Sustainability Blog

By PwC Deutschland | 15 April 2026

ESG reporting becomes regulatory reality: EBA embeds sustainability data into supervisory reporting

ESG data becomes part of supervisory steering, with significant implications for reporting architectures, data landscapes and operating models

Content

With the introduction of the new ESG module under the ITS on reporting and according to Article 430 (1) h CRR, the EBA builds on existing disclosure requirements and further develops them by embedding ESG into supervisory, risk management, and financial reporting frameworks. ESG data is becoming more standardised, more granular, and increasingly integrated into supervisory reporting, requiring institutions to consistently link ESG with financial and risk information across systems and processes. For institutions, this means not only higher requirements for consistency and data quality, but above all a deeper integration of ESG into data, processes, and governance.

What is the new ESG module within the ITS on Reporting?

The changes proposed under the **ITS on Reporting (EBA/CP/2026/07)** cover a wide range of supervisory reporting areas. While other amendments are addressed in separate contributions in the **Regulatory Blog**, this article focuses on the new ESG module.

With the consultation paper „**Revisions to the ITS on supervisory reporting (Commission Implementing Regulation (EU) 2024/3117) – Module on ESG reporting**“, the EBA extends the existing reporting framework by introducing a standalone, structured ESG module. The objective is to move beyond treating sustainability primarily as a disclosure topic and to systematically embed ESG into supervisory reporting.

According to the consultation paper, the EBA plans to finalise the revised ITS following the public consultation and submit the final report to the European Commission for adoption by the **end of 2026**. First reporting under the revised framework is expected for the reference date of **30 September 2027**, subject to final adoption and implementation timelines.

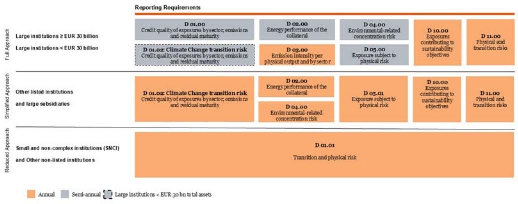
As part of a broader revision of the ITS on Reporting, the EBA introduces a dedicated ESG module to harmonise ESG-related data requirements across the EU and enhance their use for supervisory purposes. It applies to all institutions within the CRR perimeter, ranging from large institutions to small and non-complex institutions (SNCIs), based on a proportionate approach. Existing ad-hoc ESG data collections for large institutions will remain in place on a transitional basis until the new requirements become fully applicable.

While ESG requirements to date have largely been shaped by Pillar 3 disclosures, the focus is now shifting towards supervisory steering and monitoring of ESG risks. The new framework builds on existing disclosure requirements and therefore ensures close conceptual and methodological alignment with Pillar 3, supporting consistency while limiting implementation effort. At the same time, it explicitly integrates the perspectives of the EBA Guidelines on ESG risk management as well as those under the EBA Short Term Exercise (STE) on climate risk templates.

Proportional reporting approach and template structure

To operationalise the ESG module, the EBA introduces a proportionate reporting approach that differentiates both the scope and frequency of reporting based on the size and complexity of institutions.

The resulting structure is illustrated in the overview below.



Large institutions are subject to a **comprehensive set of templates** (7 templates), including both semi-annual and annual reporting requirements, with additional granularity for institutions above EUR 30 billion.

Other listed institutions and **large subsidiaries** follow a **simplified set of templates** (6 templates), reported **annually**.

Small and non-complex institutions (SNCIs) and **other non-listed institutions**, apply a **reduced approach** based on a single aggregated template covering key information on transition and physical risks, reported **annually**.

Reporting is generally performed at the highest level of consolidation within the EU, in line with the approach used for Pillar 3 disclosures. For certain entities, such as large subsidiaries, reporting may also take place at individual or sub-consolidated level. This supports consistency and alignment between supervisory reporting and disclosure requirements.

The instructions for completing the ESG templates explicitly highlight the linkage to FINREP, with repeated references to specific FINREP templates and data concepts. This reflects a key principle of the ESG module: aligning ESG reporting with existing financial and risk reporting frameworks and enabling the reuse of existing data. At the same time, it reflects a clear supervisory expectation that ESG information is no longer treated as a standalone layer, but as an integrated extension of the established financial reporting architecture.

Against this backdrop, the individual templates illustrate how the EBA translates these principles into concrete reporting requirements, as outlined in more detail below.

Overview of ESG reporting templates

Template D 01.00: Transition Risk: credit quality of exposures by sector, emissions and residual maturity

Applicable to large institutions with total assets above EUR 30 billion, this template builds on the Pillar 3 ESG disclosure Template 1 but significantly extends it for supervisory purposes.

