



POLISH BANK ASSOCIATION

Polish Bank Association Response to the Consultation on Implementing Technical Standards on amended disclosure requirements for ESG risks, equity exposures and aggregate exposure to shadow banking entities

About the Polish Bank Association (“PBA”)

PBA, established in 1991, is a voluntary organisation of banks created on chamber of commerce charter. 141 banks operating in Poland are members of the Polish Bank Association. The organisation represents the interest of the whole banking community to the parliament, the government and a general public. Another very important task of the Association is inter-bank infrastructure building.

Within the Association there are numerous consultative committees, councils, task forces and other bodies. Their objective is to develop and issue opinions and positions in matters determining the correct operation of the Polish banking system.

Disclosures on ESG

1. Do you have any comments on the proposed set of information for Large institutions?

N/A

2. Do you have any comments on the simplified set of information for Other listed institutions and Large subsidiaries?

PBA comments: In our opinion more proportional approach to reporting ESG is in line with CRR. We welcome this approach.

3. Do you have any comments on the simplified set of information proposed for SNCI and other non-listed institutions?

N/A

4. Do you have any comments on the proposed approach based on materiality principle to reduce the frequency (from semi-annual to annual) of specific templates (qualitative, template 3, and templates 6-10) for large listed institutions?

PBA comments: We welcome the approach, based on materiality principle, to reduce the frequency of specific templates for large institutions, as it will facilitate the process of drafting Pillar 3 ESG risk disclosures. These disclosures were the only ones that did not differentiate the scope of reporting between annual and semi-annual, compared to the rest of Pillar 3 reporting or mid-year financial statements. This put additional burden on institutions, since the deadlines for publishing mid-year reports are narrower and required more effort to disclose the full scope of Pillar 3 ESG information in time with other mid-year reports, while much of the disclosed information is based on annual data, as it was noted in the consultation paper

5. Do you have any comments on the transitional provisions and on the overall content of section 3.5 of the consultation paper?

PBA comments: On transitional provisions, it should be explicitly clarified whether disclosures as at 30 June 2025 should already take into account the provisions of the consultation paper, especially that the CRR requirements already in force foresee publication of additional data at this reference date. Given that the Consultation Paper foresees simplification of reporting requirements, it seems excessive to prepare such extended information just for one reporting period.

We would like to emphasise that this transitional provisions caused confusion in the banking sector. Law departments have a view, that we cannot base on consultation document to decide to limit reporting or even resign from it on the basis of on info in consultation document. In Poland, supervision authority decided to be in line with CP document, but still in many cases, there has been more questions then answers. Maybe we should discuss new approach, how EBA will in the future announce such a communication and form of this communication.

Furthermore we expect more clarification, what is expect in transition period between implementation of level 1 regulation and publication of ITS/RTS which specify approach for reporting or disclosures.

There are still doubts should large institutions report ITS at the end of 2025 and as of June 2026, according to EU Implementing Regulation 2024/3172, or, as the draft regulation suggests, according to new templates? How can the use of new templates (which are not yet in force) be justified to regulatory authorities?

6. Do you have any comments on the proposed amendments to Table 1 and Table 3?

PBA comments:

While the Consultation Paper states there are no changes to Table 2 of Qualitative information, the attached instruction in fact adds new provisions in row (i). At the same

time, the same provision is repeated in the instruction to Table 3 in row (d). Was this on purpose or is it an error? Other than that no further comments on this point.

7. Do you have any further suggestions on Table 1A?

N/A

8. Do you have any comments on the proposed additions and deletions to the sector breakdown?

N/A

9. Do you have any views with regards to the update of the templates to NACE 2.1?

N/A

10. Do you have any views with regards to NACE code K – Telecommunication, computer programming, consulting, computing infrastructure and other information service activities, and in particular K 63 - Computing infrastructure, data processing, hosting and other information service activities, whether these sectors should be rather allocated in the template under section Exposures towards sectors that highly contribute to climate change?

N/A

11. Do you have any comments on the inclusion of row “Coverage of portfolio with use of proxies (according to PCAF)”?

PBA comments: Regarding point 54, the way to calculate the proposed new row is not sufficiently explained, which may bring different interpretations on the market. For example, the coverage in % shall be understood as % of gross carrying amount calculated with the use of proxies or rather % of GHG emissions calculated with the use of proxies?

