13 July 2021

**Position of the Association of German Public Insurers[1]
on the European Commission's proposal for a
Corporate Sustainability Reporting Directive**

The Association of German Public Insurers welcomes the initiative of the European Commission to strengthen sustainability reporting. As Germany's second largest primary insurance provider with a strong regional presence, the group is strongly committed to the goals of a more sustainable economy.

The public insurers are signatories of the Principles for Responsible Investment (PRI) and take environmental, social and governance principles into account in their investment decisions. In this light, the public insurers strongly support improved sustainability data. The Sustainable Finance Disclosure Regulation (SFDR) requires insurers to report an extensive set of sustainability data of their investments. The Taxonomy Regulation, particularly Art. 8, calls for the disclosure of additional sustainability indicators. The public insurers expect the Corporate Sustainability Reporting Directive in combination with the European Single Access Point[2] to ensure that all these are available, ready to use and free of charge in a public database.

To improve the proposal for the Corporate Sustainability Reporting Directive, the Association of German Public Insurers has recommendations in two areas: first, the scope of the directive and proportionality and second, the focus on stakeholder needs.

Scope of the directive and proportionality

The scope of the Non-Financial Reporting Directive is limited to capital market oriented companies and public-interest entities with more than 500 employees. The public insurers fully support the approach to extend the scope to all companies and they would keep the threshold of 500 employees or at maximum, go to a threshold of 250 employees. The

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[1] The Association of German Public Insurers (Verband öffentlicher Versicherer, VöV, www.voev.de) is the umbrella organisation of the German public insurance companies and a corporation established under public law. Founded in 1911, it represents 9 primary insurers across Germany that are deeply embedded in their regions. The group is the second-largest primary insurance provider in the German market, with more than EUR 144 billion of investments under management, thereby making a significant contribution to the European economy. The group is committed by law to support the public good. It has 52 million insurance contracts and pays out EUR 18.4 billion each year to its clients.
The public insurers employ 30,000 people. Through 17,500 own branches and offices of their partners, they offer advice and protection across most insurance sectors (health, life, pension, motor, indemnity, fire, etc.) for retail clients of all income groups and for professional clients, with a specific focus on small and medium-sized companies.
The Association of German Public Insurers represents the interests of its members at the national and the European level through its head offices in Berlin and Düsseldorf and its liaison office in Brussels.

[2] See the position of public insurers at https://www.voev.de/european-single-access-point.

proposal foresees to include all “large companies” as defined in the Accounting Directive. While this definition might be appropriate for the real economy, it would include insurers with significantly less than 250 employees due to the typical size of the revenues and premiums of insurance undertakings. The public insurers therefore suggest keeping the threshold in terms of employees. If a threshold of 250 is chosen, they propose to include the same proportionality measures for companies with less than 500 employees as foreseen in the proposal for capital market oriented small and medium-sized enterprises (less reporting and transition periods). However, requirements for all companies should include the disclosure of sustainability data needed for the SFRD and the Taxonomy.

Stronger focus on stakeholder needs

The needs of stakeholders of large, international and capital market oriented companies and those of small and medium-sized, regional and public companies are different. The current proposal does not account sufficiently for these differences. In addition to the proportionality measures in the first section, the public insurers suggest aligning sustainability-reporting obligations of non-listed companies. In comparison to capital market oriented companies, they do not have capital market investors as stakeholders. Their sustainability reporting standards should reflect this and be more proportionate. Furthermore, non-listed companies should maintain the flexibility to include their sustainability disclosure in their annual management reports or publish it separately. Consequently, they should not be obliged to conduct limited assurance for their sustainability requirements. As it is already the case now, many companies will voluntarily opt for assurance if it is of benefit for their stakeholders.

German Public Insurers encourage the European Commission to pursue this ambitious project. It will be instrumental in aligning the different regulatory components of Sustainable Finance.

The public insurers are looking forward to continuing the exchange on Sustainable Finance.

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