It introduces additional data points to support risk assessment and stress testing, including risk metrics such as probability of default (PD), loss given default (LGD), loan-to-value (LTV), transition rates (TR), and lifetime expected loss rate (LRTV), as well as income metrics and off-balance sheet exposures, with a clear linkage to existing and new FINREP templates and definitions. The template is also enhanced through more granular sector classifications (NACE), a dedicated view on fossil fuel exposures and expanded coverage of household exposures (aligned with the CRFR3 template on loans collateralised by immovable property and energy performance). In addition, large institutions must provide a country-level breakdown, subject to materiality thresholds of exposures for the amortised cost portfolio, subject to a materiality assessment that mirrors the FINREP approach: banks with more than 10% of total exposures to non?domestic counterparties report separate templates for all countries exceeding a 1% exposure share, while remaining smaller foreign exposures are grouped under “Other countries”.

Overall, D 01.00 provides a significantly more detailed and risk-oriented view of transition exposures compared to disclosure requirements.

Template D 01.02 - Transition Risk (simplified for other institutions)

This template represents a streamlined subset of D 01.00, applicable to other institutions, large subsidiaries, and large institutions below EUR 30 billion in assets.

While maintaining the core structure of the disclosure template, it includes selected enhancements such as additional sector granularity and information on income and off-balance sheet exposures.

Unlike D 01.00, it does not require a country-level breakdown or the full set of risk metrics, reflecting the proportionality principle.

Template D 01.01 simplified: Simplified ESG information for SNCI and Other non-listed institutions covering both transition and physical risk

For small and non-complex institutions (SNCI) and other non-listed institutions, the EBA introduces a single, aggregated template covering both transition and physical risks.

Compared to Pillar 3 disclosure Template 1A, the template includes selected additional elements such as off-balance sheet exposures and accounting data-based metrics like impairments, non-performing exposures while maintaining a simplified structure. In terms of physical risk, the template captures exposures subject to acute and chronic climate hazards in a highly aggregated way, allowing supervisors to identify material concentrations without requiring the granular hazard? and location?specific breakdowns foreseen for larger institutions. Geographic information is therefore limited to a high?level country or regional split, focusing on material concentrations rather than detailed asset?level location data.

The objective is to ensure supervisory relevance while keeping reporting requirements proportionate.

Template D 02.00 - Transition Risk - Loans collateralised by immovable property, energy performance of the collateral

This template shall be reported by large institutions, other listed institutions and large subsidiaries. This template focuses on real estate exposures and their sensitivity to transition risk, primarily driven by the energy performance of the collateral.

It remains largely aligned with the Pillar 3 template but introduces targeted enhancements, including:

- additional loan-to-value (LTV) breakdowns,
- a new column capturing improvements in energy efficiency over time.

These additions enable a more forward-looking assessment of transition risk in mortgage portfolios.

Template D 03.00: Indicators of potential climate change transition risk: emission intensity per physical output and by sector

Applicable to large institutions, this template builds on Pillar 3 ESG disclosure Template 3 and introduces targeted enhancements for supervisory purposes.

The template remains largely aligned with the disclosure framework but is extended to incorporate forward-looking elements related to institutions' internal transition targets. In particular, two additional columns capture the institution's short-term GHG intensity targets and the corresponding point-in-time distance to these targets.

Overall, D 03.00 strengthens the forward-looking dimension of transition risk analysis by linking current exposures with institutions' internal decarbonisation objectives.

Template D 04.00: Environment-related concentration risk

Template D 04.00 requires obligor?level (loan?by?loan) reporting of corporate exposures above EUR 10 million, providing a detailed view of individual counterparties. This is a new template with no direct equivalent in Pillar 3 ESG disclosures and applies to large institutions, other listed institutions, and large subsidiaries.

It targets non?financial corporates with environment?related exposures in climate intensive sectors, such as energy and mining, manufacturing, transport, construction and real estate, thereby introducing a counterparty?specific perspective on environment?related concentration risks in these high?impact sectors.

In addition to core counterparty information (e.g. name, LEI, country), the template combines at obligor level:

- financial and accounting data (e.g. exposure values, impairments, off-balance sheet items),
- risk metrics (e.g. 12-month and lifetime PD), and
- ESG-specific information.

The ESG information covers, among other aspects, the existence of transition plans, greenhouse gas (GHG) emissions, exposures considering mitigating actions and physical risks, and the counterparty's decarbonisation pathway and its alignment (in percentage terms) with sectoral decarbonisation pathways.

