with reference dates 31/12 and 30/06).⁸

- The reference date for the first annual submission is 31 December 2023. The EBA Decision indicates a submission deadline (to the EBA) of 30 June 2024. However, institutions are requested to submit their reporting to the Bank on the same date on which they publish their ESG Pillar 3 data and in any case no later than 12 June 2024 (so that the data can be transmitted to the ECB and the EBA in a timely manner).
- The same formalities apply to reporting to the Bank on data as at 30 June 2024. In this case, the EBA Decision provides for a submission deadline (to the EBA) of 31 December 2024. However, institutions are requested to submit their reporting to the Bank on the same date on which they publish their ESG Pillar 3 data and, in any case, no later than 12 December 2024.
- In subsequent years, the Bank expects to continue to receive this semi-annual reporting in accordance with these respective deadlines.⁹

³ Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (Text with EEA relevance).

⁴ As defined in Article 4(1)(146) CRR.

⁵ As defined in Article 4(1)(21) of Directive 2014/65/EU.

⁶ EBA Q&A 2022_6652: ESG P3 - Scope of application of Article 449a, available at https://www.eba.europa.eu/single-rule-book-ga/gna/view/publicId/2022_6652.

⁷ As defined in Article 18a of Implementing Regulation (EU) 2021/637 and the corresponding annexes containing tables and instructions.

⁸ The Bank will then transmit these data to the EBA. Within the SSM, this exchange of data will also be done with the ECB for “significant and less significant institutions”.

⁹ If a reporting date to the Bank falls on a public holiday, a Saturday or a Sunday, the data must be transmitted to the Bank the next business day.

Reporting by significant institutions (SIs) in the framework of the SSM

Within the SSM, the ECB, as the competent supervisory authority for significant institutions (SIs), has extended the scope of application of the EBA Decision to all significant institutions and certain subsidiaries required to collect short-term exercise data in the context of the Supervisory Review and Evaluation Process (SREP)¹⁰.

The ECB will contact the institutions concerned directly regarding the EBA Decision, which will be directly applicable to them. These institutions are expected to report ESG Pillar 3 data via the Bank's OneGate application (see the technical reporting formalities below).

Technical reporting formalities

The Bank expects to receive ESG Pillar 3 data via OneGate, based on the European harmonised XBRL taxonomy developed and published by the EBA.

As usual, the EBA (and thus the Bank) requires XBRL reporting in units. However, ESG Pillar 3 disclosures are requested in millions. To ensure that data are submitted correctly and coherently in OneGate, institutions are requested to use the published values in their ESG Pillar 3 disclosures as the basis for OneGate reporting but to adjust the scale so that reporting to the Bank can be done in units (e.g. by multiplying the figures by 1 million).

A copy of this communication will be sent to your company's statutory auditor(s), but this additional reporting needs not to be audited.

Sincerely,



Pierre Wunsch
Governor

Annexes: 1

¹⁰ Specifically for ESG reporting as per 31/12/2023, the ECB expects the institutions concerned to submit tables D_01.00 and D_02.00 by 15/03/2024 for reference period 31/12/2023. The remaining tables may be submitted at the same time or at a later date but in any case no later than 12/06/2024. SIs and significant subsidiaries that fall within the scope of application of the STE Decision but not that of the EBA Decision only need to submit tables D_01.00 and D_02.00 by 15/03/2024. For information on any possible changes to these reporting requirements, please refer to the ECB.