
CCH® Tagetik ESG Expert Solution for Financial Services

Sara Rosati
Director Solutions, CCH Tagetik

Overview & context

Financial



ACCESS TO CAPITAL

- Investors, banks and insurances **rating** based on current and planned ESG performance
- Will condition access to capital (Investors' rating, Banks loans, Insurance prime conditions,...)

Governance & Compliance



REGULATORY COMPLIANCE OBLIGATIONS

* New disclosures:

- **Global** - Internal Finance Reporting Standards (IFRS) global sustainability financial reporting standards
- **EU** - Corporate Sustainability Reporting Directive (CSRD) and European Union (EU) Taxonomy
- **USA** - Securities and Exchange Commission (SEC) issues new climate disclosures
- **APAC** - ESG disclosure by the Shanghai and Shenzhen SE, ESG mandatory to be listed in Hong Kong

* New commitments sources of coming regulations:



Digital Transformation



DATA MANAGEMENT COMPLEXITY

- **Data Collection, check, enrichment and processing** – Multiple and heterogeneous ecosystems
- **Data Convergence** – Align non-financial and financial data
- **Strategic Planning** – Elaborate, disclose and execute on long-term sustainability strategy

Timing



MULTIPLE REGULATORY REPORTING REQUIREMENTS UPCOMING

- **2022:** EU taxonomy 1st reporting ; SFDR transparency requirements for annual report ; European Commission first set of sustainability standards
- **2023:** EU taxonomy 2nd reporting ; European Commission 2nd set of sustainability standards ; Reporting obligations under the EU CSRD (Corporate Sustainability Reporting Directive)

What does CCH Tagetik offer?

*CCH Tagetik by leveraging its existing critical capabilities can cover the ESG process end to end, boosting the implementations thanks to an **Expert Solution** that combines all the regulatory frameworks in a single application.*



