

MSCI LAUNCHES SOLUTION FOR BANKS TO ALIGN WITH EBA ESG PILLAR 3 DISCLOSURES

LONDON – November 21, 2022 – MSCI, a leading provider of critical decision support tools and services for the global investment community, today launches a new solution to support banks that seek to align with the European Banking Authority’s (EBA) Environmental, Social and Governance (ESG) Pillar 3 prudential framework in measuring and reporting on ESG and climate-related risks.

The solution supports granular reporting required by the EBA’s implementing technical standards (ITS) on Pillar 3 disclosures on ESG risks. In addition to supporting banks manage climate risk exposure, this solution also helps banks with the reporting recommended by Task Force on Climate-related Financial Disclosures (TCFD) and measuring alignment of financing activities with the EU taxonomy.

The EBA ESG Pillar 3 disclosure standards are a mandatory requirement for banks with securities traded on a regulated market of any EU member state. Banks that are in-scope must report information about climate risks on four main categories:

- Exposure to climate related assets and assets subject to climate change-related risks, including transition and physical risks;
- Support for counterparties through the low-carbon transition and in climate adaptation;
- Key performance indicators on sustainable finance activities based on the EU taxonomy regulation;
- How banks integrate ESG considerations into governance, business, strategy and risk management.

Five of the ten quantitative templates of the EBA ESG Pillar 3 disclosures have various requirements and reference dates. As set out by the EBA, banks are required to disclose on five of the ten templates with their 2023 financial statement or as soon as possible thereafter.

Eric Moen, Head of ESG and Climate, at MSCI, comments: “The introduction of the European Banking Authority’s Pillar 3 ESG risk disclosure requirements and increasing stakeholder demands is putting greater scrutiny on financial institutions to measure climate risk transparency across their banking book. With this new disclosure framework in place, banks need to take urgent measures to ensure that they are meeting the regulatory requirements set out by EBA standard, as well as other region and country-specific frameworks. The new solutions from MSCI will help banks to familiarize themselves with the EBA’s expectations and their disclosure obligations.”

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About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data, and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

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