Sustainability Blog

By PwC Deutschland | 22. Januar 2024

Between transparency and sustainability: The ESG Pillar III Disclosure Study

Enhancing ESG Transparency: Key Insights from PwC Study

Exploring the intricate world of ESG disclosures, our latest study delves into the transparency challenges faced by 25 major European institutions. Under Article 449a CRR, these institutions are mandated to disclose their handling of ESG risks by December 31, 2022.

ESG in Banking Regulation

As finance aligns with sustainable development, institutions find themselves not just as capital intermediaries but influencers of practices impacting the environment and society. Article 449a CRR guides institutions to disclose ESG risks under the oversight of the European Banking Authority (EBA). The EBA has developed technical implementing standards (ITS) to ensure comprehensive disclosure of ESG risks. Disclosure obligations are applied annually in the first year (starting December 31, 2022) and subsequently on a semi-annual basis.

Key Focus Areas of the Study

This study examines the implementation of ESG risk disclosure requirements under Article 449a CRR, in conjunction with Regulation (EU) 2022/2453, across 25 European institutions. A standardized set of 102 questions was developed to analyze seven key areas: Qualitative Disclosure, Applied Methods and Approaches, Effectiveness of Validation and Cross-Checks, Integration of Information from Pillar I and Pillar II, Analysis of Voluntary Disclosures, Benchmarking and Evaluation of Utilized Data Sources. This comprehensive analysis not only provides valuable insights into the current implementation status but also enables the development of recommendations and best practices to further strengthen the quality and comparability of disclosure across European credit institutions.

Future Perspectives

Towards a Sustainable Future the European Union and its regulatory authorities aim not only to expand disclosure standards but also to ensure that the financial sector contributes to climate goals and promotes sustainability. Banks falling under CRR should prepare for a dynamic regulatory environment and stay updated on the latest developments. According to CRR III, from 2025, ESG risk disclosure requirements will be extended to all CRR institutions, except for small and non-complex institutions that are not publicly listed.

Conclusion and Future Directions

Stay tuned for further insights, recommendations, and analyses on our landing page. In a time where regulatory requirements in the field of environmental, social, and governance are constantly evolving, we are poised to conduct another comprehensive study with the introduction of the Green Asset Ratio next year. Insights gained this year serve as a catalyst to refine the study further, providing you with even deeper insights into the world of ESG disclosure.

As PwC, we are committed to providing not just insights but being your reliable partner in navigating the intricate world of ESG.

Further Links:

- Between transparency and sustainability:The ESG Pillar III Disclosure
- How transparent are European Banks? Highlights from the ECB's Assessment of European Banks' ESG Disclosures
- ECB review of disclosures on ESG risks (April 2023)
- Sustainable Finance
- Sustainability consulting
- Von Net Zero zu Nature Positive – warum sich der deutsche Finanzsektor jetzt mit Biodiversität beschäftigen sollte

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

To further PwC Blogs

Schlagwörter

ESG, Sustainable Finance (SF)

Kontakt

Martin Weirich

Frankfurt am Main

martin.weirich@pwc.com