



Frankfurt am Main,  
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## **BVI response to Inception Impact Assessment on a single EU access point for company information**

BVI<sup>1</sup> fully supports the EU initiative for establishing a single EU access point for company information. Such centralised point of access would be very helpful for asset managers in order to be able to easily obtain important information on their investee companies, in particular on ESG topics. It should be **linked to the reform of the EU Non-Financial Reporting Directive** and involve the following main features: (a) work as one **single access point** that provides access to reports being published on both a legally mandatory as well as on a voluntary basis by issuers not covered by NFRD (such as small companies or companies located outside the EU), (b) allow direct access to **raw ESG data** (as reported by companies) and (c) use processing standard that allows **information to be machine-readable and downloadable** in order to serve as valuable information source for investors. We deem the European Securities and Markets Authority (ESMA) as a suitable and qualified authority to manage the ESAP given its experience in establishing databases and registers in the area of benchmarks and market infrastructures for instance.

The abovementioned link to the NFRD is important as the revised NFRD requirements will play an essential role in improving the supply of reliable and comparable ESG data but is unlikely to resolve all existing problems. Currently, mandatory reporting does not apply to (1) undertakings listed on a regulated market with less than 500 employees, (2) non-listed undertakings in general and, most importantly (3) to any undertaking or group of undertakings located outside the EU. For fund managers investing globally on behalf of European investors, especially the last gap will create huge problems as the relevance of ESG data will increase. Around 43% of the equity assets held by German retail funds are invested outside the EU; for institutional funds the share of non-EU investments is even higher with 53%. According to research by Morgan Stanley, approximately 30% of European ESG funds accounting for approximately 40% of AuM are global. Non-European countries, such as the United States, Japan and Canada, represent more than 70% weight of the MSCI World Index.

The establishment of a single access point would also reduce the need to purchase ready-made ESG information from commercial data providers as **market concentration in terms of ESG data has significantly increased over the last years**, in particular due to strategic acquisitions. All leading ESG data and research providers (MSCI, Morningstar (which acquired Sustainalytics earlier this year), ISS-ESG and Vigeo-Eiris, the biggest according to market share) are now either headquartered in the US or owned by US company groups. This situation has implications for the quality and reliability of data, since EU investors and financial market participants need to rely on ESG research and qualitative assessments of ESG aspects as the basis for ESG ratings that might not fully incorporate and take into account the development of the EU sustainable finance regulations. This is particularly relevant in relation to investments outside the EU where EU investors will most probably not be able to rely on corporate disclosures since such disclosures will not meet the EU requirements. This outcome cannot

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<sup>1</sup> BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset Managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 113 members manage assets more than 3.6 trillion euros for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 27%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit [www.bvi.de/en](http://www.bvi.de/en).



be deemed satisfactory from the EU policy perspective. A single access point that would make information directly available for European investors could incentivise non-EU issuers to report on ESG-relevant issues in accordance with future EU standards.

In addition to the central access point for company information, a central repository is also urgently needed for data relating to energy demand and carbon emissions of properties. An EU database for collecting such data would provide enormous benefits for both market participants in need of comparing their portfolio holdings with the average energy performance of local properties and EU bodies in charge of developing further criteria to the Taxonomy (that shall be based to a certain extent on comparisons with the local peer group). The database should allow for tracking of emission data of single properties as well as for the calculation of averages based on certain parameters per country, region or city (presuming that market participants will be obliged to establish the energy demand of the relevant reference peer group under the EU Taxonomy). Furthermore, the creation of such a database needs to be accompanied by regulatory obligations for commercial and private property owners to report the relevant energy data. Finally, property owners must be entitled to collect energy consumption data from tenants. In many EU countries, including Germany, tenants are currently not obliged to respond to data requests by property owners.