Overall, D 04.00 represents a significant step towards integrating ESG considerations into concentration risk analysis at obligor level, requiring institutions to combine ESG, risk, and financial data in a consistent manner.

Template D 05.00: Physical Risk: Exposures subject to physical risk

Applicable to large institutions, this template builds on Pillar 3 ESG disclosure Template 5 and is extended to enhance supervisory risk assessment. While the overall structure and geographic breakdown remain unchanged, the template introduces additional columns to improve the assessment of climate-related physical risks. In particular, exposures are further classified based on their level of vulnerability (e.g. highly or moderately exposed to climate related physical risk events).

The template also incorporates additional prudential and risk metrics, such as PD, LGD and LTV, as well as information on off-balance sheet exposures across sectors. In line with the Pillar 3 the template also retains a country?level geographical breakdown, but its application is subject to a materiality assessment consistent with other supervisory reporting frameworks: large institutions are expected to provide separate country templates where physical risk exposures are material (e.g. based on exposure shares or risk intensity), while smaller or non?material exposures can be grouped under an “Other countries” category. This ensures that the location?based view focuses on the most relevant physical risk concentrations without unduly increasing reporting burden.

Overall, D 05.00 provides a more comprehensive and risk-sensitive view of physical risk exposures by combining location-based risk assessment with financial and prudential metrics.

Template D 05.01: Physical Risk: Exposures subject to physical risk (simplified)

This template applies to other listed institutions and large subsidiaries and represents a simplified version of Template D 05.00. It remains closely aligned with the corresponding Pillar 3 disclosure template, with only limited enhancements. In particular, an additional column for off-balance sheet exposures is introduced, while the geographic breakdown (e.g. NUTS level 2) remains unchanged.

Overall, it reflects the proportionality principle by maintaining a simplified structure while ensuring the availability of key information on physical risk exposures.

Template D 10.00: Mitigating actions: Exposures contributing to sustainability objectives

Applicable to large institutions, other listed institutions, and large subsidiaries, this template mirrors the structure and content of Pillar 3 ESG disclosure Template 10 and without introducing additional data fields for supervisory purposes.

The template captures exposures that contribute to the mitigation of climate-related risks, regardless of their alignment with the EU Taxonomy. This includes financing of activities supporting climate change mitigation and adaptation, as well as other environmental objectives such as biodiversity and nature protection, pollution prevention and circular economy. By reporting these mitigating and transition-supporting exposures alongside the other transition and physical risks template, template D10.00 provides a more comprehensive view on ESG risks and the institutions' risk-mitigating activities using the same data foundation as for Pillar 3 disclosures.

Overall, D 10.00 expands the supervisory perspective from pure risk identification to also include risk mitigation and strategic positioning, linking sustainability-related activities with prudential risk considerations.

Template D 11.00: Banking book- Exposures to environmental risks (beyond climate) - Physical and transition risks

This is a new template with no direct equivalent in Pillar 3 ESG disclosures and applies to large institutions, other listed institutions, and large subsidiaries. The template aims to capture institutions' exposures to environmental risks beyond climate change, including risks related to biodiversity loss, ecosystem degradation etc.

Regardless of granularity of the assessment, the reporting is at country level and covers all exposures to non-financial corporates that are subject to environmental risk beyond climate. Institutions shall identify these exposures in relation to the main activities of the counterparty. The template is reported for all material individual countries, for the Total EU, and for a total "all countries" view. A country is considered material where exposures subject to environmental risk beyond climate account more than 10% of the total exposures reported in this template.. Further this template applies to the same materiality logic and granularity options as proposed in the other ESG reporting templates.

The template distinguishes between:

- Exposures linked to environmental pressures (e.g. activities that negatively affect environmental drivers or ecosystem services), and
- Exposures dependent on ecosystem services (i.e. where the counterparty's business model relies on ecosystem services and may therefore be vulnerable to their degradation)

both of which can give rise to prudential risks. To ensure consistency, the classification of environmental impacts and ecosystem dependencies is based on established conceptual frameworks. In this context, the EBA explicitly refers to the following guidance and tools:

- the Taskforce on Nature-related Financial Disclosures (TNFD),
- the Network for Greening the Financial System (NGFS),
- the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES),
- ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool.

The template is structured around two main dimensions, exposures linked to environmental pressures, and exposures dependent on ecosystem services and combines:

- financial and accounting data (e.g. gross carrying amount, impairments, non?performing exposures), and
- ESG-related classifications of the unterlying activities,

While ensuring alignment with FINREP and consistency across supervisory and disclosure frameworks.

