

European Commission Consultation on a European single access point for financial and non- financial information publicly disclosed by companies



EUROSIF RESPONSE
MARCH 2021

Eurosif, the European Sustainable Investment Forum, welcomes the opportunity to respond to the consultation of the European Commission Consultation on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies.

INTRODUCTION

About Eurosif

Eurosif works as a partnership of Europe-based national Sustainable Investment Forums (SIFs). SIF members include institutional investors, asset managers, index providers and ESG research and analysis firms totalling over €8 trillion of assets under management, as well as other stakeholders such as NGOs, trade unions, think-tanks and philanthropic foundations. Eurosif is also a founding member of the Global Sustainable Investment Alliance, the alliance of the largest SIFs around the world.

Our Mission is to promote sustainable development through financial markets by supporting the financing through private and public capital of investments that make a measurable contribution to the sustainable development goals set by the United Nations, the European Union and other European countries.

For any questions or comments you can contact Victor van Hoorn, Executive Director, at victor.vanhoorn@eurosif.org or Hanna Picard (Policy & Research) at hanna.picard@eurosif.org

General comment

Eurosif is very supportive of the initiative of the European Commission to create a European Single Access Point (ESAP). We think the successful development, design and rollout could help tremendously European financial markets in accessing sustainability related data and therefore starting to price sustainability risks and impacts in financial decisions. To achieve this success

though, we believe that a few key principles should be guiding the actions of the European Commission.

First, the Commission needs to have a clear and targeted objective, which clearly identifies the user group. We believe the ESAP should focus on financial and sustainability information from companies either listed on EU regulated markets or required under the EU Non-Financial Reporting Directive (NFRD) to produce a non-financial report, which will likely evolve as part of the review foreseen in 2021. This would include information under Article 8 of the Taxonomy Regulation, which requires disclosure of the alignment of revenues, capital expenditure (CAPEX) and operational expenditure (OPEX) with the objectives of the Taxonomy. The Commission should be cautious about seeking a too large scope of information covered by other pieces of EU legislation, such as financial product legislation. While a European tool or database for the latter may be highly welcome, it would serve a very different user-group.

Second, the quality of information made available in the ESAP matters. Investors may only be willing to bear some of the costs related to the creation of the ESAP if it provides high-quality, raw information. By quality information that has been audited, we mean one that has been subject to some form of assurance or independent verification. For Small-and Medium-sized Enterprises (SME), we believe a simplified set of requirements should be possible. As other companies, SMEs would be able to voluntarily disclose on part of the information, provided that the information integrated into the ESAP is subject to the same audit, assurance or verification requirement. Once investors know that the 'raw data' in the ESAP is reliable, they may have a higher willingness to contribute to covering some of the costs through reasonable and transparent user fees. That may be more so as the ESAP meets a demand that is currently met through data providers which can come at a significant cost for asset managers and investors.

Third, it is important that the creation of the ESAP is sequenced well with other policies to guarantee the quality. Before an ESAP can be launched, it will probably require a political agreement on the review of the NFRD as well as possibly the development by the EFRAG of European sustainability reporting standards with concrete indicators. These standards and indicators will for example help tremendously with the concrete application of the EU Taxonomy. That will ensure that the information subsequently input is of a sufficiently high quality and comparability. Moreover, a key challenge will be the data and information required to apply the EU Taxonomy.

Four, the accessibility of data will be key. And here, since the ESAP may carry significant costs, we would suggest that the costs should be commensurate with the value for investors and other users. If the ESAP is only a secondary source of information, referring back to existing national databases, the added value compared to the status quo may be limited. The ESAP would have much higher value if it were to be the primary source of information. Obviously, the information should be easily accessible, storable (download) and machine-readable as far as possible.

Finally, the ESAP in itself will not be a substitute or a solution to the need to have more robust transparency around ESG data and ratings providers, particularly when it comes to the quality and availability of 'raw data' that underpins the data solutions. The ESAP will certainly help but it will not be an alternative solution.

RESPONSE TO QUESTIONS

Question 1. Please rate the following characteristics of ESAP based on how relevant they are according to you:

	1 (fully disagree)	2 (Somewhat disagree)	3 (Neutral)	4 (Somewhat agree)	5 (fully agree)	Don't know – No opinion – Not applicable
The information quality (accuracy and completeness) is most important	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The widest possible scope of the information is most important	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The timeliness of the information is most important	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The source of the information is a key element to know	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The immutability of the information is a key element	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESAP should include information made public on a voluntary basis by non-listed companies of any size, including SMEs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESAP should include information made public on a voluntary basis by financial market actors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other aspects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question 1.1 Please explain your position providing your arguments, and where appropriate, concrete examples and data to support your answers:

5000 character(s) maximum including spaces and line breaks

We believe that the quality of information in the ESAP is paramount, particularly for sustainability information (non-financial or ESG). Currently the main roadblocks are still the lack of comparable and verified information. This is likely to improve following a revision of the NFRD and the development of EU Sustainability Reporting Standards and Indicators.

