

# Summary report

*Targeted consultation on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies*

20 January 2021 - 12 March 2021

## 1. Summary of key messages

A total 154 organisations and individuals responded to the consultation. These were mainly businesses or their representatives (63%). NGOs' participation was also significant (11%). Respondents originated from many countries and mainly from Belgium (24%), Germany (18%), France (12%), the Netherlands (9%) and Italy (8%). The typology of respondents included pure preparers (7%), pure users (27%), public authorities (7%), and other stakeholders (23%). There were also respondents that were preparers and users at the same time (preparer-users) (36%).

As regards the scope of information, the consultation examined the case for possible inclusion in the ESAP of 33 legislative domains requiring companies to publish information. Respondents put sustainability reporting and ESG data on top, as well as financial reporting, insider information (market abuse), remuneration and other reports in relation to shareholders' rights, prospectus, audit reports. This information would be equally the best candidates for early implementation in any phasing in approach.

The information that respondents most commonly recommend to be provided in structured data formats and become machine-readable were the financial statements (86%), the half-year financial reports of listed companies (78%), sustainability-related information (73%), the management report (68%) and the audit report (58%). The European Single Electronic Format (ESEF) came on top of recommended IT formats, followed by XML and CSV.

A web portal was the most supported means of access (81%), but there was also wide support for using Application Programming Interfaces (API) (79%) and for allowing bulk download (70%). On the language dimension, respondents were divided whether to allow the search in a customary language in the sphere of international finance (49.7%) or in a multilingual approach (43.4%).

On the governance model, there was a clear preference (85%) on the involvement of EU authorities, including the ESAs, the Commission, individually or in a form of a committee. Around half of the respondents supported the involvement of a wider range of stakeholders like issuers (51%), investors (46%), and NCAs (46%).

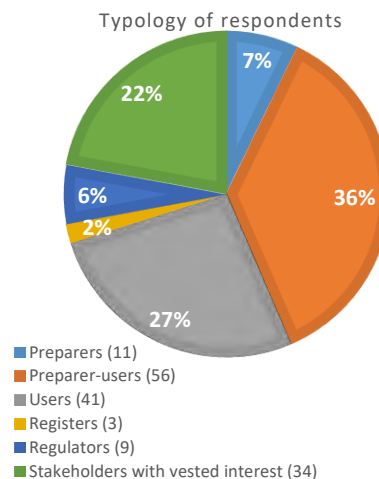
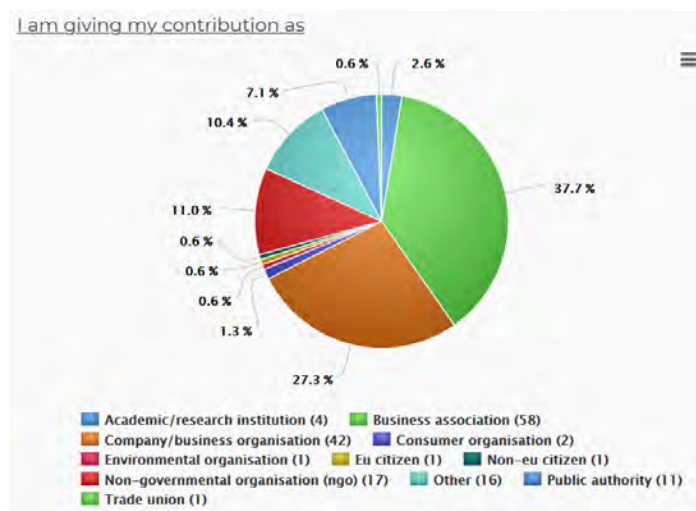
As regards the integrity and credibility of information, respondents were had split views as to the best system to use. About 28% suggest relying on electronic signature or seals whereas 24% would suggest using trust services. A certification provided by the sole ESAP platform was an attractive way for 33% of respondents. A majority of respondents (69%), especially users supported that information in the ESAP undergoes quality checks.

As regards SMEs and companies other than non-market, there was overwhelming support (93%) to allow these to disclose voluntarily information in the ESAP. Many respondents (73%) believed that any type of company should be entitled to post information in the ESAP, or if not at least companies in the SME Growth Markets or other non-regulated markets. There was an inclination to allow only predefined sets of information (around 80%) to be posted in the ESAP, rather than any information (around 40%). The vast majority of respondents thought that the main benefits for entities with no access to capital markets to disclose their information publicly in ESAP would be to get more visibility and attract a broader range of investors (75%) and to increase transparency on sustainability reports and ESG data (easily retrievable) (69%). Respondents, mainly users, would rather see this information being available in a language that is customary in the sphere of international finance even though preparers could rather support the national language. Respondents generally opined that rules applying to information posted voluntarily to the ESAP should be similar to rules applying to any other similar mandatory information on the ESAP.

Finally, as regards costs and benefits, respondents, notably preparer-users, were overall convinced (67%) that the benefits of the ESAP would outweigh its costs. The vast majority of respondents (69%) were in favour of access free

of charge. In terms of funding, a majority of respondents (71%) believe that the ESAP should be financed by EU funds. Many respondents did not exclude possible complementary funding through use or upload fees.

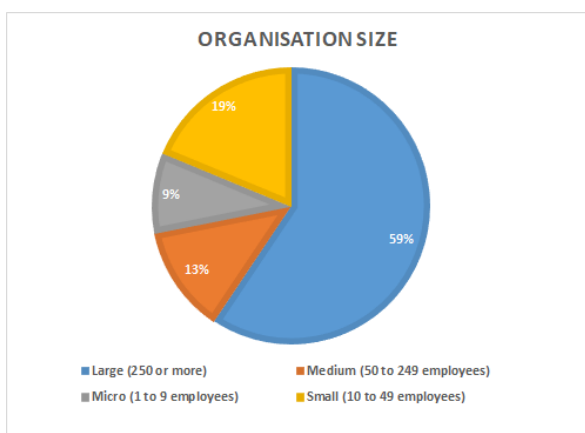
## 2. Overview of respondents



A total 154 organisations and individuals responded to the consultation, with a variety of types of respondents.