Enhance and automate data collection

- High data source flexibility
- Built-in data preparation
 - Data quality



Improve sustainability monitoring the entire process

- Built in KPIs calculation
 - Net Zero
- Carbon Intensity
- 100% auditable

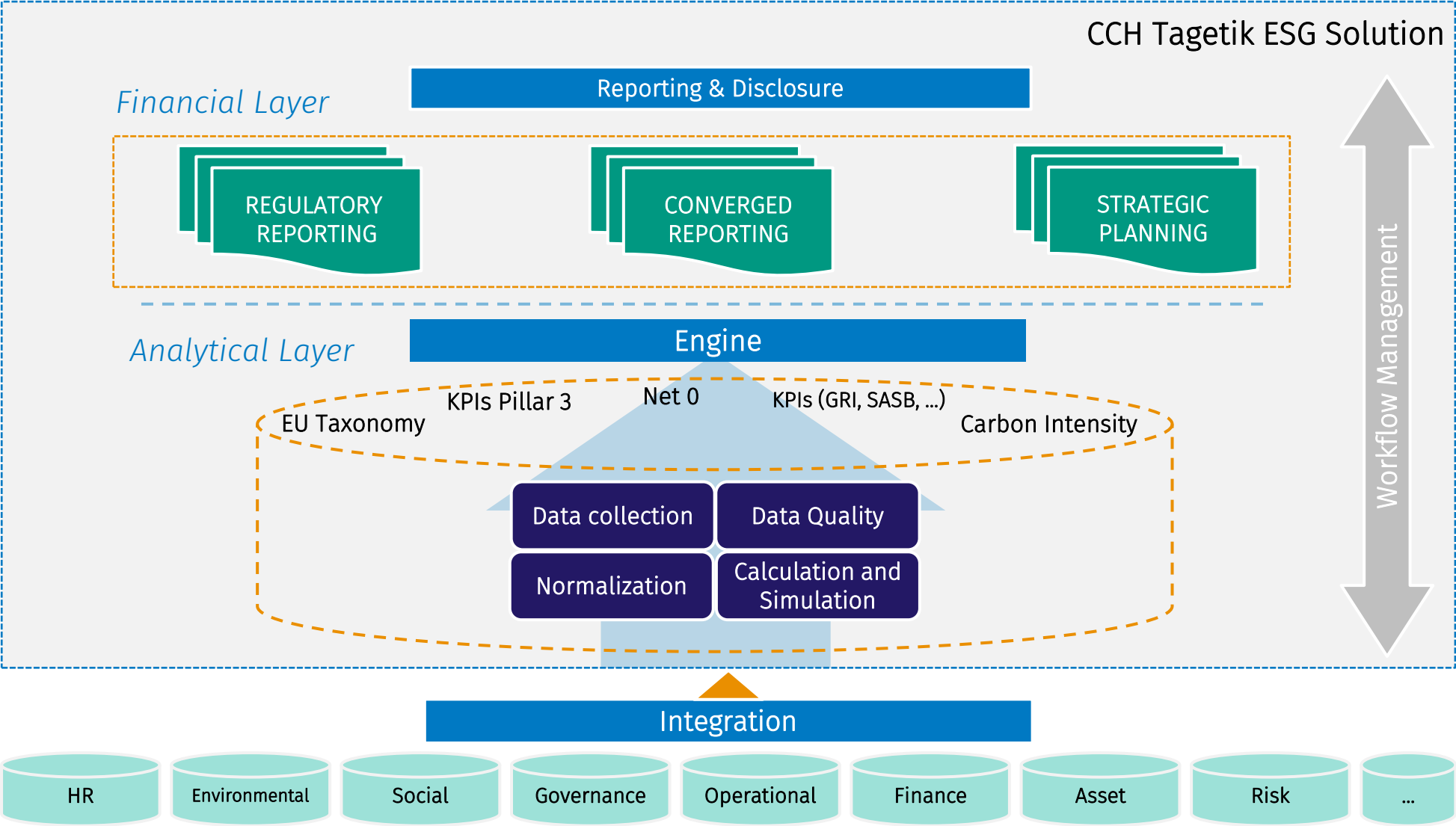


Improve stakeholder's perception

- EU Taxonomy
- All main frameworks (GRI,SASB,..)
- Actual & forecast reporting

*The ESG Expert Solution **guarantees the compliance with regulatory updates***

CCH Tagetik ESG Solution – Target architecture



EU Taxonomy timeline

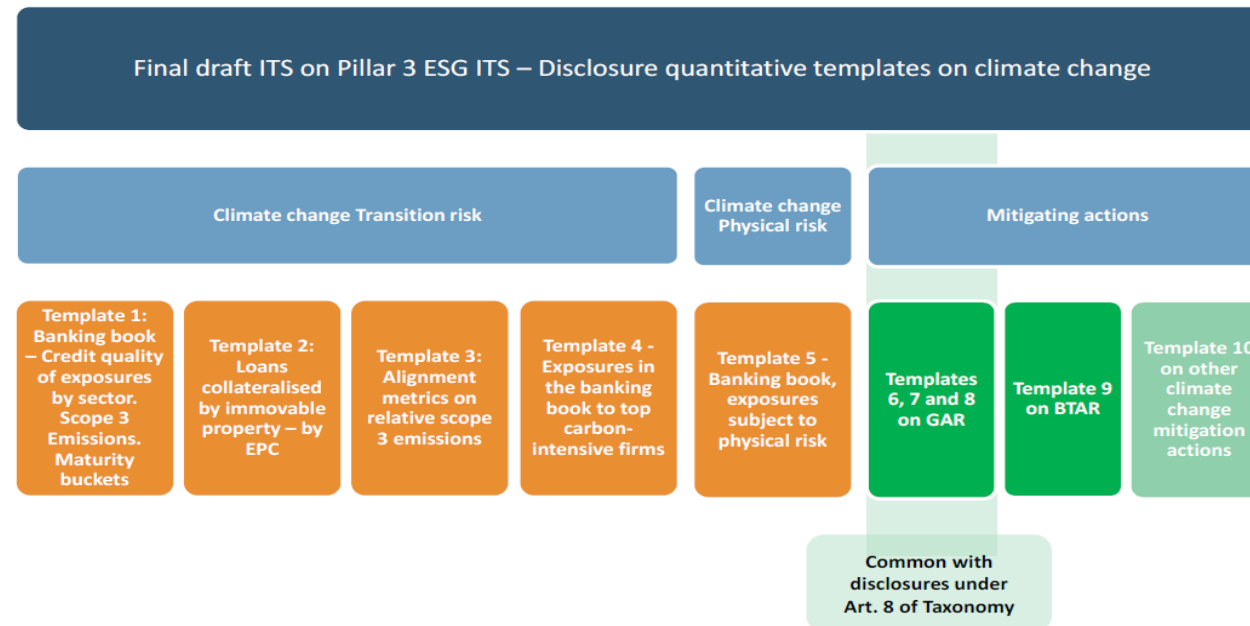
CCH Tagetik ESG Expert Solution covers any KPI calculation and disclosure requirements in the scope of Article 8(1) of the Taxonomy Regulation for undertakings that are required to publish non-financial information under the NFRD on how and to what extent their activities are associated with environmentally sustainable economic activities.