On the scope of information to be included, the wider the scope the more complex the ESAP will be to operate. Therefore, we argue for a precise and narrow initial focus on financial and non-financial information from companies, have a well-defined user group: investors. We do not believe that it would be wise to combine this objective with the objective of creating a portal or comparison tool for financial products for retail consumers. While there is merit in

such a tool, it should not be mingled together with an ESAP. Finally, information specific to financial markets (under MiFID, EMIR, CSDR, MAR) should also not be included as they bring with them very complex issues of financial market structure and financial stability.

Finally, SME should have access to a more proportionate regime which allows them to input some of their information in the ESAP even though they may not have all the information required across all pieces of legislation covered. However, the information they input should be subject to similar safeguards, auditing and assurance requirements to ensure the integrity of the ESAP.

Question 2. Which channels do you use when searching for, retrieving or using companies' public information?

Please select as many answers as you like

- Company's website
- Data aggregation service providers
- Stock Exchanges
- Public repositories or databases (OAMs, NCAs, ESAs)
- Other

Question 3. Would you say that the cost for retrieving and using companies' public information is:

- Immaterial
- Average
- High
- Don't know / no opinion / not relevant

Question 4. In which electronic format is companies' public information provided by these channels?

Please select as many answers as you like

- XBRL
- PDF
- XML
- HTML
- CSV, TXT
- Excel
- Formats enabling natural language processing Other
- Don't know / no opinion / not relevant

Question 5. Do you encounter barriers or difficulties when accessing the information?

- Yes
- No
- Don't know / no opinion / not relevant

Question 6. Do you encounter barriers or difficulties when using the information?

- Yes
 No
 Don't know / no opinion / not relevant

The scope of ESAP

Question 7. Should ESAP include information from the hereunder provided list of EU legislations in the financial area?

And if so, please specify whether the ESAP should embed this information immediately (as soon as the ESAP starts) or at a later stage (phasing in).

All EU legislations covered should be included immediately.

1) The Transparency Directive (2004/109/EC) (e.g. annual/half yearly financial reports, acquisition or disposal of major holdings)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

2) The Accounting Directive (2013/34/EU) (e.g. financial statements, management report, audit report)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

3) The Audit Directive (2014/56/EU) and Audit Regulation (537/2014/EU) (e.g. auditor transparency reports)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

4) The Non-Financial Reporting Directive (NFRD) (2014/95/EU) (e.g. non- financial statement)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

5) The Prospectus Regulation (2017/1129/EU) (e.g. Prospectus, Universal Registration Document, SME Growth Markets-information)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

6) The Shareholders Rights Directive (2007/36/EC) and (2017/828/EU) (e.g. Remuneration Report)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

7) The Market Abuse Regulation (596/2014/EU) and Market Abuse Directive (2014/57/EU) (e.g. inside information)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

8) The Resolution and Recovery of Credit institutions and Investment firms Directive (BRRD) (2014/59/EU) (e.g. information on the group financial support agreement)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

9) The Covered Bonds Directive (2019/2162) (e.g. information on the cover pool)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

10) The Capital Requirements Directive (CRD) (2013/36/EU) and Capital Requirements Regulation (CRR) (575/2013/EU) (e.g. prudential information, stress test results)

- Fully disagree
- Somewhat disagree

- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

11) The Credit Ratings Regulation (1060/2009/EU) (e.g. transparency report)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

12) The Central Securities Depositories Regulation (909/2014/EU) (e.g. governance arrangements)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

13) The Key Information Documents for Packaged Retail and Insurance- based Investment Products (PRIIPs) Regulation (1286/2014/EU) (e.g. key information document)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

14) The Regulation on European Long-term Investment Funds (ELTIF) (2015 /760/EU) (e.g. fund-related information)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

15) The European Market Infrastructure Regulation (EMIR) (648/2012/EU) (e.g. prices and fees of services provided, risk management model)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

16) The Financial Conglomerates Directive (FICOD) (2011/89/EU) (e.g. corporate structure of the conglomerate)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

17) The Directive of Prudential Supervision of Investment Firms (IFD) (2019/2034/EU) and the Regulation of Prudential Requirements of Investment Firms (IFR) (2019/2033/EU) (e.g. aggregated information on high-earners, remuneration arrangements)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

18) The Directive on the Activities and Supervision of Institutions for Occupational Retirement Provision (IORP) (2016/2341/EU) (e.g. remuneration policy)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