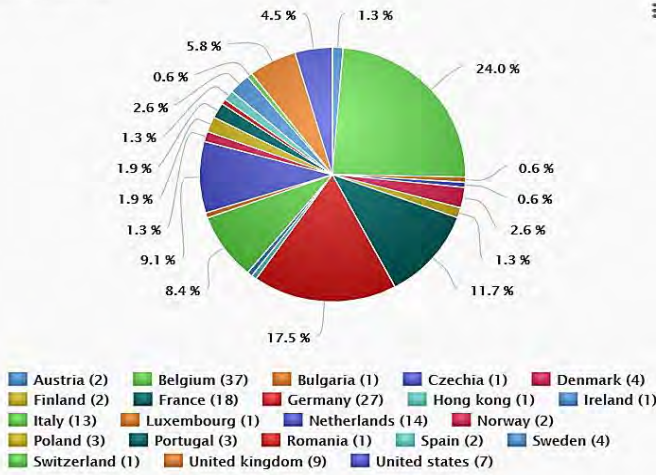
For analysing the responses, respondents have been stratified into six (6) types of interests vis-à-vis the information published by companies:

- “Pure” preparers (companies, business associations) which draw up and emit information pursuant to reporting obligations – 11 respondents (7%)
- Preparer-users (companies and business associations in the banking, financial and insurance sectors, issuers, investment firms, market infrastructure and other sectors) which draw up and emit information, but also use public information as part of their activities - 56 respondents (36%)
- “Pure” users, including companies and business associations (in the following sectors: data aggregation, credit rating/referencing, lease, institutional investors, analysts), NGOs (corporate research, sustainability), consumer organisations, unions, individual investors which use the information – 41 respondents (27%)
- Registers (OAM and public authorities that are a register) which store the information – 3 respondents (2%)
- Regulators (governments, national or EU public authorities other than a register) which participate in the design of the reporting framework and/or enforce it – 9 respondents (6%)
- Other stakeholders in the accounting business (standard setters, chambers of commerce, academics etc.) which have various interests in relation to the information – 34 respondents (22%).



Of the respondents that were companies, 59% were large companies and 41% were SMEs.

Country of origin



Significant proportions of responses originated from Germany (17.5%), France (11.7%), the Netherlands (9.1%), and Italy (8.4%).

A high number of European-wide interest groups have offices in Brussels. This probably explains why 24% of the respondents are based in Belgium.

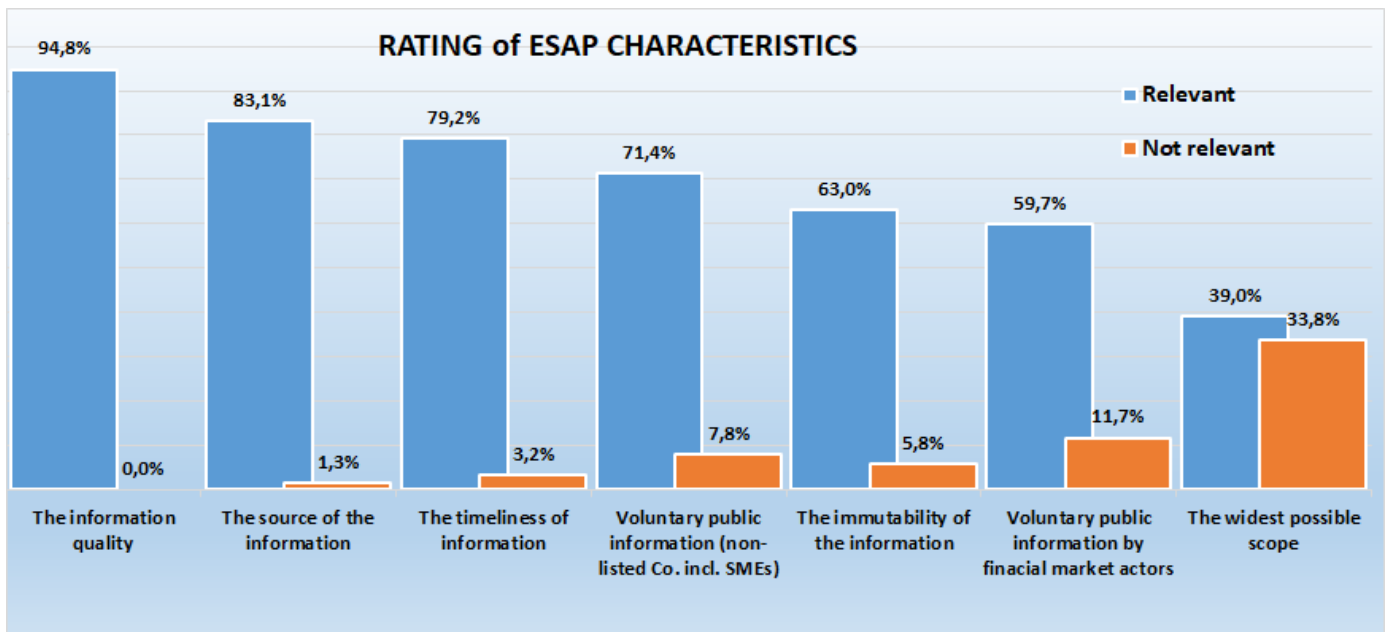
### 3. Summary of responses per thematic section

The consultation consisted of 27 questions divided into 6 thematic sections.

This chapter provides detailed statistical results of the consultation for each question for each thematic section.

#### General questions (Q1 – Q6)

##### Q1 – Main characteristics



Among various characteristics proposed for the ESAP, respondents supported primarily that the information should be of high quality (95% fully agree or somewhat agree), that the ESAP gives the ability to know the source of information (83%) and information should be provided in a timely manner (79%). Respondents also mostly agreed with other characteristics such as including information made public on a voluntary basis by SMEs or market participants (respectively (71%) and ensuring the immutability of the information (63%).

