

Technical note on  
**Pillar 3 updates under CRR 3**  
*EBA's proposal to align with the CRR3 and other relevant regulations*

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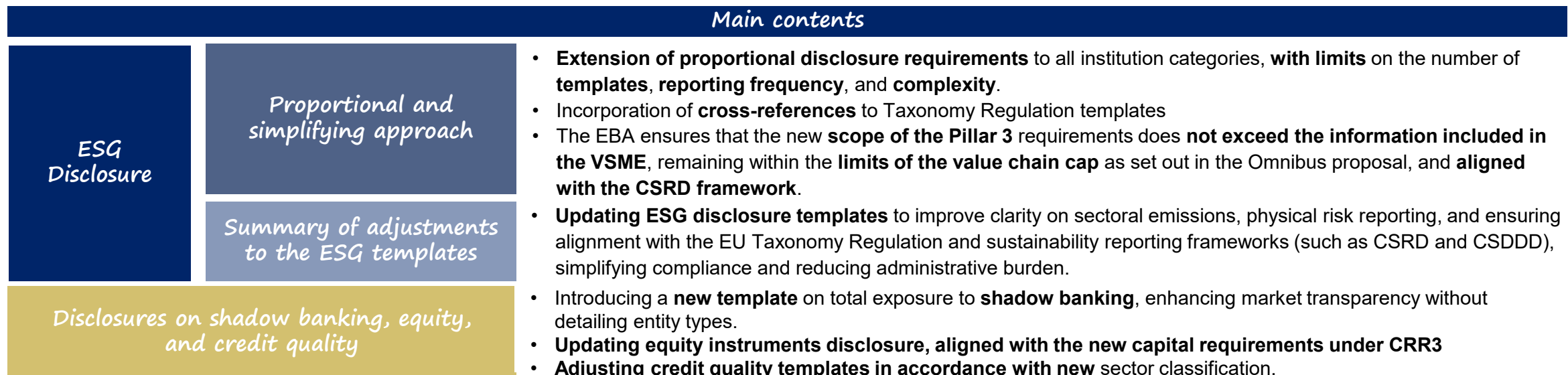
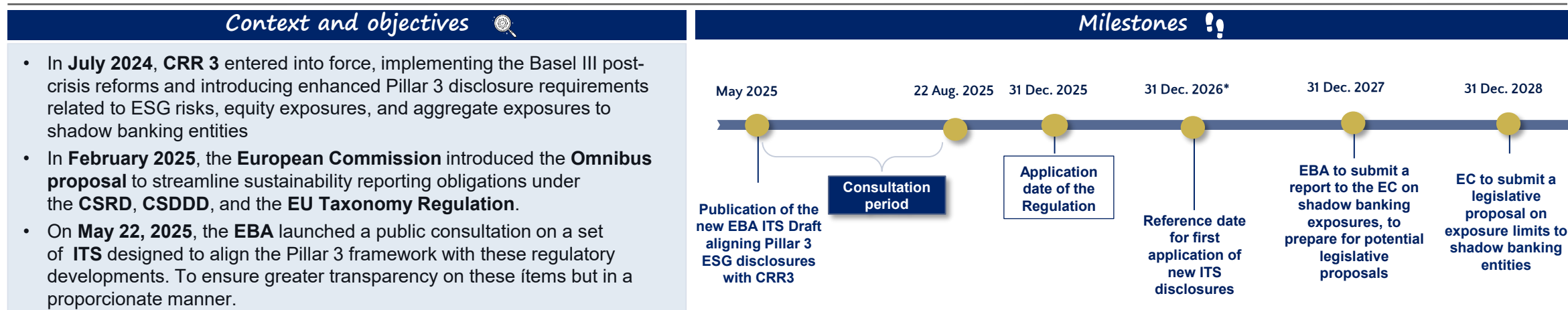




# General overview

## Executive summary

In May 2025, the EBA launched a Consultation Paper on enhanced Pillar 3 disclosure requirements, impacting on ESG, shadow banking, equity instruments and credit quality information



