

The ATOME logo consists of the word "ATOME" in a white, uppercase, sans-serif font. The letter "A" is stylized with a triangle above it. The background of the entire page is a dark blue gradient with a glowing green grid pattern and a wind turbine in the upper right corner.

Matter

360°

A LIGHT ON DATA FOR SUSTAINABLE ECONOMY GOALS

How did we use a regulatory data platform to shed light on sustainability disclosure requirements

This is a summary of a pilot project aimed to demonstrate how regulators and financial sector participants can build evidence-based understanding of the progress towards green economy and climate-related risks, and be able to report, collect and analyse sustainability-related data.

In the last ten years, the regulatory community has had its eyes on repairing the financial system, identifying loopholes and gaps to prevent another international banking crisis from happening. Amidst this, another concern of a different nature emerged: the long-term challenge of ensuring that the financial sector progresses towards green and sustainable economy and that ESG risks are adequately monitored. This is a challenge that crosses the borders and calls for collaboration among regulators and building understanding of ESG data disclosure

requirements with the financial market participants. Taking "E" as a starting point, and recognising that environmental impact data and decisions on what is classified as "green" or "sustainable" can no longer be a black box, we decided to bring in a standard-driven approach to data design and tackle sustainability data management with our ATOME solution. The solution may be used regardless of jurisdiction and provides a platform for cross-border collaboration.

WHAT WAS OUR GOAL?

- ★ demonstrate how ATOME supports in building a common understanding of data requirements for sustainability disclosures
- ★ demonstrate how ATOME fosters effective data collection for regulator without inadequate reporting burden for market participants
- ★ promote collaboration and standardisation through exchange of models and data definition approaches across jurisdictions and sectors
- ★ explore how technology-aided data definition and design enables agile “green” analyses and monitoring of progress towards sustainable goals and green economy

WHAT DID WE DO?

- ✓ used a cloud-based collaborative platform for regulatory data design (ATOME Matter)
- ✓ built a dictionary of concepts and classifications usable for sustainability reporting, based on international standards and regulatory guidelines
- ✓ created granular data reporting templates to collect and analyse sustainability-related data:
Examples:
Financial sector’s progress towards green financing: Loans and advances provided by banks to commercial entities, classifying them as “green” or “brown”, depending on the reported purpose, identifying alignment with sustainability criteria.
Transition risks: assessing the risk of the market transition to a greener economy
- ✓ developed sample analytical views based on data design and classifications in the sustainability data disclosure model
- ✓ explored how sustainability data frameworks could be managed hand in hand with financial disclosure requirements (in insurance, banking, investment management) for more aligned and standardised approaches, easier to adopt by the market

**We were recognized in
G20 TechSprint**



What guidelines and standards did we use?

We decided to use concepts belonging to: United Nations, European Commission, International Organisation for Standardisation, European Central Bank and Greenhouse Gas Protocol. We also applied guidelines from organisations like Network for Greening the Financial System (NFGS) or Basel Committee on Banking Supervision (BCBS).

You can access them here:

- [Agenda for Sustainable Development](#) – UN Sustainable Development Goals
- [EU Taxonomy Compass](#) – classification of economic activities on green and not-green
- [Greenhouse Gas Protocol](#) – approach to classifying emissions
- [Network for Greening the Financial System](#)
- [Basel Committee on Banking Supervision](#)
- [Regulation of the European Central Bank on the collection of granular credit and credit risk data](#)
- [Regulation of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2](#)

WHAT IS THE OUTCOME?

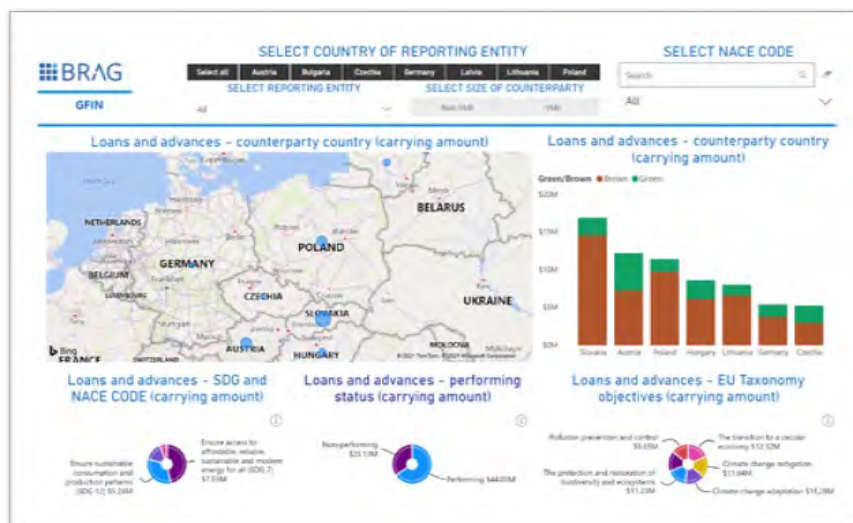
1. Sustainability data guidelines and standards represented in a structured way on the **data model** platform.
2. Sample sustainability **reporting templates** and quality checks created as a starting point for sustainability data collections.
3. **Sample report** tested with a data reporting application enabling data validation according to defined quality checks.
4. Data model used for **sustainability data analytics** (integration with business intelligence tool).