Respondents overall did not see so much merits in having the widest scope possible for the ESAP (38% agreed or somewhat agreed). A number of respondents explained that the ESAP needs to address only company data and that too wide a scope may jeopardise the success of this initiative. A wide array of respondents outlined the need to have ESG information (non-financial reporting) in the ESAP.

There were other characteristics mentioned by respondents. These included the need for a wide collaboration of actors, including Officially Appointed Mechanisms (OAM), National Competent Authorities (NCA) or Stock Exchanges; keeping track of the date of publication and subsequent changes made to data; need for a complete database; access via APIs; “file-only-once” principle; structured data; good search tools; machine readable formats; good identification (LEI<sup>1</sup>).

Comments provided some justification for the preferences –stakeholders for instance observed that:

Quality and accuracy of information will ensure that the platform is useful for users and it is very important in order to make the best decision. Essential, particularly for moving the sustainability agenda forward (ESG information). Currently the main roadblocks are still the lack of comparable and verified information.

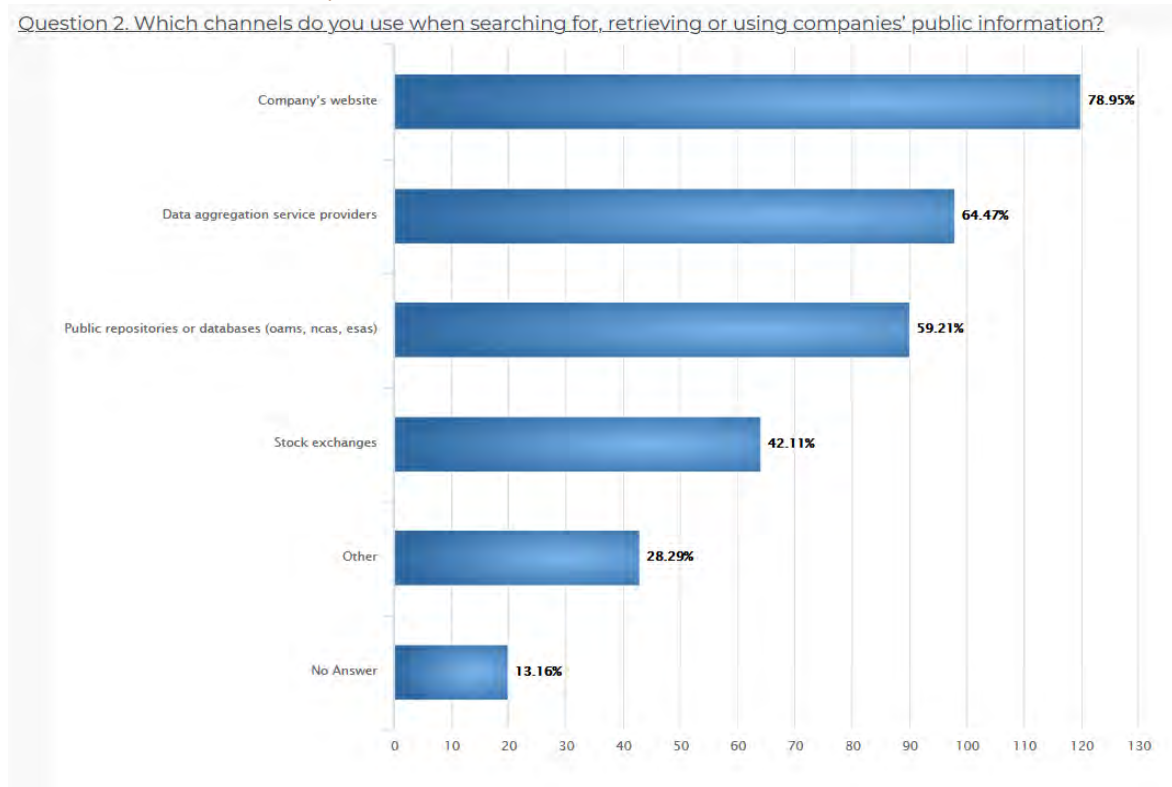
The traceability of the source of the data represents a key information, which is essential to allow for a proper critical judgement, and the right level of confidence in the information, as well as for it to properly understood and analysed. The source and the immutability are both critical for the credibility of and trust in the ESAP and the reliability of data.

Timeliness is important to enable good analyses and fulfil regulatory and prudential obligations.

Public information for non-listed companies (voluntary) will contribute to increasing the visibility of EU companies, including SMEs, to investors.

Voluntary information released by financial market actors: the more information stakeholders have, the easier their investment decision is.

## Q2 – Channels used by users

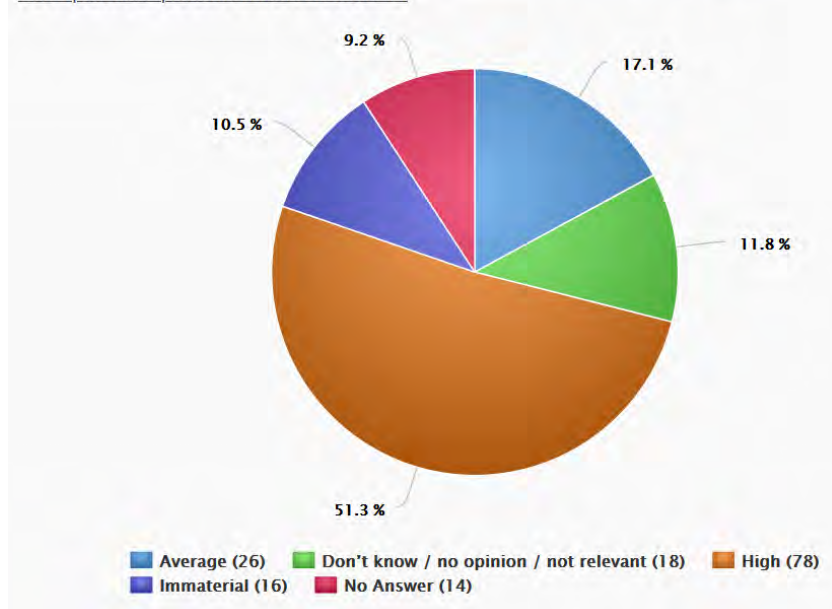


<sup>1</sup> Legal Entity Identifier as handled by the Global LEI Foundation

Overall, 132 respondents gave an answer. The most popular channel to get information is the companies' web sites, which can be found via a web search engine (79%). Next in line data vendors are often a key source of information (64%). Finally, public repositories are also mentioned as a source (59%). Other channels include direct access (e.g. a bank can request documents directly to a company), media and social networks, AGMs, business registers, gazettes, specific platforms on the internet and NGOs' reports.