Overall, D 11.00 represents a significant extension of ESG reporting by moving beyond climate risk and introducing a structured approach to assessing nature-related and broader environmental risks in the banking book.

Implications for banks: From reporting requirement to transformation driver

The new ESG module marks a structural shift in regulatory reporting. ESG is moving from a disclosure-driven topic to a core component of supervisory assessment, requiring full integration into risk, finance, and reporting processes. This fundamentally changes the role of ESG data: from a largely investor?oriented disclosure topic to a mandatory building block of prudential steering.

For banks, this has several key implications and goes far beyond an additional reporting layer.

- **ESG becomes part of the “hard” risk and finance toolkit:** Transition and physical risks, obligor?level environmental data and links to risk parameters (e.g. PD, LGD, LTV) mean that ESG information can no longer sit in parallel sustainability streams. It must be embedded in credit processes, portfolio steering, pricing, capital planning and stress testing.
- **Data management moves center stage:** Meeting the requirements of D 01.00, D 04.00, D 05.00, D 10.00 and D 11.00 requires granular, consistent data across sectors, geographies, counterparties and instruments. Banks will need to define clear data ownership, converge ESG and FINREP data models, and manage proxies and data quality in a controlled way.
- **Supervisory expectations on integration will rise:** The close alignment with Pillar 3, FINREP, the EBA Guidelines on ESG risk management and the STE gives supervisors a coherent lens to assess how well ESG risks are integrated into ICAAP, SREP discussions and business strategies. Fragmented or purely qualitative approaches will be increasingly difficult to justify.
- **Strategic repositioning of portfolios becomes unavoidable:** Templates on high?impact sectors, fossil fuel exposures, physical risk hotspots and nature?related risks (beyond climate) provide a much clearer picture of where transition and environmental risks are concentrated. This will reinforce pressure to reassess sector limits, client strategies and transition financing offerings.

Taken together, the ESG module is not just another reporting package – it is a lever for broader data, risk and business transformation. It fundamentally changes how data must be sourced, structured, and governed. ESG information will need to be consistently linked with financial, risk, and accounting data at a granular level, across systems and organisational silos. Ensuring alignment between these data domains will become a critical success factor, significantly increasing both complexity and implementation effort.

At the same time, the close alignment with existing frameworks such as FINREP and Pillar 3, as well as the EBA Guidelines on ESG risk management and STE, creates a clear opportunity to build on established data and reporting infrastructures rather than creating parallel solutions.

Based on this background, successful implementation requires an integrated approach across data, methodology, processes, and IT architecture, with a particular focus on establishing a consistent data foundation across financial reporting, risk management, and accounting.

This is where PwC supports banks end-to-end:

- translating regulatory requirements into clear target operating models for ESG reporting,
- assessing and closing data gaps, including ESG data sourcing and proxy approaches, and the linkage to risk parameters (e.g. PD, LGD, LTV),
- designing and implementing integrated data architectures that align financial, risk, and accounting data with ESG reporting templates and Pillar 3 disclosures,
- supporting the implementation of reporting solutions, including template mapping and automation, and XBRL?/csv?based submissions,
- ensuring consistency between supervisory reporting, Pillar 3 disclosures, stress testing, STE and sustainability reporting.

By combining regulatory expertise with deep experience in data, risk, and finance transformation, PwC supports institutions in moving from fragmented ESG reporting approaches to scalable and future-proof solutions.

Banks that act early can leverage the ESG module as a catalyst to strengthen their overall data and reporting landscape - and to position ESG not only as a compliance exercise, but as a strategic driver of risk steering and business transformation. We would be happy to discuss how this can be tailored to your institution.

Further links:

- CRR III & ESG-Risiken: Was Banken jetzt offenlegen & melden müssen
- Portfolio-Alignment mit den Klimazielen: Benchmarking 2025
- Portfolio-Alignment mit den Klimazielen: Die Umsetzung der Alignment Metriken für die Säule 3 (PoV)

- Nachhaltigkeit im Fokus: Die ESG-Säule-3-Offenlegungsstudie 2024
- Zwischen Transparenz und Nachhaltigkeit: Die ESG Säule III Offenlegungsstudie 2023
- Catalyzing Transparency: EBA Workshop Prepares Institutions for Pillar 3 Data Hub Launch
- Navigating the New Pillar 3 Data Hub: Insights and Onboarding Strategies

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

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