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## ESG disclosure

## Proportional and simplifying approach

In accordance with the definitions in CRR3, the EBA establishes the following alternatives for disclosure requirements depending on the nature of the institution. Simplifying the requirements for smaller institutions subject to CRR3, and adjusting and clarifying also the disclosure applicable to large listed institutions

| Table / Template  | Large Institutions <sup>(1)</sup> | Other Listed Institutions & Large Subsidiaries <sup>(1)</sup> | SNCl's <sup>(1)</sup> & Other Non-listed Institutions |
|---|-----------------------------------|---|---|
| <b>Qualitative Information</b>  |                                   |   |   |
| Template 1: Environmental risk, including climate-related financial risks   | Annual                            | Annual  | —   |
| Template 2: Social risk   | Annual                            | Annual  | —   |
| Template 3: Governance risk   | Annual                            | Annual  | —   |
| Template 1A: Simplified ESG information   | —                                 | —   | Annual  |
| <b>Quantitative Information</b>   |                                   |   |   |
| Template 1: Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity            | Semi-annual                       | Annual  | —   |
| Template 1A: Transition and physical risk for SNCl  | —                                 | —   | Annual  |
| Template 2: Climate change transition risk: Loans collateralized by immovable property - Energy performance of the collateral | Semi-annual                       | Annual  | —   |
| Template 3: Indicators of potential climate change transition risk: emission intensity per physical output and by sector      | Annual                            | —   | —   |
| Template 4: Climate change transition risk: Exposures to top 20 carbon-intensive firms  | Semi-annual                       | —   | —   |
| Template 5: Climate change physical risk: Exposures subject to physical risk  | Semi-annual                       | —   | —   |
| Template 5A: Climate change physical risk: Exposures subject to physical risk   | —                                 | Annual  | —   |
| Template 6: Summary of GAR KPIs   | Annual ★                          | —   | —   |
| Template 7: Assets for the calculation of GAR (as per the Delegated Regulation 2021/2178)                                     | Annual ★                          | —   | —   |
| Template 8: GAR KPI flow (as per the Delegated Regulation 2021/2178)  | Annual ★                          | —   | —   |
| Template 9: Mitigating actions: BTAR  | Annual ★<br>(voluntary)           | —   | —   |
| Template 10: Other climate change mitigating actions that are not covered in the EU Taxonomy                                  | Annual ★                          | —   | —   |

★ Templates 6–10 apply only to institutions subject to Article 8 of the EU Taxonomy Regulation.

(1) See the [Annex](#) for detailed definitions.

## Summary of adjustments to the ESG templates

All templates of the current framework incorporate targeted adjustments to enhance data granularity, ensure alignment with updated regulatory frameworks, and improve the clarity and practical relevance of reported information. Additionally, two new templates have been defined for simplified disclosures on transition and physical risks

