

## Circular

### Public

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Your correspondent:

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### **Diversity - Circular transposing EBA Guidelines 2023/08 of 18 December 2023 introducing new reporting obligations on diversity practices for credit institutions and stockbroking firms**

#### Scope of application

- Credit institutions governed by Belgian law
- Stockbroking firms governed by Belgian law
- Belgian branches of credit institutions and stockbroking firms governed by the law of a non-EEA member state

Entities falling within the scope of this circular are hereinafter referred to as “financial institutions”.

#### Summary/Objectives

The purpose of this circular is to transpose into the Belgian prudential framework the guidelines issued by the European Banking Authority (EBA) on 18 December 2023 on the benchmarking of diversity practices, under the CRD (Directive 2013/36/EU) and the IFD (Directive 2019/2034/EU). These guidelines establish new reporting requirements relating to diversity practices, with data to be submitted for the first time in April 2025 and every three years thereafter. These new reporting obligations are very similar to those applied by the EBA for the comparative analyses it has carried out since 2015. Financial institutions selected to participate in the EBA benchmarking exercise will be informed of this fact in a separate letter from the Bank.

Dear Madam,  
Dear Sir,

The National Bank of Belgium (hereinafter the "Bank") supports the promotion of diversity. More diverse management bodies help to improve strategic decision-making and risk-taking by integrating a wider range of viewpoints, opinions, experiences, values and backgrounds. Diversity requirements are set out in Article 31 of the Banking Act<sup>1</sup> and Article 29 of the Brokerage Supervision Act<sup>2</sup>. They were also explained in communication NBB\_2023\_04.

In this context, this circular is intended to transpose into the Belgian prudential framework the European Banking Authority (EBA) Guidelines of 18 December 2023 on the benchmarking of diversity practices under the CRD<sup>3</sup> and the IFD<sup>4</sup> (EBA/GL/2023/08).<sup>5</sup>

These guidelines introduce new systematic reporting obligations on diversity practices. The information provided will enable the EBA and the competent supervisory authority (the Bank or the European Central Bank - ECB) to assess the progress made in terms of diversity within the management bodies of credit institutions and stockbroking firms governed by Belgian law as well as the Belgian branches of credit institutions and stockbroking firms governed by the law of a non-EEA member state.

## **1 Background**

Since 2015, the EBA, in cooperation with the Bank, has carried out comparative analyses [benchmarking] of diversity and the gender pay gap based on various ad hoc requests for information. The latest such exercise took place in 2022, for 2021, and the results were published in Circular NBB\_2023\_04. As the EBA has now acquired sufficient experience in this area, it wishes to organise future benchmarking exercises using the former information request tool as a permanent reporting instrument for the collection of diversity-related data.

## **2 Specific points for attention**

Please find below specific points for attention in relation to EBA/GL/2023/08:

- In accordance with EBA/GL/2023/08, the Bank must select the financial institutions that will participate in the benchmarking exercise carried out by the EBA. This exercise will be conducted on an individual basis. Financial institutions selected to participate will be informed of this fact in a separate letter from the Bank. Insofar as possible, the Bank will strive to ensure continuity with the previous selection, adding a few institutions where necessary to meet the expectations of the EBA and the ECB. The Bank will also ensure a certain degree of consistency with the gender pay gap reporting (which is more quantitative) required by Circular NBB\_2022\_28 of 17 November 2022.

<sup>1</sup> Act of 25 April 2014 on the legal status and supervision of credit institutions.

<sup>2</sup> Act of 20 July 2022 on the legal status and supervision of stockbroking firms.

<sup>3</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC - amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

<sup>4</sup> Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

<sup>5</sup> EBA Guidelines of 18 December 2023 on the benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034.

- At the prudential level, the definition of “diversity” used here covers five aspects: gender, age, educational background, professional background and geographical provenance.<sup>6</sup> Please refer to the guidelines appended hereto for more information on this subject. With regard to gender, a new feature, compared to previous benchmarking exercises, is that individuals can now be assigned to three gender categories: male, female or non-binary.
- The reporting template is appended to EBA/GL/2023/08 and can also be found in Annex 2 to this circular, in Excel format. This template is very similar to that used in previous benchmarking exercises carried out by the EBA. The main change concerns the way in which this information is transmitted, i.e. it can no longer be sent by email but only in XBRL via OneGate (see below).
- All data collected as part of this exercise are covered by the legal framework of the EBA, the ECB and the Bank relating to professional secrecy and confidentiality. Access to data may only be granted in accordance with the relevant EBA regulations. Data will be collected in accordance with the requirements of the General Data Protection Regulation. None of the questions are intended to be discriminatory; they are deemed necessary to take stock of existing diversity practices.
- At the technical level, for Belgium, the requested data relate to both executive and non-executive directors who are members of the management body. Specific information is also requested for the positions of chief executive officer (CEO) and chairperson of the board of directors.
- The reporting template contains detailed questions on how the financial institutions concerned calculate their gender pay gap. Specific instructions on how to answer these questions are included in EBA/GL/2023/08, with which selected institutions are requested to comply.

For more information, reference is made to EBA/GL/2023/18, which are included in full in an annex to this circular and form an integral part hereof.

### **3. Submission of data**

Selected financial institutions are required to submit to the Bank the completed reporting table, appended to EBA/GL/2023/08, taking into account the requirements set out therein. Specifically, the electronic transmission of data in XBRL format will be carried out using the Bank's OneGate application. The test and production environments will be available 2 months before and on the reference date of the first reporting.

The data will then be communicated by the Bank to the European authorities.

<sup>6</sup> “Geographical provenance” refers to the regions where a person has lived or gained an educational or professional background. This aspect is particularly important for financial institutions operating internationally.

#### **4 Timetable**

An initial reporting in accordance with the new table must be carried out from the reference date of 31 December 2024 and must be submitted to the Bank for the first time by 30 April 2025 at the latest. Thereafter, diversity benchmarking data will be collected every 3 years per reference date of 31 December and must be submitted to the Bank by 30 April of the following year. Even if the financial year of the financial institution differs from the calendar year, the reference date of 31 December must be respected. The gender pay gap should be calculated on the basis of total annual remuneration for the financial year ending in 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'PW' or similar initials, enclosed in a large, sweeping loop.

Pierre Wunsch

Annex 1 - EBA guidelines of 18 December 2023 (EBA/GL/2023/18) on benchmarking of diversity practices, including diversity policies and gender pay gap, under the CRD (Directive 2013/36/EU) and the IFD (Directive (EU) 2019/2034)

Annex 2 - Annex to guidelines EBA/GL/2023/18 ("Diversity benchmarking" Excel table)