19) The Pan-European Personal Pension Products Regulation (PEPP) (2019/1238/EU) (e.g. key information document)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

20) The Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) (1348/2014/EU) (e.g. inside information)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

21) The Securities Financing Transactions Regulation (SFTR) (2015/2365/EU) (e.g. aggregate positions)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

22) The Solvency II Directive (2009/138/EC) (e.g. solvency and financial condition report)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

23) The Short Selling Regulation (236/2012/EU) (e.g. net short position)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

24) The Take-Over Bid Directive (2004/25/EC) (e.g. Information in the management report on companies' capital and shareholders, voting rights, governance...)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

25) The Directive of Markets in Financial Instruments (MIFID) (2014/65/EU) and Regulation of Markets in Financial Instruments (MIFIR) (600/2014/EU) (e. g. volume and price of certain transactions)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

26) The Regulation on European Venture Capital Funds (EuVECA) (345/2013 /EU) (e.g. fund-related information)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree

- Fully agree
 Don't know / no opinion / not relevant

27) The Regulation on European social entrepreneurship funds (EuSEF) (346 /2013/EU) (e.g. fund-related information)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

28) The Regulation on Money Market Funds (2017/1131/EU) (e.g. prospectus)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

29) The Directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (2009/65/EC) (e.g. key investor information)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

30) The Directive on Alternative Investment Fund Managers (AIFM) (2011/61 /EU) (e.g. investment strategy and objectives of the fund)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

31) The Regulation on EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (EU 2019 /2089) (e.g. information on measurable carbon emission reduction)

- Fully disagree
 Somewhat disagree
 Neutral
 Somewhat agree
 Fully agree
 Don't know / no opinion / not relevant

32) Information on sustainability risks and impacts disclosed pursuant to the Regulation (EU) 2019/2088 on sustainability-related disclosure and The Taxonomy Regulation (2020/852/EU) (e.g. sustainability risks integration policies)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

33) The EU Emissions Trading System (EU ETS)

- Fully disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Fully agree
- Don't know / no opinion / not relevant

34) Other

- Yes
- No

The usability and accessibility

Investors and users find publicly disclosed financial and sustainability-related information difficult to compare and analyse. This is mainly due to the lack of structured data, of common frameworks and/or interoperable formats for such disclosures, the use of different identifiers for the same entity and the lack of harmonised implementation of reporting obligations at national level. This section of the questionnaire seeks stakeholders' views on format(s) in which the information in ESAP should be made available, in order to make it more usable digitally, and how stakeholders would prefer to have access to and retrieve this information from ESAP.

Question 8. In order to improve the digital use and searchability of the information, for which of the hereunder information would you support the use of structured data formats, such as ESEF (XHTML and iXBRL), XML, etc., allowing for machine readability?

Please select as many answers as you like

- Listed companies' half yearly financial reports Financial statements
- Management report
- Payments to governments
- Audit report
- Total number of voting rights and capital
- Acquisition or disposal of issuer's own shares
- Home Member State
- Acquisition or disposal of major holdings
- Inside information
- Prospectuses
- Net short position details
- Fund-related information
- Key Information Document

- Public disclosure resulting from prudential requirements Remuneration policies
- Corporate structure of the conglomerate
- Governance arrangements
- Covered bonds - related information
- Solvency and financial condition report
- Sustainability - related information
- Other

Question 10. How should the information be accessible in ESAP?

Please select as many answers as you like

- Through Application Programming Interfaces (APIs)
- Bulk download
- Web portals
- Other
- Don't know / no opinion / not relevant

Question 11. To what extent should the language barrier be tackled?

For the following features of the ESAP (web portal, metadata, taxonomy/labels, and content/data), which of the following language arrangements would you favour?

a) Portals / search tools:

- in a language that is customary in the sphere of international finance
- in multiple or all EU languages
- Don't know / no opinion / not relevant

b) Metadata (where variable text):

- in original language
- in a language that is customary in the sphere of international finance
- in multiple or all EU languages
- Don't know / no opinion / not relevant

c) Taxonomy / labels (if any):

- in original language
- in a language that is customary in the sphere of international finance
- in multiple or all EU languages
- Don't know / no opinion / not relevant

d) Content / data:

- in original language
- in a language that is customary in the sphere of international finance
- in multiple or all EU languages
- Don't know / no opinion / not relevant

Infrastructure and data governance (collection of data + validation of data)

The Commission seeks stakeholders' views on the preferred technical solution(s) to establish the architecture of ESAP, and how to ensure the quality and integrity of the information within ESAP. A body in charge of ESAP, which should be non-for-profit, would be responsible for coordinating IT systems, maintenance and budgetary aspects.

Question 12. Should specific categories of stakeholders be involved in the governance of ESAP?

