

## Press release

### **ESG regulations create high workload for financial service providers and their customers—new data hub “openESG” offers targeted support**

- *New legally binding EU regulations require large enterprises and financial institutions to gather and report an increasing amount of sustainability data.*
- *ESG-based assessments of suppliers and borrowers will affect small & medium enterprises (SMEs) in particular.*
- *The open data hub openESG offers secure, audit-proof data capture functionality and reduces workloads for everyone involved.*

**Munich/Kassel/Darmstadt, August 25, 2022. The ESG regulation specialists at Envoria, the fintech enterprise fino, and the technology and outsourcing service provider PPA Technologies GmbH (PPA) are bringing together their core competences to jointly found openESG GmbH. The goal of the joint venture is to support financial service providers in implementing ESG regulations as part of the European Green Deal, and to reduce the administrative burden on large enterprises in assessing their supply chains. To this end, openESG is launching a centralized, open data hub for collecting, managing and enriching the relevant data.**

The European Union’s Green Deal has set in motion a whole series of rules and regulations to support its climate goals and prevent so-called “greenwashing”. What was previously treated as a minor issue under the heading of corporate social responsibility (CSR) has come into much clearer focus with the publication of the ESG (environment, social and governance) regulations. For German and European businesses, this results in a wide range of reporting and documentation obligations that need to be met from reporting year 2023 onwards.

The first step was the EU Taxonomy Regulation, which became effective in the 2021 reporting year and requires companies to disclose what proportion of their sales, investments and operating expenses is sustainable. In the first stage, which is relatively easy to implement, this regulation applies to companies that have more than 500 employees and are capital market-oriented. This is 550 companies in Germany and 11,700 throughout Europe.

From the 2023 reporting year, the next level of ESG regulations—the Corporate Sustainability Reporting Directive (CSRD)—will apply to companies with 250 or more employees, or around 15,000 companies in Germany and over 50,000 across Europe. The EU's recently published preliminary requirements include more than 300 key data points which every company must document and publish. This significantly increases reporting requirements. Meanwhile, with the German supply chain act (Act on Corporate Due Diligence Obligations in Supply Chains, LkSG) becoming effective, large companies with more than 3,000 employees will have to report key ESG figures for their entire supply chain from January 2023 onwards. These obligations will also affect financial institutions, such as banks, asset management companies, and insurance and re-insurance companies, which have to report on the share of the total volume of their business that is financed sustainably. This “green asset ratio” is just the first stage of the reporting requirements that will become effective in the coming years.

In summary, both the already implemented and foreseeable ESG regulations will lead to a substantial additional workload for companies. This applies not just to the larger corporates that are directly affected, but also to the large number of small and medium-sized enterprises (SMEs) along the supply and finance chain. In practice, this will mean that SMEs will have to provide different types and formats of ESG documentation for almost all of their business and financial relationships, even if they are not directly affected by the regulations – and repeat this exercise every year over and over again.

## **A central data hub to reduce bureaucracy**

“In order to minimize this repetitive work for everyone involved, it was necessary to create an open, independent data hub that will support the complex process of data capture in a comprehensible, legally compliant manner,” said Michael Sindram, Managing Director at fino ventures GmbH. “This is what prompted us to found openESG. It replaces the tedious process of entering data multiple times into different forms with one central platform for simplified and consolidated data entry – this data is made available to all users and leveraged with a comprehensive set of data protection and approval processes.”

This open, independent data hub service provides a legally compliant, audit-proof process for all affected parties. Each step is clearly explained, and users are guided through the data collection and reporting process. This significantly reduces the time and effort required to train users on the complex subject matter.

The know-how for meeting the wide range of requirements comes from the ESG specialists at Envoria. This GRI (Global Reporting Initiative)-certified solution, tested and approved for both medium-sized and large enterprises, can be flexibly adapted to meet specific requirements, and subjects all entered data to comprehensive logic checks. This dramatically reduces the effort required for companies that are affected due to existing credit relationships with banks or that are part of the supply chain for large corporates. The required ESG data only needs to be entered once using a standardized questionnaire and can then be used by any number of stakeholders. “It is important to emphasize that the data hub is open and independent,” said Heimo Saubach, Managing Director and shareholder at PPA Technologies GmbH. “SMEs remain the owners of their sensitive data and can decide on a case-by-case basis which information to make available to which recipients.”

Sven Schubert, CEO and co-founder of Envoria, added: “In terms of compliance with the new requirements, there is still a lot of uncertainty among banks and large companies. With 20 ESG experts, many of whom have a background in auditing and accounting, we adapt our content and processes to the regulations as they continue to change and develop. We ensure that each questionnaire within the openESG hub meets the relevant legal requirements. This benefits not only those directly affected, but also SMEs and their tax advisors in particular, who can rely on tried-and-tested tools and make the most of their expertise to apply these tools in the best way. Since data only needs to be entered once, and our digital

assistance provides support, we estimate that businesses can reduce their workload by up to 80%.”

For more information about openESG, visit [www.openESG.de](http://www.openESG.de).

**About Envoria (Financial Software Architects GmbH):**

Financial Software Architects GmbH was founded in 2018 in Munich. It helps businesses meet documentation requirements surrounding the new sustainability standards included in the EU Green Deal. Envoria provides an all-in-one software solution that covers the standard frameworks (GRL, ESRS, SASB, DNK, EMAS), enables CO2 emissions calculations (scope 1, 2 and 3), and implements the requirements for EU taxonomy regulations.

Envoria is the solution of choice for businesses across the German-speaking world as well as numerous well-known corporations within the EU. Envoria has established close partnerships with accountancy firms and consultants to implement regulatory changes and newly required checks without delay.

For more information, visit [www.envoria.com](http://www.envoria.com).

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**About fino ventures GmbH:**

The fintech company fino, founded in Kassel in 2015, provides innovative B2B SaaS business models. fino develops solutions that inspire people and sets standards with digital and data-based business models in the fields of bank account mining (fintech), invoice management, document analysis (doctech), KYC/money laundering (regtech) and property tax (taxtech). With fino ventures, fino is continuously expanding its data ecosystem with strategic partnerships, acting as a mentor, business angel and initiator for new startups, providing entrepreneurial support in areas including setup, business models and scaling.

For more information, visit [www.fino.group](http://www.fino.group) and [www.fino.ventures](http://www.fino.ventures)

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**About PPA Technologies GmbH:**

The PPA Group, founded in 2000, is the market leader in digitizing financial information for the financial sector. Two locations in Darmstadt/Germany and Glattbrugg/Switzerland, provide a domestic outsourcing service for automatic data recognition, extraction and customer-specific preparation. The systems and processes are tightly integrated into many banks' corporate finance processes. This competence is currently expanded to include processing of non-financial information in the context of ESG. PPA employs around 150 people across its two offices and currently processes around 300,000 relevant documents every year. PPA works across all sectors of the banking industry, and meets all regulatory requirements for financial institutions to outsource business processes in both Germany and Switzerland.

For more information, visit [www.ppaworld.com](http://www.ppaworld.com).

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