### Q3 – Costs

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



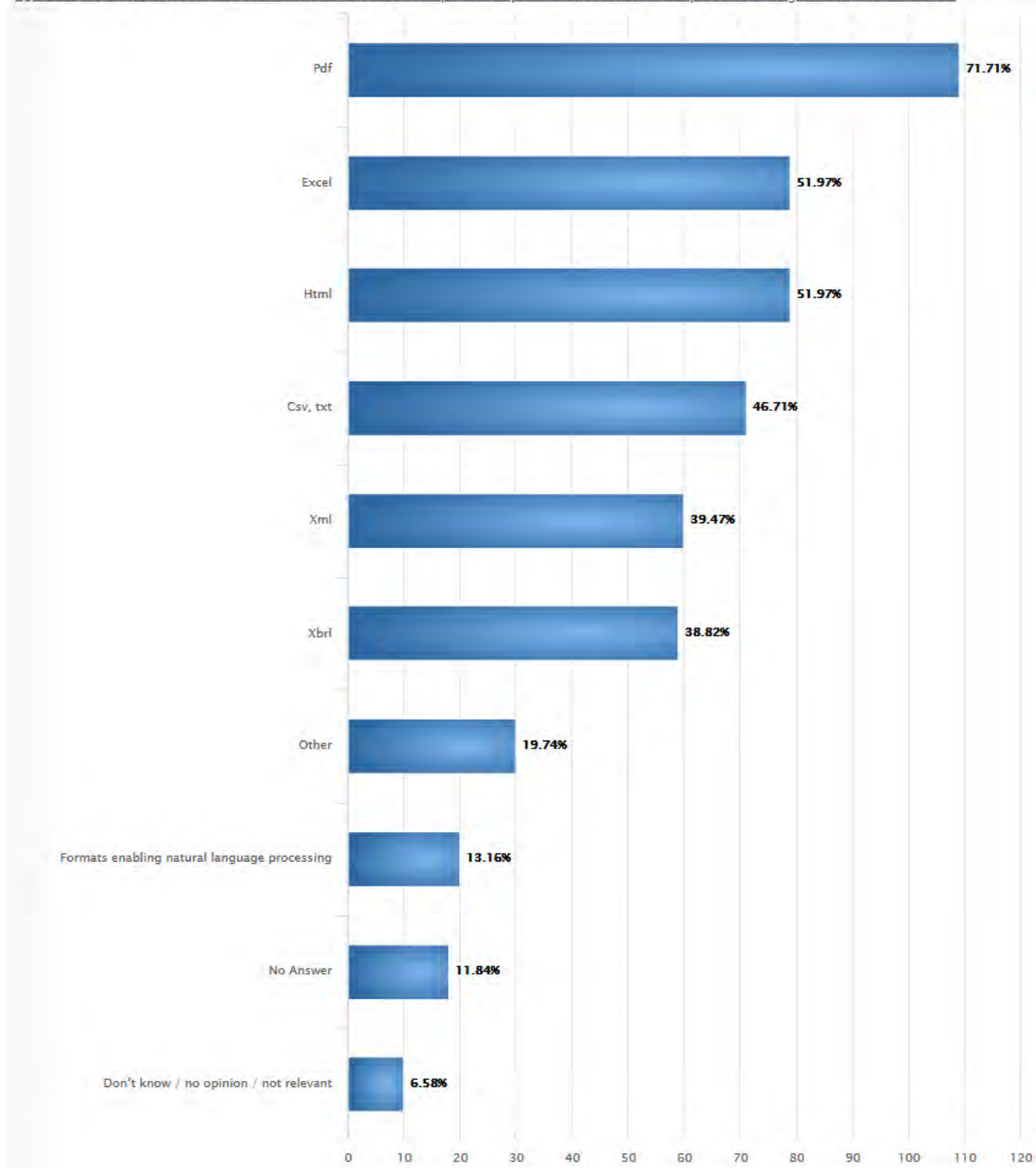
About half of respondents find that costs for retrieving and processing information are high.

Users, preparer-users and other stakeholders, who reported 'high' costs, generally justified their opinion by the fact that they use data vendor services which means – generally flat – fees. Individual investors and civil society tend to find this source quite costly (or even unaffordable). Other sources of costs with these tools are complexity and data reliability. Other than data vendors, drivers of costs include the collection of information which is scattered across multiple sources (databases, company websites, national registers etc.), with unstructured or multiple formats and various technical access solutions (e.g. registration necessary, html only, API available etc).

There were an equal number of preparers finding the cost to be immaterial, average or high (especially those using data vendors). Registers had also split views, one noting that costs could be higher in cross border situations. Regulators generally had no specific comments or common opinion.

