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<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Transparency and Pillar 3
<b>Article</b>	449a
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2022/2453 - ITS on ESG disclosures
<b>Article/Paragraph</b>	n.a.
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Other
<b>Subject matter</b>	ITS ESG P3 - Template 5 - Physical risk models - Template 1 - Power generation thresholds
<b>Question</b>	<p>Question 1: Regarding power generation thresholds as outlined in the EU article 12.1(g) of the EU Paris-aligned Benchmarks Regulation referenced in Template 1: “companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh.”</p> <p>(a) Should we look at % revenue by separate sources of fuel or %revenue for the combined fossil fuel power generation of this company?</p> <p>(B) This can be interpreted as a dual factor (revenue from power generation and power generation carbon intensity). What happens if one of the factors is fulfilled, i.e. more than 50% of revenue from power generation, but not the other, i.e. less than 100 gCO<sub>2</sub>e/kWh.</p> <p>Question 2: Regarding Template 5, do banks need to include exposures based in non-EU geographies? There is no explicit guidance on Template 5.</p> <p>Question 3: Regarding Template 5, we would propose a physical risk assessment for the REMIND NDC climate change scenario (roughly 3 degree global warming in 2100) for the year 2050 (and also with data for “today” ).</p>

	<p>Is this in line with what the EBA expects?</p> <p>Question 4: Regarding Template 5, which option below is the correct information to fill out for column (j) “of which exposures sensitive to impact both from chronic and acute climate change events”?</p> <p>Question 5: Under which circumstances do banks outside the EU (e.g., Switzerland, UK or US Banks) need to report under EBA Pillar 3? Will the EBA provide a list also for these non-EU based banks falling under EBA Pillar 3?</p>
<p><b>Background on the question</b></p>	<p>Please find attached document for reference.</p>
<p><b>Final answer</b></p>	<p>1) Regarding power generation thresholds, consistently with Article 12.1(g) 'Exclusions for EU Paris-aligned Benchmarks' of Commission Delegated Regulation(EU) 2020/1818 ('Benchmarks Regulation'), as referenced to in Template 1 in Annex 1 to Implementing Regulation (EU) 2022/2453:</p> <ul style="list-style-type: none"> <li>a. Calculation of intensity should be done on the basis of the full power generation and is not required by individual sources of fuels.</li> <li>b. Both conditions should be satisfied (50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh).</li> </ul> <p>2) Under template 5, institutions need to include also exposures based in non-EU geographies.</p> <p>3) With regards to specific aspects of ESG risk modelling, the EBA encourages reporters to develop or use the methodology that best takes into account the assumptions of data used, as well as the current market practices and the specificities of the financial product and/or local normative framework. Because of these reasons, reporters are encouraged to add additional qualitative disclosure on the methods and assumptions used in order to facilitate the comprehension of the data disclosed. Moreover, to ensure the robustness of the disclosed data, the EBA suggests to refer to the several reports on ESG risk modelling that several authorities have already issued to the market (among which EBA/REP/2021/18).</p> <p>4) Column J of Template 5 is meant to capture the gross carrying amount subject simultaneously to impact from both chronic and acute climate change events.</p> <p>5) Banks outside the EU that are not subject to the CRR that are not under the remit of the EBA.. Therefore, they do not need to report under EBA Pillar 3 and. However, banks outside the EU might have subsidiaries subject to the CRR and therefore will have to disclose this information in the cases provided for in Article 13 of the CRR. EBA will not provide a list for these non-EU based banks falling under EBA Pillar 3.</p>

<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6623">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6623</a>
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