

# CONSULTATION RESPONSE

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## EUROPEAN COMMISSION CONSULTATION ON THE ESTABLISHMENT OF A EUROPEAN SINGLE ACCESS POINT (ESAP) FOR FINANCIAL AND NON-FINANCIAL INFORMATION PUBLICLY DISCLOSED BY COMPANIES

March 2021

## THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

The United Nations-supported Principles for Responsible Investment (PRI) is the world's leading initiative on responsible investment. The PRI has over 3,000 signatories (pension funds, insurers, investment managers and service providers) globally with approximately US \$100 trillion in assets under management.<sup>1</sup>

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

This consultation response represents the view of the PRI Association and not necessarily the views of its individual members.

More information: [www.unpri.org](http://www.unpri.org)

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<sup>1</sup>See <https://www.unpri.org/signatory-directory/>

## SUMMARY OF THE PRI POSITION

The PRI welcomes the initiative on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies.

PRI signatories consistently report to the PRI that a lack of consistent, reliable and comparable ESG data<sup>2</sup> is a substantial barrier to their responsible investment practice. The European single access point can enhance data accessibility and credibility and therefore help overcome one of the main challenge investors face, identifying ESG risks and opportunities, understanding sustainability performance in the context of social and environmental goals and implementing sustainable finance disclosure obligations.

While the ESAP will help with the accessibility of information, its value for investors will depend on whether the information reported meets their needs. As pointed out in [PRI's response](#) to the consultation on the review of the Non-Financial Reporting Directive (NFRD), corporate disclosure requirements must be aligned with financial market participant disclosure obligations, allow them to integrate sustainability risks into their processes, increase their contribution to sustainability outcomes and create an end-to-end sustainability reporting system.

The PRI has established a framework for understanding investor data needs and [Driving meaningful data throughout markets](#) is a key PRI target. Below we list several key concepts which should inform the structure and architecture of a future ESAP. We recognise different units of measurement (at activities and entities levels) that are used in tracking and understanding sustainability. A portfolio approach can be taken across these categories depending on the needs of the information user.

	Definition	Characteristics
<b>Asset-level</b>	Data relating to physical and non-physical assets tied to company ownership information.	Operating boundary of the asset data points are typically the asset itself and not its input or outputs in any qualitative way; even though the purpose is usually to describe the output e.g. in units produced or use of key inputs such as resources used.
<b>Economic activity</b>	Data relating to the activities through which goods and services are produced, distributed and used.	Based on economic classification systems and therefore allows comparability between entities performing the economic activities. Further, the economic activity may have a boundary that incorporates supply chains and even downstream use of products or services.
<b>Company</b>	Data provided by the agent responsible for producing goods	Quantitative and qualitative information in relation to the company or operator at the

<sup>2</sup> [Driving meaningful data: financial materiality, sustainability performance and sustainability outcomes](#)

	or services which has autonomy in decision-making.	legal entity level. May be an aggregation of asset level or economic activity data or information that applies across these. However, a company can carry out more than one economic activity and it can be situated at more than one location, sector, or country, and more than one or more legal unit.
<b>Sector</b>	Data based on a group of enterprises engaged in the same type of productive activity, irrespective of legal entity to which they belong.	Aggregation of sector level sources that provides for comparison between different parts of the economy in terms of sustainability performance (e.g. Mt Co2) today and how in the future it might compare to country and international targets
<b>Country</b>	Data to run, monitor and evaluate operations, policies, systems and goals or targets.	Aggregation of asset, economic activity, sector level and other data sources (e.g. environmental systems) that provides an overview of progress in a granular, comparable, and systematic way. It also provides users with a better view of systemic risk. The nature and scope metrics are informed by the policy context; particularly by the objectives and targets that government has set itself, is subject to under legislation or has agreed to through international conventions and agreements.
<b>Global</b>	Data relating to agreements, legal obligations and overall progress toward targets and goals.	Long-term targets or goals that provide pathways towards a sustainable economy, society, and environment. These inform the policy context of countries. Based on scientific evidence or accept minimal levels of social conditions.

Regarding the scope of the ESAP, environmental, social and governance data must be considered and at a minimum align to the themes of the Sustainable Finance Disclosure Regulation, the revised Non-Financial Reporting Directive (NFRD) and the Taxonomy Regulation.