12. Do you have any further comments on Template 1?

PBA comments: We ask for the clarification of the particular part: “Institutions shall disclose the total gross carrying amount, referred to in Part 1 of of the EBA IT solutions published on EBA's website related to the reporting on financial information, of those exposures towards non-financial corporates, including loans and advances, debt securities and equity instruments, classified in the accounting portfolios in the banking book in accordance with that Implementing Regulation, excluding financial assets held for trading or held for sale assets.”

What exactly are the solutions published on the EBA website?

Regarding, point 54, the responsibility for estimating the counterparties' emissions cannot be only the banks' responsibility. Due to lack of data on the market, difficulties in gathering GHG emission data from counterparties (above all due to Omnibus package), even publicly available data or databases such as PCAF, do not provide sufficient data in order to develop and implement the methodologies to estimate the counterparties' GHG emissions in all 3 Scopes, including Scope 3 Downstream GHG emissions. In this situation, the requirement to present such extended data will be both burdensome for the institutions, while offering data and information of questionable quality.

Regarding point 55b, the full breakdown of GHG financed emissions is rational, given there is credible data available. It should be noted that even emission factors available in PCAF's database do not contain the emission factors in the full three scopes, according to GHG Protocol (lack of Scope 3 Downstream). Besides, classification used in PCAF (Exiobase) is much more general than NACE codes, which also generates problems and impacts the quality of mapping the emission factors to the banks' portfolio. Moreover, the emission factors indicated for the specific country are very often marked by PCAF as "for internal use only". These problems may lead to limited possibility to publish the results of GHG emissions in full breakdown in 3 Scopes according to GHG Protocol or even lack thereof. On the other hand, using the sectoral GHG emissions data, available e.g. on Eurostat (i.e. Air emissions accounts for greenhouse gases by NACE Rev. 2 activity) is also problematic because sectoral data do not precisely differentiate, which Scope is included in the presented data.

Institutions shall disclose this template 1 on a semi-annual basis, however for the purpose of calculations of GHG emissions, data used for such calculation change on annual basis only (e.g. counterparties report their GHG emissions once a year, sectoral data are published once a year). Thus, the results of GHG calculations from the banks' portfolio do not change a lot while reporting on semi-annual basis and the process of gathering data, analysis and calculation of GHG emissions in the bank's portfolio is/will be very time-consuming and labor-intensive, especially in the period of reporting for the end of the year, when financial institutions subjected to CSRD reporting, must do the GHG calculations in order to publish the results in their sustainable reports (ESRS requirement).

13. Do you have any comments or alternative suggestions for SNCIs and other institutions that are not listed, regarding the sector breakdown?

N/A

14. Do you have any additional suggestions how to adjust Template 1A for SNCIs and other institutions that are not listed?

N/A

15. Do you have any further comments on Template 1A?

N/A

16. Should Template 2 in addition include separate information on EPC labels estimated and about the share of EPC labels that can be estimated?

N/A

17. Should rows 2, 3 and 4 and 7, 8 and 9 for the EP score continue to include estimates or should it only include actual information on energy consumption, akin to the same rows for EPC labels?

N/A

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

PBA comments: It is not clear whether the institutions should disclose the information on covered bonds that they issued themselves or the ones they have in their portfolio.

19. Do you have any comments on the breakdown included in columns b to g on the levels of energy performance?

N/A

20. Do you have any further comments on Template 2?

PBA comments: Should the value of the collateralized banking portfolio, which constitutes the collateral pool for green bonds and/or green covered bonds issued by institutions, be disclosed in lines 1.1 and 6.1? Please provide examples of products that may be included in this disclosure.

21. Do you have any comments on Template 3?

PBA comments: While we generally agree with the modifications in Template 3, further clarification on the use of TCFD sector classifications would be appreciated. We believe that sector definitions used for Template 3 should be consistent with those applied in transition plans prepared or disclosed by institutions under other pieces of EU legislation. At this stage, we observe that banking practices commonly involve defining sectors for the purpose of transition plans in line with the PACTA methodology, while also focusing on the most carbon intensive segments of the sectors.

Should institutions that reported the +3-year target (column G - Target (year of reference +3 years)) continue to report it? If not, does this mean that the MAE+3-year path value is our target? What if the institution has set its own targets? Should the institution report them in the new template?