A small sample of data models as a starting point to progress towards standardised and structured sustainability data collection:

- a) on loans (interest rate, probability of default and maturity) and their sustainability context (connection to Greenhouse Gas Emissions rules, alignment of the purpose of the loan with the United Nations Sustainable Development Goals and green classifications as defined in the EU Taxonomy),
- b) on financial products - to verify their environmental impact and what social characteristics are promoted by these products,
- c) on insurance and reinsurance activities – to report underwritten climate related hazards and environmental objectives, as well as to verify to what extent concepts applied under Solvency II reporting could be applied to sustainability reporting.

The models available on the platform demonstrate how data design can embed clarity and auditability into future sustainability reports.

Based on the data design, and with sustainability classifications and criteria clearly defined and broken down, enabling regulators to slice and dice as needed for their analysis, we put on top of the model a business intelligence toolkit to provide analytical dashboards. These can be used by regulators in monitoring sustainability-related performance of the supervised sector as well as risks (transition or physical climate-related) to further inform their policies and forward-looking strategies.



POTENTIAL FOR REGULATORS AND MARKET PARTICIPANTS



Developing data collection and analysis frameworks that can reuse existing data models and standards.



Sharing and publishing data reporting requirements and integrating with other systems (through Excel, XBRL, SQL or APIs) for smoother adoption by supervised entities.

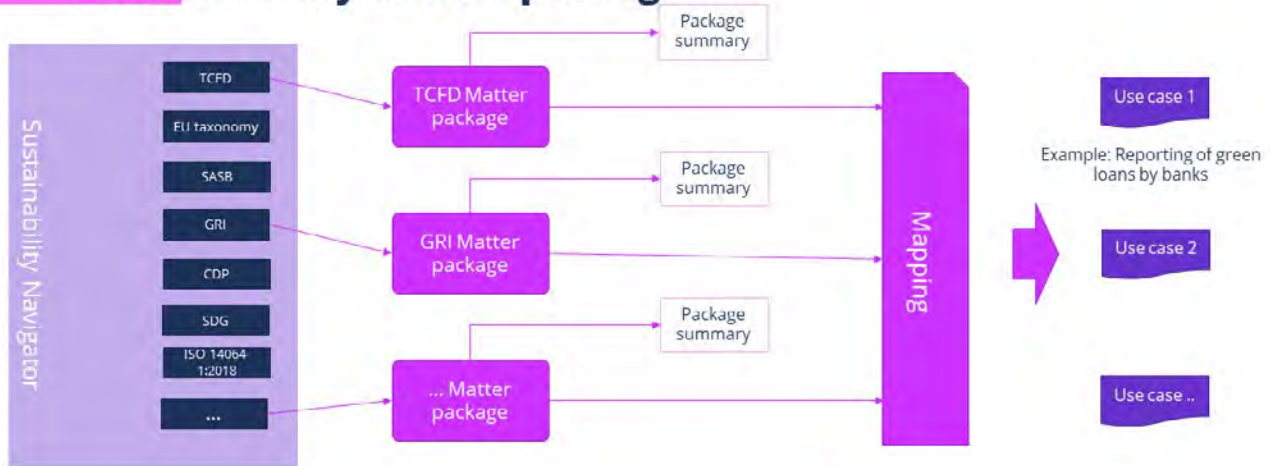


Collaborating on the platform to explore other data requirements and challenges that can be tackled in standardised and structured manner (for in financial and non-financial data). Thanks to collaborative features experts of various fields, incl. external consultants, can cooperate in the same environment providing workflow and track record.

POTENTIAL NEXT STEPS

1. Provide sustainability units, teams, and business analysts with a repository of sustainability models available on a collaborative platform
2. Reuse existing data models and reporting templates to design sustainability data frameworks aligned with international guidelines
3. Engage internal and external experts in consultation and discussion on sustainability data requirements and challenges to data standardization
4. Launch a pilot program for sustainability data collection from your regulated entities

Sustainability Matter packages



If you would like to engage further on how to implement TCFD recommendations and other recommendations and guidelines, as well as sustainability data reporting standards, please get in touch with us, we are happy to provide support:

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