## Q4 – Electronic format

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

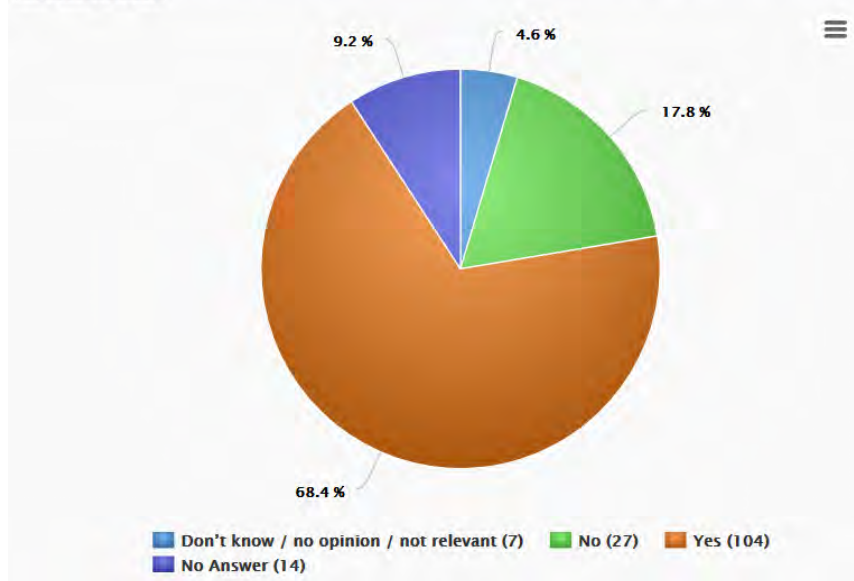


Portable Document Format (PDF) is the most commonly found. Other formats reported included Excel, CSV/TXT and HTML. Other formats reported by a few respondents included iHTML, iXBRL, xHTML, FIX Protocol, graphical forms or proprietary formats.

Respondents reported often several formats and many confirmed in comments that they are used to work with multiple formats. A respondent said nevertheless that this myriad of formats makes it challenging for end-users of the information to effectively aggregate, compare and analyse the reported corporate metrics. A regulator using machine learning and artificial intelligence tools recommended that the ESAP in the long-run aims towards using primarily structured machine-readable data formats for all data.

## Q5 – Barriers to access

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

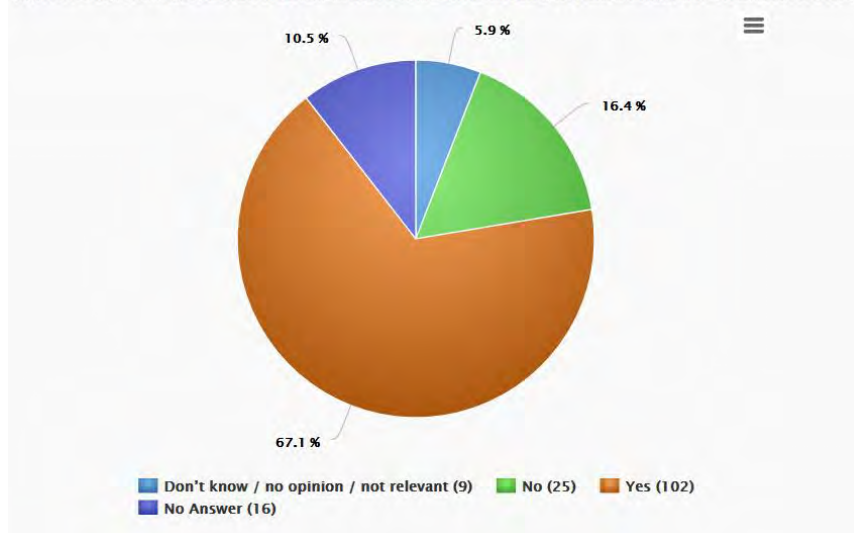


A majority of respondents (68%) reports barriers to access. Barriers to access reported by respondents include:

- **Multiple and uneasily accessible or costly sources:** fragmentation of information sources, registration/login/password as precondition for access, access fees (even the smallest), high costs of access to pre-processed information (data vendors)
- **Barriers to discovery:** differing and complex search mechanisms and result presentations, you need to know up front where exactly to look for data (and not knowing if the reason why one does not find the information is because it has not been released or because one is not looking at the right place), lack of completeness, lack of metadata, lack of harmonised metadata (e.g. identifier such as LEI or other unique identifier), unfriendly web sites;
- **Uneasy retrieval:** restrictions exist on automatic collection of data, inability to download data automatically, restrictions to bulk extraction, Application Programming Interface (API) not available.

## Q6 – Barriers to use

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



Many of the respondents (67%) encounter barriers to use. Comments focused mainly on barriers in relation to the use of ESG information – some also taking into account financial or other information. Barriers most commonly reported include the following:

- **Insufficient machine readability:** multiple – and especially non machine readable – formats (pictures, graphics or non-machine readable/restricted PDF files, HTML), lack of standardized machine-readable formats;
- **Issues with data structure:** unstructured/not comparable data, lack of common taxonomy for data (other than financial statements of companies), lack of or irrelevant metadata (varying identifiers, lack of time stamp, uncertain scope), variance of referenced reporting frameworks (GRI, SASB, TCFD, CDP etc.), shifts in the methodology or scope of reported information over the years;
- **Quality issues:** data errors, inconsistent formatting, inefficient data tagging, lack of completeness/accuracy of data, especially in the area of ESG information;
- **Usage restrictions** by legal or other constraints (limits data reuse): licences, copyrights, risks of infringing business secrecy or raise competition issues on data reuse, both on financial and ESG information;
- **Linguistic barriers:** information in a language other than customary in the sphere of finance, both for financial and ESG information;
- **Processing costs:** need to have infrastructure/software (e.g. XBRL), manual processing of unstructured or not machine readable data, difficulties when retrieving technical instructions about structured formats, inconsistency between the information provided by ESG data providers.