Please select as many answers as you like

- EU authority (ESMA, European Commission etc.) or a consortium of EU authorities?
- National competent authorities
- Investors
- Reporting companies
- Other

Question 13. Considering the point in time at which a company makes public some information that is legally required, what would be the ideal timing for the information to be available on the ESAP?

5000 character(s) maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If ESAP use case is to be established and the ESAP becomes relevant, maybe introducing a legal obligation to disclose certain information always first via the ESAP could help. That way, it would ensure the timing of the publication is first and foremost the ESAP at which it becomes widely accessible to all users of the ESAP.

Question 14. Should the integrity of the information and the credibility of the source of data used be ensured, when it is made accessible in ESAP?

- By electronic seals or electronic signature embedded at data emitter level
- By the ESAP platform
- By other means / trust services
- Don't know / no opinion / not relevant

Question 15. Should the information in ESAP be subject to quality checks?

- Yes
- No
- Other
- Don't know / no opinion / not relevant

Targeted questions regarding entities with no access to capital markets (non-listed entities), including SMEs

The lack of an integrated data management at the EU level is detrimental to entities with no access to capital markets notably to SMEs that struggle to find investors beyond national borders. Companies of all sizes – and in particular SMEs – need solid market-based funding sources. This was already the case before COVID-19, but will be even more important for the recovery if bank lending might not be sufficient. Therefore, this section of the consultation sets out questions on how ESAP specifically can help ensure that SMEs receive the funding they need.

SMEs, often do not have the technical expertise nor resources necessary to prepare reports in accordance with state-of-the-art, sophisticated standards. At the same time, many SMEs are under increasing pressure to provide financial

information as well as certain sustainability related information in order to access market-based funding and for their usual conduct of business. In this respect, entities which cannot provide this information may experience a negative impact on their commercial and/or investment opportunities.

Question 17. Should it be possible for companies other than those with securities listed on EU regulated markets to disclose information on ESAP on a voluntary basis?

- Yes
 No
 Don't know / no opinion / not relevant

Question 17.1 If you replied yes to question 17, please specify which type of entities should be allowed to disclose data on a voluntary basis in the ESAP:

- Companies with securities listed on a SME growth-market
 Companies with securities listed on other non-regulated markets
 Pre-IPO companies not yet listed on an exchange
 Any unlisted companies
 Other entities

Question 18. What type of information should be disclosed on a voluntary basis in the ESAP?

Please select as many answers as you like

- A set of predefined key financial information, allowing to compare data
 Any financial information that the issuer would be willing to render public via ESAP
 A set of predefined key sustainable related information, allowing to compare the data
 Any sustainability related information that the issuer would be willing to render public via ESAP
 Other

Question 19. As regards frequency of the submission of the voluntary information to ESAP, when should it occur?

- Following predefined periodic submission dates
 On an ongoing basis as soon as available
 Don't know / no opinion / not relevant

Question 20. In which language should entities with no access to capital markets be able to encode the voluntary information?

- National language
 A language that is customary in the sphere of international finance
 Any language
 Other

Question 21. Should filings done on a voluntary basis by SMEs and non-listed companies follow all the rules of the ESAP as regards for instance identification, data structuring and formats, quality checks, etc.?

- Yes
 No
 Don't know / no opinion / not relevant

Essential to allow SMEs that want it to be included. However, voluntary filings should not be allowed to undermine the integrity of the database. So, while it would be possible for SMEs to report on the data they have and avoid reporting on data they do not have, the data reported should be subject to the same checks that data from listed companies is subject to.

Costs and benefits

The Commission anticipates that ESAP will lead to multiple benefits. It can, however, also, imply additional costs for

- i. preparers, in terms of compliance requirements on machine-readability, standards, as well as training of staff, etc.
- ii. users, in terms of search, collection and processing of the information they need
- iii. the development of the ESAP architecture. In some areas ESAP should also lead to cost savings, notably related to fil

Question 26. Assuming that development and maintenance costs will arise, how do you think the ESAP should be funded?

Please select as many answers as you like

- By EU funds
 By national funds
 By users (i.e. usage fees)
 By preparers (i.e. uploading fee)
 Other

Question 27. What would be the main benefits for entities with no access to capital markets to disclose this information publicly in ESAP?

Please select as many answers as you like

- Get more visibility and attract a broader range of investors
 Get more transparency on ESG data (easily retrievable)
 Other
 Don't know / no opinion / not relevant

ABOUT EUROSIF

Eurosif is the leading European association for the promotion and advancement of sustainable and responsible investment making a measurable impact in meeting long-term sustainability goals of the EU and the UN.

T: +32 2 743 29 47
 E: info@eurosif.org
 Rue Belliard 40,
 1040 Brussels