22. Do you have any comments with the proposals on Template 4 and the instructions?

PBA comments: Up to what level of consolidation should an institution disclose its exposure to the 20 largest issuers that constitute its capital groups? Do we take into account subsidiaries, granddaughter companies, and other group dependencies?

23. Do you have any views on whether this template could be improved with some more granular information in the rows, by requesting e.g. split by sector of counterparty or other?

N/A

24. Do you have any further comments on Template 4?

N/A

25. Do you have any comments on the proposal using NUTS level 3 breakdown for Large institutions and NUTS level 2 for Other listed institutions and Large subsidiaries? Would NUTS level 2 breakdown be sufficient for Large institutions as well?

PBA comments: In our opinion NUTS 2 division would also be sufficient for Large institutions. The NUTS 3 division might be too granular and cover only a small portion of the institutions' portfolios in case of even geographical distribution of their exposures, and might cause more confusion than clarity. In case of Poland, NUTS 3 corresponds to a statistical group of "subregions", which is not a formal administrative division of the country, and presenting data per NUTS 3 could be less clear and understandable to the recipients of the disclosure.

26. Do you have any comments on the instructions for the accompanying narrative and on whether they are comprehensive and clear?

N/A

27. Do you have any further comments on Template 5 and on its simplified version Template 5A?

PBA comments:

Regarding other comments, we propose the new column g to be moved between current columns a and b for clarity of information, to put the information on gross carrying amount of exposures subject to physical risk before the information on residual maturity.

28. Do you have any comments on the proposal to fully align templates on the GAR, that is, templates 7 and 8, with those under the Taxonomy delegated act by replacing the templates with a direct cross reference to the delegated act?

PBA comments: The use of direct references to templates included in the taxonomy is a good proposal, as it will help avoid discrepancies between the templates published

in Pillar 3 disclosures and the Taxonomy, saving time for reporting institutions. It is not clear, however, why Template 8 of the Pillar 3 ESG disclosures is cross-referenced to Taxonomy Template 4 “GAR KPI flow”, since Template 8 of P3 disclosures included both data on stock and flow. We would appreciate a clarification whether this limitation to KPI on flow was deliberate.

Does Template 7 only cover disclosure of exposures based on counterparty turnover compliance with the taxonomy (for non-financial corporations)? For those exposures that are not intended to finance specific, identified activities (general purpose financing), does the institution disclose the value of exposures compliant with the taxonomy based on the Counterparty Turnover KPI? Or does it also cover targeted exposures (verified in terms of the materiality of the environmental objective, DNSH, and minimum guarantees).

29. Do you have any comments on the proposal related the BTAR and to keep it voluntary?

N/A

30. Do you have any comments regarding the adjustments to template 10?

PBA comments:

We are not sure how to interpret the adjustments to Template 10, since the template requires to disclose financing “beyond the Taxonomy”, yet it is proposed to expand it to the six Taxonomy goals. It should be clarified whether this means that institutions shall disclose Taxonomy-eligible exposures, which comply with standards other than the EU Taxonomy, or use another classification to select exposures which would fit into this Template.

31. Do you have any further comments on the Consultation Paper Pillar 3 disclosures requirements on ESG risk?

N/A

Disclosure of the aggregate exposure to shadow banking entities

32. Are the new template EU SB 1 and the related instructions clear to the respondents? If no, please motivate your response.

N/A

33. Do the respondents agree that the new template EU SB 1 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

N/A

Disclosure of equity exposures

34. Are the amended template EU CR 10.5 and the related instructions clear to the respondents? If no, please motivate your response.

N/A

35. Do the respondents agree that the amended template EU CR 10.5 and the related instructions fit the purpose and meet the requirements set out in the underlying regulation?

N/A

Mapping tool

36. Do the respondents consider that the “mapping tool” appropriately reflects the mapping of the quantitative disclosure templates with supervisory reporting templates?

N/A

OTHER COMMENTS:

PBA comments:

We are not sure what is the reason behind changing the definition of gross carrying amount in the instruction from Part 1 of Annex V to Implementing Regulation (EU) 2021/451 to unspecified EBA IT solutions from EBA's websites. Currently the binding definition for the disclosures is enshrined in formal EU legislation and leaves little space for misinterpretation.

We would like to also ask if the previous Q&As published by EBA for particular ITS templates are still valid?

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