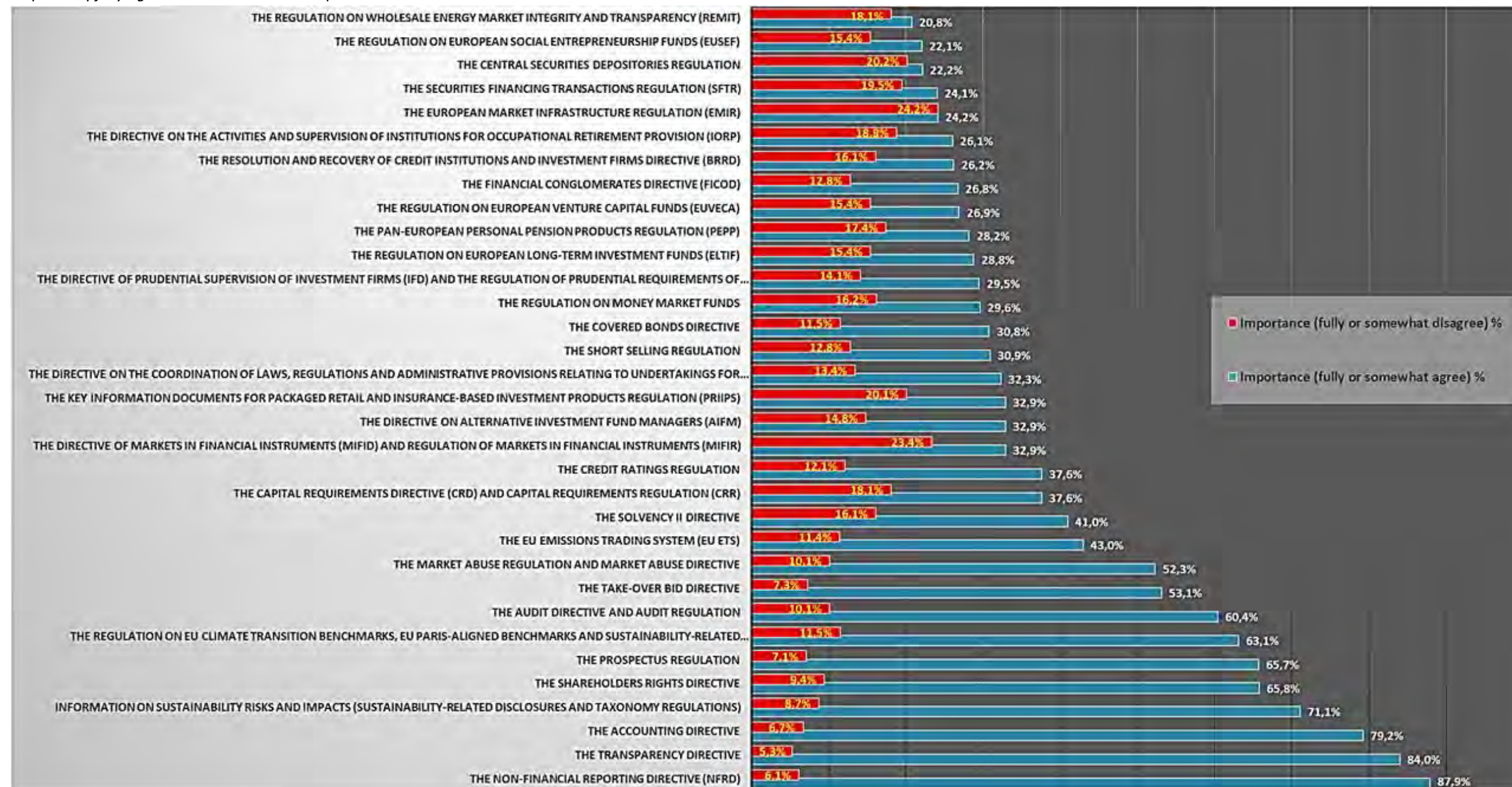


## The scope of ESAP (Q7)

### Q7 – Scope

As regards respondents' expectations on the **scope of information (by legislative instrument)** that ESAP should include, the chart below shows In blue, the percentage of respondents that fully or somewhat agree that this legislation should be included in the scope and in red, the ones that fully or somewhat disagree on that inclusion.