|             |  |
|-------------|--|
| Template 1  | <ul style="list-style-type: none"> <li>• <b>Sectoral breakdown aligned</b> with the <b>latest NACE Rev 2.1</b> and with the <b>Climate Policy Relevant Sectors (CPRS)</b> to better capture fossil fuel exposures,</li> <li>• <b>NACE I (Accommodation and Food Service)</b> is no longer considered a high climate impact sector moving it under the row “exposures to other sectors”.</li> <li>• <b>New row</b> on portfolio coverage with use of <b>proxies</b>, following <b>PCAF</b> methodology.</li> <li>• Include the <b>breakdown of GHG emissions for scope 1 and scope 2 emissions</b>, previously only scope 3 was reported; Template 1 will thus have the full breakdown of GHG financed emissions.</li> </ul>        |
| Template 1A | <ul style="list-style-type: none"> <li>• <b>New simplified template</b> combining <b>transition and physical risk</b> exposures across key sectors and geographies, with a residual maturity breakdown.</li> </ul>   |
| Template 2  | <ul style="list-style-type: none"> <li>• <b>New row for loans</b> which are part of the <b>covered pools of the covered bonds</b>.</li> <li>• <b>New column for properties without EP score</b>.</li> <li>• Potential value of collecting data on the proportion of EPC labels that credit institutions can estimate without an official EPC under consultation.</li> </ul>  |
| Template 3  | <ul style="list-style-type: none"> <li>• <b>Row</b> fixed structure change to a <b>free structure</b>; only sector with physical intensity targets defined must be reported.</li> <li>• New columns on: i) <b>baseline year</b>; ii) value of <b>intensity metric</b> at baseline; iii) <b>2030 target</b> (aligned with IEA NZE 2050 to 2030 scenario);</li> <li>• New columns to fulfill, if applicable, for <b>additional targets</b> information (value of the intensity metric, year and distance to that target).</li> <li>• Removes the <b>year of reference +3 years target column</b>; now focuses on 2030 and additional long-term targets only</li> </ul>   |
| Template 4  | <ul style="list-style-type: none"> <li>• Clarifying that institutions must <b>indicate the source</b> of the list of the <b>20 most carbon-intensive firms</b> that they use.</li> <li>• EBA is considering whether to <b>add further breakdowns</b> (e.g., by sector) under consultation.</li> </ul>  |
| Template 5  | <ul style="list-style-type: none"> <li>• Only the <b>top 10 NUTS level 3 regions</b>, the total EU exposures, and the total overall exposures, with a maximum of 12 sheets, must be reported.</li> <li>• Two new sectors added: i) <b>NACE I</b> (Accommodation and Food Service Activities); and ii) <b>NACE K</b> (Telecommunication, computer programming, consulting, computing infrastructure and other information service activities).</li> <li>• <b>Acute and chronic risk split removed</b>, replacing it with specific hazard columns: temperature, wind, water, mass movement.</li> <li>• Institutions are required to provide <b>enhanced narrative disclosures</b> on methods, assumptions, and scenarios.</li> </ul> |
| Template 5A | <ul style="list-style-type: none"> <li>• New simplified version of Template 5 requires only <b>top 5 NUTS level 2 regions</b>, <b>total EU</b>, and <b>total global exposures</b>, while using fewer maturity buckets and omitting hazard-specific and risk-weighted disclosures.</li> </ul>   |



ESG Templates

## Summary of adjustments to the ESG templates

All templates of the current framework incorporate targeted adjustments to enhance data granularity, ensure alignment with updated regulatory frameworks, and improve the clarity and practical relevance of reported information. Additionally, two new templates have been defined for simplified disclosures on transition and physical risks

|                  |  |
|------------------|--|
| Template 6 to 10 | <ul style="list-style-type: none"> <li><b>Remaining environmental objectives</b> incorporated (biodiversity and ecosystems, sustainable water and marine resources, circular economy and pollution prevention and control).</li> </ul>   |
| Template 7 & 8   | <ul style="list-style-type: none"> <li><b>Cross-reference included to</b> Taxonomy Delegated Act, requiring institutions to include in their Pillar 3 disclosures the Template 1 “Assets for the calculation of GAR” and Template 4 “GAR KPI flow” from Annex VI of the mentioned regulation, in terms of turnover.</li> </ul>   |
| Template 9       | <ul style="list-style-type: none"> <li>The BTAR template becomes <b>voluntary</b> and has been <b>simplified and updated</b> to reflect the <b>changes applied to the GAR templates</b>.</li> <li>Institutions can use <b>proxies, estimates, and third-party data</b> where direct collection is impractical, aligned with the Omnibus simplification proposal, providing <b>more flexibility</b> when handling non-compliance risks with business partners, without overburdening them.</li> <li><b>Application for eligibility and alignment ratios on NFCs</b> not subject to NFRD/CSRD include: i) onboarding, with information captured bilaterally at the time of credit origination; ii) project finance, based on information provided; iii) real estate, based on energy efficiency; and iv) use of proxies, including internal estimates, international public disclosure standards, and other public information sources.</li> </ul> |
| Template 10      | <ul style="list-style-type: none"> <li><b>Equity instruments</b> are now included within the scope of disclosure</li> <li>“of which: <b>SMEs</b>” breakdown has been added under non-financial corporates for loans, along with two subcategories: “of which: loans collateralised by commercial real estate” and “of which: loans collateralised by residential real estate”</li> <li><b>Rows lacking logical consistency</b> from the previous version—such as retail loans under the bonds section—<b>have been removed</b> from the fixed income block; and</li> <li>Columns referring to <b>type of risk mitigated</b> have been <b>removed</b>.</li> </ul>   |



