

Response from the Italian Banking Association
to the EBA consultation paper

**Consultation Paper Guidelines
on the benchmarking exercises on
the remuneration practices, on
the gender pay gap and on approved
higher ratios under Directive
2013/36/EU**

March 2022

Subject matter, scope and definitions

Q1: Is the section on subject matter, scope, definitions, addressees and implementation appropriate and sufficiently clear?

In the Background and rationale section of the consultation paper, point 9, about the gender pay gap, we read: *"In line with the EU Commission's recommendation, the sample of institutions selected should only include institutions that have at least 50 staff members."*

This condition is not mentioned in the consultation paper guidelines. ABI believes the guidelines should clarify that the gender pay gap exercise relates solely to institutions with at least 50 staff members.

According to the consultation paper, gender pay gap data should be transmitted at institution level, while the remuneration benchmarking data should be transmitted at consolidated group level.

Considering that the recipients of the gender benchmarking and remuneration benchmarking data are the same, ABI requests transmission of the gender pay gap data at a consolidated level as well, to limit the operational costs associated with calculating the indicator at entity level within the group.

The transmission of information at a consolidated level would also make it possible to address better the issue of staff "secondments" between group companies. Individuals would be reported at group level, without having to decide whether to count them in the seconding company or in the receiving company.

As an alternative to the transmission of gender pay gap data at consolidated level, ABI requests clarification that gender pay benchmarking only applies to institutions - with at least 50 staff members - belonging to a banking/investment firm group within the scope of the CRD/IFD at individual level.

1. Scope of institutions to be included in the benchmarking data exercises

Q2: Is the section on the scope of institutions appropriate and sufficiently clear?

As indicated in the answer to question 1, ABI asks for gender pay gap data to be transmitted at consolidated group level for both the sample of

institutions within the scope of remuneration benchmarking (exclusively banking groups in some countries) and the entities involved by each national competent authority in transmission of the indicator. Only independent companies selected by the competent national authorities - with at least 50 staff members - would transmit the information at an individual level.

As an alternative, ABI requests clarification that gender pay benchmarking only applies to institutions - with at least 50 staff members - belonging to a banking/investment firm group within the scope of the CRD/IFD at individual level.

2. Submission of benchmarking data to the competent authorities

Q3: Is the section on the procedural requirements for institutions appropriate and sufficiently clear?

The consultation paper brings forward transmission of the benchmarking information to 31 May of each year, from the date of 30 June envisaged in the 2014 guidelines.

ABI asks for the deadline for submitting information to the national competent authorities to be restored to 30 June, given the numerous checks on the adequacy of information carried out by each institution/investment firm group to ensure high data quality, thus reducing the checks and controls needed by the national competent authorities.

Shareholders' meetings for the approval of financial statements take place between April and June of the following year and, therefore, by 31 May, some institutions might not have prepared the tables for public disclosure (so-called REM tables) that are also needed by the EBA for remuneration benchmarking purposes.

The new guidelines also propose the inclusion of additional tables, including the one referring to staff as a whole, which companies generally complete during the month of June. The REM table for identified staff is the only one to be completed earlier, in order to comply with the disclosure requirements contained in the regulations.

ABI therefore requests confirmation of the 30 June deadline for forwarding all the information required in the Guidelines, not least to avoid a very onerous reporting commitment at a time when considerable organizational effort is dedicated to preparing for shareholders' meetings.

3. Submission of benchmarking data to EBA

Q4: Is the section on the procedural requirements for competent authorities appropriate and sufficiently clear?

Given the request to confirm the transmission of data to the national competent authorities by 30 June of each year, ABI asks for the deadline for submission by each national authority to the EBA to be changed accordingly, restoring the deadline of 31 August. Restoration of the original deadlines is considered reasonable, given the numerous checks on the adequacy of information carried out by each institution/investment firm group and each national competent authority to ensure high quality data, thus reducing the checks and controls needed by the EBA.

4. General specifications for the submission of benchmarking data

Q5: Is the section on the instructions for the remuneration benchmarking exercise appropriate and sufficiently clear?

The definition of members of the Management Body seems to be different to that in the high earners consultation paper. The following definitions are used in the benchmarking consultation paper:

- a. *Management body (MB) supervisory function, should be the members of the management body at the highest level of consolidation acting in the role of overseeing and monitoring management decision-making (i.e. non-executive directors), as specified in the instructions to table REM1 column letter (a) of the Commission Implementing Regulation (EU) 2021/637. Institutions should allocate members of management bodies of subsidiaries to the relevant business area under points (c) to (i) where such a break down is provided and otherwise to the category 'other identified staff'.*
- b. *Management body (MB) management function, should be the members of the management Body at the highest consolidating level, who are responsible for its management functions (i.e. executive directors) as specified in the instructions to table REM1 column letter (a) of the Commission Implementing Regulation (EU) 2021/637. Institutions should allocate members of management bodies of subsidiaries to the relevant business area under points (c) to (i), where such a break down is provided and otherwise to the category 'other senior management'.*

Whereas, in the high earners consultation paper:
Members of the management body, including members of the management body of subsidiaries that are not subject to specific remuneration requirements, should be reported, as applicable, under the column 'management body in its supervisory function' or 'management body in its management function'.

ABI requests alignment of the two definitions in order to provide comparable data.

As part of the instructions for completing the REM tables, it is specified that *"the information on the identified staff of the management body of subsidiaries is indicated within the relevant business area"*. Considering that

tables REM1, 2 and 3 analyse the identified staff between members of the MB supervisory function, members of the MB management function, senior management and other identified staff, without any breakdown by business area, it is considered that members of the management bodies of subsidiaries should be analysed between senior management and other identified staff. ABI requests confirmation of this interpretation. ABI also requests clarification of whether, with regard to closed long-term incentive (LTI) plans, reference should be made to the target/maximum amount of remuneration awarded at the start of the plan or to the amount accrued (in the latter case, envisaging recognition only at the time of actual allocation).

6. Additional instructions for the gender pay gap data in Annex 4

Q6: Is the section on the instructions for the gender pay gap benchmarking exercise appropriate and sufficiently clear?

ABI asks for gender pay gap data – relating to companies with at least 50 staff members - to be transmitted at consolidated group level for both the sample of institutions within the scope of benchmarking (mainly comprising groups) and the entities involved by each national competent authority in transmission of the indicator. Only independent companies selected by the competent national authorities would transmit the information at an individual level.

To avoid the duplication of information, the consolidated data will only relate to staff working in the Member State in which the institution/investment firm group has its registered office.

Regarding the types of information to be transmitted, ABI requests:

- confirmation that payments or marginal benefits, granted to staff on a non-discretionary basis, which are part of a general policy and do not have any effects on the incentives for accepting or controlling risks (e.g. company car, interest-free loans, free company crèche, etc.) can be omitted;
- publication of the gender pay gaps solely by quartile (mean and median) in the case of companies with over 250 staff members, considering that the overall company total is an insignificant and misleading indicator, heavily conditioned by the grade profile of the staff as a whole.

7. Data quality

Q7: Is the section on the instructions for the data quality and in Annex 7 appropriate and sufficiently clear?

Yes, the section on the instructions for the data quality and in Annex 7 is appropriate and sufficiently clear.

Q8: Are the Annexes on the data collection appropriate and sufficiently clear?

Yes, the Annexes on the data collection are appropriate and sufficiently clear.