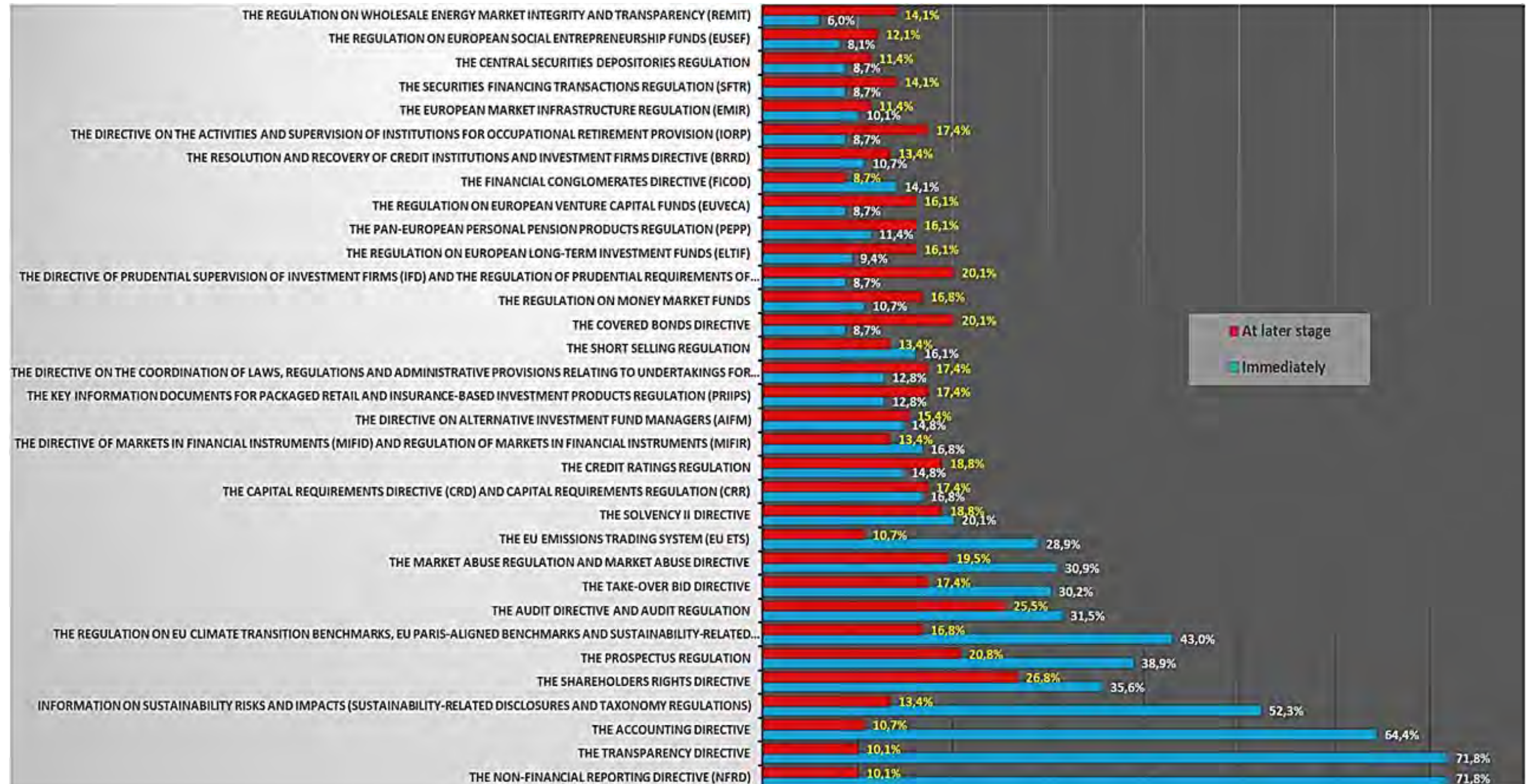
The vast majority of respondents strongly support that ESAP should provide information required by the Non Financial Reporting Directive (87.9%), the Transparency Directive (84.0%), the Accounting Directive (79.2%), Sustainability-related disclosures and the Taxonomy regulation (71.1%). A majority is also in favour of information required by the Shareholders' Rights Directive, Prospectus regulation, the Regulation on EU climate transition benchmarks the Audit directive and regulation, the Take-over bid directive and the Market Abuse Regulation. The importance of the NFRD and TD information is very clear as 81.2% and 73.2% of the respondents respectively *fully agree* that it should be in scope of the ESAP.



The chart below visualised which information should have priority for being disclosed via the ESAP.

In blue, the percentage of opinions that support an immediate inclusion and in red, the ones that support an inclusion at a later stage.

There is a strong majority of respondents that propose an immediate inclusion (first phases) of information required by the NFRD, the TD (71.8%) and the Accounting directive (64.4%). A slight majority (52.3%) is in favour of including immediately Sustainability related disclosures and Taxonomy regulation. There is a tendency among respondents to believe that non-financial/ESG information should be a priority.



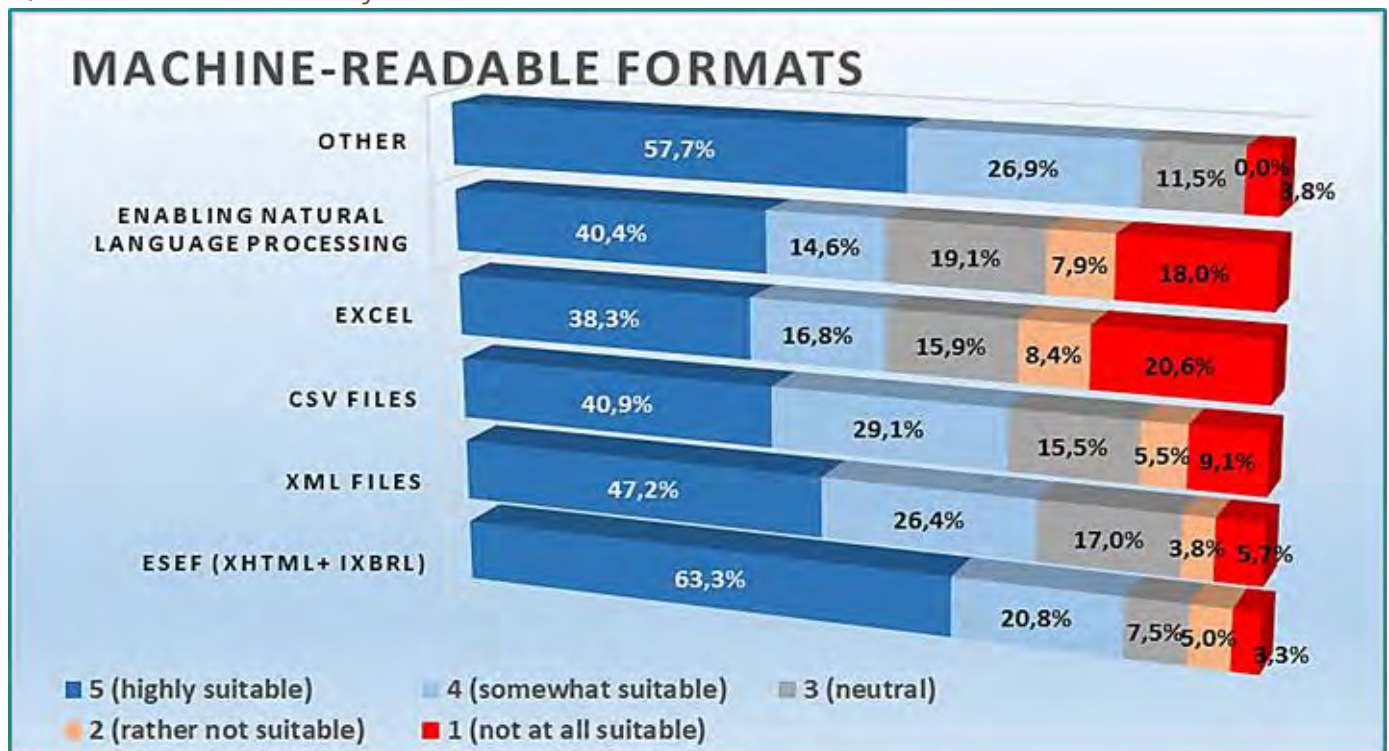
## The usability and accessibility (Q8 – Q11)

### Q8 – Structured data

The information that respondents most commonly recommend to be provided in structured data formats and become machine-readable were the financial statements (86%), the half-year financial reports of listed companies (78%), sustainability-related information (73%), the management report (68%) and the audit report (58%).