	2022 Year End 2021	2023 Year End 2022	2024 Year End 2023	2025 Year End 2024	2026 Year End 2025
Eligibility / Alignment	Eligibility only	Eligibility only	Alignment	Alignment	Alignment
Taxonomy objectives	1 and 2	1 to 6	1 to 6	1 to 6	1 to 6
KPI / Disclosure	<ul style="list-style-type: none">Taxonomy eligible assets / Total assetsTaxonomy non-eligible assets / Total assetsExposures to central governments, central banks and supernational issuers / Total assetsDerivatives / Total assetsExposures not subject to NFRD / Total assetsQualitative information		<ul style="list-style-type: none">Total covered assetsGreen Asset Ratio (GAR) on stockGAR on flowKPI for off-balance sheet exposuresKPI for fees and commissions (from 2026)KPI for trading portfolio (from 2026)Qualitative information		
<ul style="list-style-type: none">Climate Change MitigationClimate Change Adaptation					

Pillar 3 disclosures on ESG risks

The European Banking Authority is consulting on disclosures for **Environmental, Social and Governance (ESG) risks under the Pillar 3 framework**. The draft technical standards provide ESG disclosures to ensure stakeholders are informed about ESG banks' exposures and sustainable finance strategies and to promote market discipline.

The ITS introduces quantitative disclosures covering **transition risk, physical risk, and mitigating actions** (included the GAR for exposures that contribute to or enable climate change mitigation / adaptation, in common with disclosure for EU Taxonomy). The ITS requires also qualitative information on Environmental, Social and Governance risks.



Pillar 3 ESG risks timeline

INDEX - Prudential disclosures on ESG risks (Article 449a CRR)	Timeline	Note alimentazione
Table 1 - Qualitative information on Environmental risk	YE 2022	NA
Table 2 - Qualitative information on Social risk	YE 2022	NA
Table 3 - Qualitative information on Governance risk	YE 2022	NA
Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	YE 2022 - some columns in 2023 and 2024	FINREP + ESG (Taxonomy)
Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	YE 2022	FINREP
Template 3: Banking book - Climate change transition risk: Alignment metrics	June 2024	
Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	YE 2022	FINREP
Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk	YE 2022	NACE FINREP
Template 6. Summary of GAR KPIs	YE 2023	
Template 7 - Mitigating actions: Assets for the calculation of GAR	YE 2023	FINREP + ESG (Taxonomy)
Template 8 - GAR (%)	YE 2023	calculated
Template 9 - Mitigating actions: BTAR		
Template 9.1 - Mitigating actions: Assets for the calculation of BTAR	June 2024	
Template 9.2 - BTAR %	June 2024	FINREP + ESG (Taxonomy)
Template 9.3 - Summary table - BTAR %	June 2024	calculated
Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy	YE 2022	FINREP

Reporting frameworks

*CCH Tagetik ESG Expert Solution provides the calculation of KPIs, and the full disclosure required by the most common reporting frameworks and standard-setting organizations for the preparation of a **Sustainability Report**.*



*The Solution is widely flexible and offers the possibility to calculate **managerial KPIs** and to produce **custom reporting, disclosure and dashboarding***

*CC Tagetik constantly monitors the development of new regulatory frameworks to include them in the ESG Expert Solution (e.g., **EFRAG's EU Sustainability Reporting Standards**)*

Thank you!

Sara Rosati
Director Solutions
sara.rosati@wolterskluwer.com