ESG Templates

# 3 | Other disclosures

## Shadow Banking, Equity exposures, and Credit Quality

CRR3 streamlines and enhances disclosures on shadow banking exposures, equity exposures, and sectoral credit quality to ensure clarity, accuracy, and regulatory alignment



EU SB1

Template EU SB1 – Aggregate exposure to shadow banking entities

- **New disclosure template** covering original exposures (on- and off-balance sheet), before and after exemptions and CRM techniques.



EU CR10.5

Template EU CR10.5 – Equity exposures

- **Simplified template** to focus only on **total exposures** under the Standardized Approach and transitional IRB, according to the updated Capital framework.
  - Detailed regulatory breakdowns on risk weights, exposure values, and expected losses have been **removed**.



EU CQ5

Template EU CQ5 – Sectoral credit quality

- **Sectoral breakdown** aligned **NACE Rev. 2.1**, following the EU’s latest classification of economic activities (Commission Delegated Regulation (EU) 2023/137).

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## Why Management Solutions?

### Key aspects and differential value

At MS we are specialists in both Sustainability and Regulatory Reporting, with knowledge of best practices in different industries and geographies, mobilising a team with extensive experience in the field

#### ESG

- ✓ **Projects** developed in the field of **Sustainability**, focusing on diagnosis and development of information models to support management and regulatory reporting, model development, strategic plans, adaptation to regulatory requirements, development of climate and social indexes, etc.
- ✓ **Exhaustive knowledge of ESG regulation**, with a **Regulatory Observatory** specialising in sustainability requirements, including regulatory exercises (e.g. EU Taxonomy, CSRD, CSDDD, SFDR, Pillar 3 ESG, stress tests).
- ✓ **R&D team specialised** in the definition and implementation of **climate risk measurement solutions** in different fields (carbon footprint, portfolio alignment, physical risk, transition risk) used as accelerators in different projects.
- ✓ Close collaboration with the university world in the field of Sustainability, being a founding member of the **Social Impact Chair** and the **Chair of Hydrogen at internationally renowned university**.
- ✓ In addition, MS has published **several technical papers** and has participated as a speaker in various international forums.

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#### Data Governance & Regulatory Reporting

- ✓ **Data Transformation and Data Governance projects** in different industries (banking, insurance, energy, Telecommunications, Retail, ...), considering the architecture, quality, data governance, etc. fronts.
- ✓ **Multidisciplinary team** with relevant experience in Regulatory Reporting and **Governance and Quality** projects.
- ✓ Capacity for **technical and functional challenge** through in-depth knowledge of **data management**.
- ✓ **Independent view of any supplier**, collaborating with leading suppliers in these areas.

#### General capabilities of Management Solutions

- ✓ **Leadership in business consultancy** with a presence in **+50 countries**, through **50 offices**, which gives us a global vision at world level, fundamental in this field.
- ✓ **Proven commitment and delivery capacity** (agile but high-value deliverables) and compliance with committed deadlines.
- ✓ **Unique partnership model** which facilitates our benchmarking capability.



## A

## Glossary

### Main acronyms

|            |  |
|------------|--|
| BTAR       | Banking Taxonomy Additional Reporting            |
| CPRR       | Climate Policy Relevant Sectors                  |
| CRR        | Capital Requirements Regulation                  |
| CRR II     | Delegated Act                                    |
| CRM        | Credit Risk Mitigation                           |
| CSRD       | Corporate Sustainability Reporting Directive     |
| CSDDD      | Corporate Sustainability Due Diligence Directive |
| EBA        | European Banking Authority                       |
| EL         | Expected Losses                                  |
| EP         | Energy Performance                               |
| EPC        | Energy Performance Certificate                   |
| ESG        | Environmental, Social and Governance             |
| ETH Zurich | Eidgenössische Technische Hochschule Zürich      |
| EU         | European Union                                   |

