



To: Mr. John Berrigan

Director General, European Commission, DG Fisma

Cc: Mr. Ugo Bassi, Director

Mr. Martin Merlin, Director

Mr. Martin Spolc, Head of Unit

Mr. Alain Deckers, Head of Unit

Mr. Sven Gentner, Head of Unit

Brussels, 9th June 2020

Ref: HG/EB/20-024

Subject: Call for EU Action: a centralized register for environmental, social and governance (ESG) data in the EU

Dear Mr. Berrigan,

Our associations are committed to supporting the transition to a more sustainable economy and to tackling climate change that we consider a priority. We strongly support the EU objective of transforming Europe into the first climate-neutral continent in the world by 2050 and are ready to contribute as representatives of the financial sector.

With this letter, we would like to address a project that we consider particularly important: the **creation of a centralized electronic register for Environmental, Social and Governance (ESG) data in the EU.**

The recent regulatory developments in the context of the EU Sustainable Finance agenda create an urgent **need for publicly available ESG data as well as how to enhance their sourcing.** Compliance with the **new disclosure obligations** introduced by the sustainability disclosures Regulation¹ (SFDR) requires financial market participants to have access to comparable robust and reliable ESG data at the level of companies. From the perspective of the EU taxonomy Regulation², companies subject to the NFRD³ (non-financial reporting directive) will have to disclose how and to what extent their activities qualify as environmentally sustainable as defined in the Regulation.

Robust, comparable and reliable ESG data is also key to identify and assess sustainability risks in lending activities. In addition, availability of ESG data is also necessary to enable financial

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability - related disclosures in the financial services sector

² Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

³ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups



institutions and investors to steer their portfolios towards the objectives of the Paris Agreement and of the European Green Deal much more efficiently and on a much broader scale.

Unfortunately, **the availability of quality, comparable, reliable and public ESG data is currently rather limited and insufficient to comply with the increasing expectations and new regulatory requirements due to apply shortly.** When available, data is often difficult to compare and raises reliability questions. Moreover, ESG data by third party providers is often expensive in particular for small-size financial market players, researchers or academia. With an increasing demand for ESG information, the fragmentation in ESG third party data providers risks to lead to insufficient availability of comparable and reliable ESG data as well as **to unnecessary costs and competition concerns.**

Therefore, ensuring availability of high quality and comparable ESG data should be regarded as an **EU strategic infrastructure project** to meet the EU sustainability objectives both under the Action Plan on Sustainable Finance and the EU Green Deal.

For this reason, we call the EU to build and / or support, based on existing solutions, a **centralised electronic European ESG data register.** We understand that a common European Green Deal dataspace to support the Green Deal priorities is already envisaged in the EU data strategy. We encourage the European Commission to investigate how our proposal can fit in this context.

As a first building block, the European data register should focus on ESG disclosure in line with **NFRD, EU taxonomy based information,** starting with climate change adaptation and mitigation objectives, as well as **ESG data necessary to financial market participants to comply with the SFDR.**

As another building block the register should include **relevant ESG information already collected by European and national institutions such as governments, central banks, statistical bodies, etc.** Member States are already reporting environmental expenditures under the System of Environmental Economic Accounting - SEEA 2012. The EU should open up its databases that collect environmental reporting data and make those re-usable. This data is critical for financing, and to track the economic performance of sustainable activities.

Such data should be gathered and made available digitally to users of non-financial information, not only investors, but also lenders, academia, researchers, authorities and others. To facilitate the collection, a certain level of standardization would be necessary. Finally, **data should be provided to users ideally free of charge.**

The **availability of raw harmonized ESG data would allow for better comparability, increase transparency, lower barriers and costs, generate efficiency, reduce complexity and attract new players.** The data register would provide a very valuable source of information to markets and policy makers alike. Such database should also help data preparers by eliminating current multiple different requests.



We thank you for your attention and remain available to discuss further. In the meantime, we would be pleased to receive your preliminary views, as our Associations continue working on this project.

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About:

European Association of Co-operative Banks (EACB)

The European Association of Co-operative Banks (EACB) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 2,800 locally operating banks and 52,000 outlets co-operative banks are widely represented throughout the European Union, playing a major role in the financial and economic system. They have a long tradition in serving 209 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 84 million members and 742,000 employees and have a total average market share of about 20%. Lobbying register 4172526951-19. More information available at: www.eacb.coop.

European Banking Federation (EBF)

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from across Europe, with active members in 32 countries. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. More information available at: www.ebf.eu - [@EBFeu](https://twitter.com/EBFeu).

European Fund and Asset Management Association (EFAMA)

EFAMA, the voice of the European investment management industry, represents 28 member associations and 59 corporate members. At end 2019, total net assets of European investment funds reached EUR 17.8 trillion. These assets were managed by close to 34,200 UCITS



(Undertakings for Collective Investments in Transferable Securities) and 29,000 AIFs (Alternative Investment Funds). Responsible investment is at the heart of the fund and asset management industry. Our industry strives to deliver long term sustainable investment returns for investors in Europe and beyond. As a result, EFAMA supports the objectives of the Green Deal and Sustainable Finance agendas, working together with EU policy-makers on detailed provisions to ensure they are workable in practice. More information available at www.efama.org.

European Savings and Retail Banking Group (ESBG)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 900 banks, which together employ more than 650,000 people driven to innovate at roughly 50,000 outlets. ESBG members have total assets of €5.3 trillion, provide €1 trillion in corporate loans (including to SMEs), and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking. Our transparency ID is 8765978796-80. More information available at: www.wsbi-esbg.org.

Insurance Europe

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers pay out almost €1 100bn annually — or €2.9bn a day — in claims, directly employ over 900 000 people and invest nearly €10 200bn in the economy. More information available at: www.insuranceeurope.eu.

PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has 24 member associations in 18 EU Member States and 3 other European countries. PensionsEurope member organisations cover different types of workplace pensions for over 110 million people. Through its Member Associations PensionsEurope represents more than € 4 trillion of assets managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation. PensionsEurope also has 29 Corporate and Supporter Members which are various service providers and stakeholders that work with IORPs. More information available at: www.pensionseurope.eu.