Finally, timeliness of data is of particular importance for ESG information disclosed under the NFRD information. Current practice shows that non-financial information is being disclosed separately from financial information and usually subsequently to financial information. The ESAP should enable information users to understand the timeliness of the information and to what extent financial and non-financial information might diverge in terms of timing.

## CONSULTATION RESPONSE

**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)
- X Don't know, No opinion, Not applicable

The information quality (accuracy and completeness) is most important	5
The widest possible scope of the information is most important	4
The timeliness of the information is most important	5
The source of the information is a key element to know	4
The immutability of the information is a key element	4
ESAP should include information made public on a voluntary basis by non-listed companies of any size, including SMEs	5
ESAP should include information made public on a voluntary basis by financial market actors	X
Other aspects	X

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

The lack of high quality, relevant and comparable sustainability information remains one of the central challenges faced by investors seeking to disclose and integrate sustainability risks into their processes and increase their contribution to sustainability outcomes. This is also suggested by the [PRI Taxonomy Practitioners Group](#) which brought together more than 40 PRI investor signatories and service providers that shared tools and experiences to help understand and support implementation of the Taxonomy.

The PRI suggests that information quality and the timeliness of information should be considered the most relevant characteristics of the ESAP. The quality of information disclosed by an organization, such as accuracy and completeness, should allow investors to understand and evaluate reported information. Furthermore, the ESAP should include information if and which percentage of the information disclosed has been verified and/or assured and which form of verification/assurance has been used.

Timeliness of data is of particular importance for non-financial information. Current practice shows that non-financial information is being disclosed separately from financial information and usually subsequently to financial information. The ESAP should enable information users to understand the

timeliness of the information and to what extent financial and non-financial information might diverge in terms of timing.

Furthermore, the ESAP should allow for regular updates on information. Around 70% PRI signatories reported that third party ESG ratings that inform ESG integration strategy or for screening purposes are updated quarterly or more frequently.<sup>3</sup>

**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

PRI signatories reported that the most popular method to access company data was using an ESG research provider. This response was the same for signatories worldwide or focusing only on signatories in Europe.<sup>4</sup>

**Question 5. Do you encounter barriers or difficulties when accessing 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).

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

<sup>3</sup> PRI Reporting Framework (data accessed February 2021)

<sup>4</sup> PRI Reporting Framework (data accessed February 2021)

Please specify whether the information should be included immediately or at a later stage:

- Immediately
- At a later stage
- 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

Please specify whether the information should be included immediately or at a later stage:

- Immediately
- At a later stage
- 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

Please specify whether the information should be included immediately or at a later stage:

- Immediately
- At a later stage
- 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

Please specify whether the information should be included immediately or at a later stage:

- Immediately
- At a later stage

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

Please specify whether the information should be included immediately or at a later stage:

Immediately

At a later stage

Don't know / no opinion / not relevant

## THE USABILITY AND ACCESSIBILITY

**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 9. Which of the following machine-readable formats would you find suitable?**

- 1 (fully disagree)
- 2 (somewhat disagree)
- 3 (neutral)
- 4 (somewhat agree)
- 5 (fully agree)
- X Don't know, No opinion, Not applicable

ESEF (XHTML files + inline XBRL tagging requirements)	5
XML files	4
CSV files	3
Excel	3
Formats enabling natural language processing	X
Other	X

**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)**

### **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

Please specify which EU authority should be involved in the governance of ESAP:

European Commission and the European Supervisory Authorities (ESAs).

Please specify which national competent authorities should be involved in the governance of ESAP:

National Competent authorities appointed by ESAs.

Please specify what other category(ies) of stakeholders should be involved in the governance of ESAP:

The PRI suggests involvement of investors as main users of public company information and a future ESAP, for example through an advisory body.

## **TARGETED QUESTIONS REGARDING ENTITIES WITH NO ACCESS TO CAPITAL MARKETS (NON-LISTED ENTITIES), INCLUDING SMES**

### **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

## **COSTS AND BENEFITS**

**Question 25. Should the user have access for free to all data in the ESAP (based e.g. on an open data policy approach)?**

- Yes
- No

Don't know / no opinion / not relevant

**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