|       |   |
|-------|---|
| GAR   | Green Asset Ratio   |
| IEA   | International Energy Agency   |
| IRB   | Internal Ratings-Based  |
| ITS   | Implementing Technical Standards  |
| KPI   | Key Performance Indicator   |
| NACE  | Nomenclature statistique des Activités économiques dans la Communauté Européenn |
| NUTS  | Nomenclature of Territorial Units for Statistics                                |
| NZE   | Net Zero Emissions  |
| PCA   | Point-in-time Climate Alignment   |
| PIT   | Point-in-Time   |
| SBEs  | Shadow Banking Entities   |
| SMEs  | Small and Medium-sized Enterprises  |
| SNICs | Small and Non-Complex Institutions  |

## Key definitions

| Concept  | Definition   |
|--|--|
| <b>Large institution</b>                         | <p>Large institution' means an institution that meets any of the following conditions:</p> <ul style="list-style-type: none"> <li>a) it is a G-SII;</li> <li>b) it has been identified as another systemically important institution (O-SII) in accordance with Article 131(1) and (3) of Directive 2013/36/EU;</li> <li>c) it is, in the Member State in which it is established, one of the three largest institutions in terms of total value of assets;</li> <li>d) the total value of its assets on an individual basis or, where applicable, on the basis of its consolidated situation in accordance with this Regulation and Directive 2013/36/EU is equal to or greater than EUR 30 billion.</li> </ul>   |
| <b>Large subsidiary</b>                          | Subsidiary that qualifies as a large Institution.  |
| <b>Non-listed institution</b>                    | Non-listed institution means an institution that has not issued securities that are admitted to trading on a regulated market of any Member State, within the meaning of point (21) of Article 4(1) of Directive 2014/65/EU  |
| <b>Small and non-complex institution (SNCIs)</b> | <p>Small and non-complex institution means an institution that meets all the following conditions:</p> <ul style="list-style-type: none"> <li>a) it is not a large institution;</li> <li>b) the total value of its assets on an individual basis or, where applicable, on a consolidated basis in accordance with this Regulation and Directive 2013/36/EU is on average equal to or less than the threshold of EUR 5 billion over the four-year period immediately preceding the current annual reporting period; Member States may lower that threshold;</li> <li>c) it is not subject to any obligations, or is subject to simplified obligations, in relation to recovery and resolution planning in accordance with Article 4 of Directive 2014/59/EU;</li> <li>d) its trading book business is classified as small within the meaning of Article 94(1);</li> <li>e) the total value of its derivative positions held with trading intent does not exceed 2 % of its total on- and off-balance sheet assets and the total value of its overall derivative positions does not exceed 5 %, both calculated in accordance with Article 273a(3);</li> <li>f) more than 75 % of both the institution's consolidated total assets and liabilities, excluding in both cases the intragroup exposures, relate to activities with counterparties located in the European Economic Area;</li> <li>g) the institution does not use internal models to meet the prudential requirements in accordance with this Regulation except for subsidiaries using internal models developed at the group level, provided that the group is subject to the disclosure requirements laid down in Article 433a or 433c on a consolidated basis;</li> <li>h) the institution has not communicated to the competent authority an objection to being classified as a small and non-complex institution;</li> <li>i) the competent authority has not decided that the institution is not to be considered a small and non-complex institution on the basis of an analysis of its size, interconnectedness, complexity or risk profile.</li> </ul> |
| <b>Value chain cap</b>                           | For companies which will not be in the scope of the CSRD any more (up to 1,000 employees ), the Commission will adopt by delegated act a voluntary reporting standard , based on the standard for SMEs (VSME) developed by EFRAG. That standard will act as a shield, by limiting the information that companies or banks falling into the scope of the CSRD can request from companies in their value chains with fewer than 1,000 employees..  |



International  
*One Firm*



Multiscope  
*Team*



Best practice  
*know-how*



Proven  
*Experience*



Maximum  
*Commitment*

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