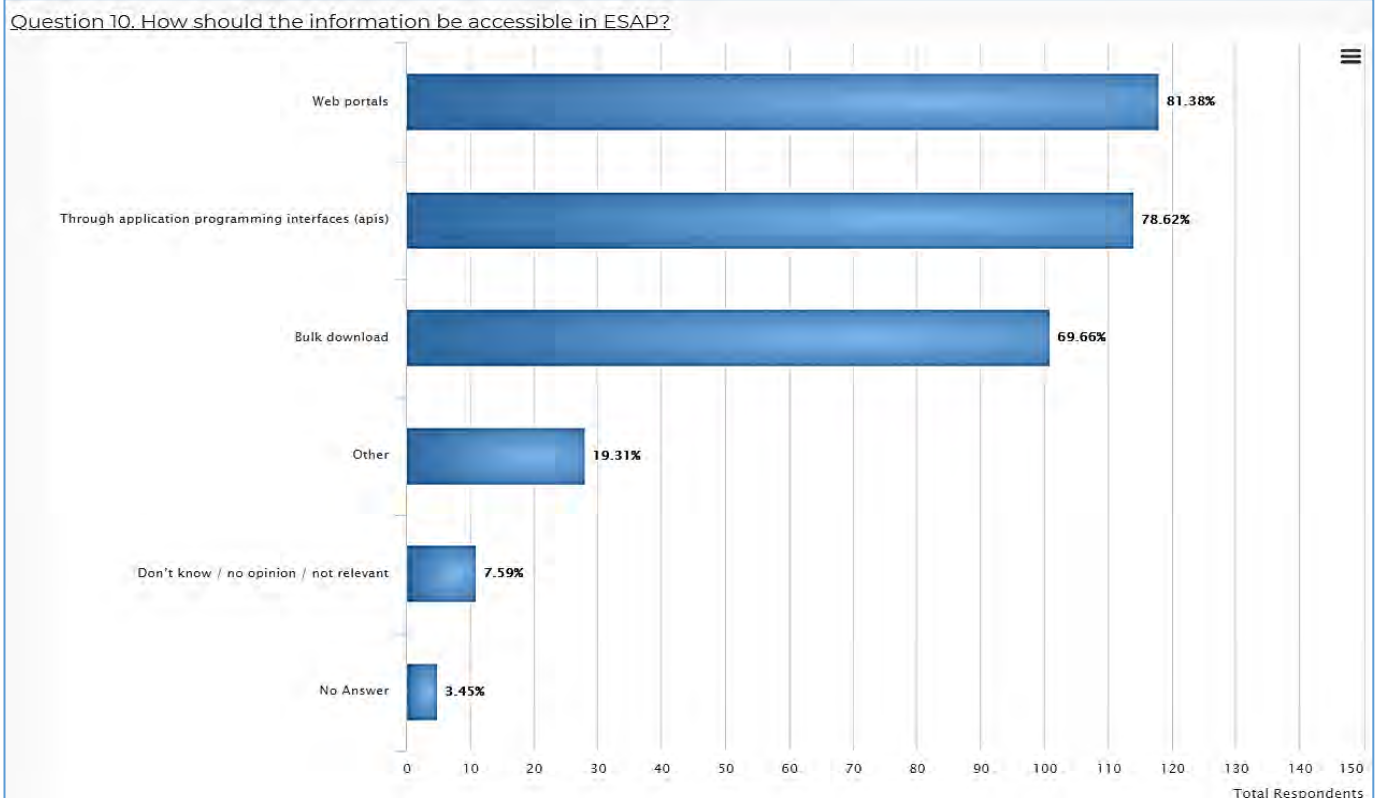
There was no overwhelming support, but still some interest (>40%) in ensuring the machine readability of the number of voting rights in companies, reports on payments to governments (country-by-country reporting), remuneration policies, prospectuses, solvency and financial condition reports of insurance companies, notifications of acquisition or disposal of major holdings, and key information documents.

### Q9 – Machine readable formats



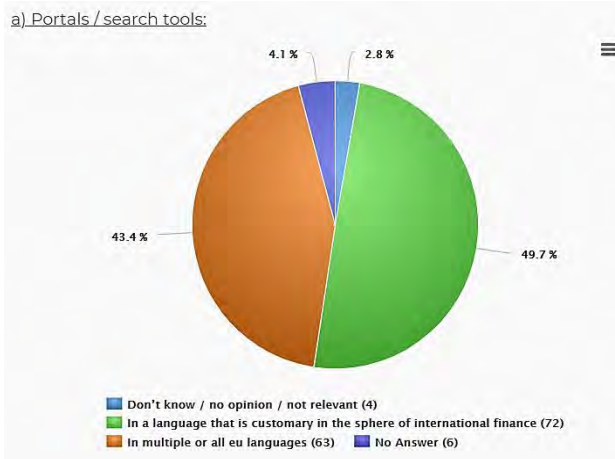
A strong majority of the respondents (>70%) believe that ESEF (XHTML/XBRL) is a somewhat or highly suitable format for machine-readable information. Other popular machine-readable formats could include XML (57%) and CSV (55%). It is worth mentioning that a majority of respondents has a negative view on the suitability of EXCEL as machine-readable format. Some of the participants, mainly preparers, believe that PDF should be acceptable by ESAP, although they recognize that this format is not a suitable format for machine-readability. JSON format and RDF were some of the other formats recommended.

## Q10 – Access means



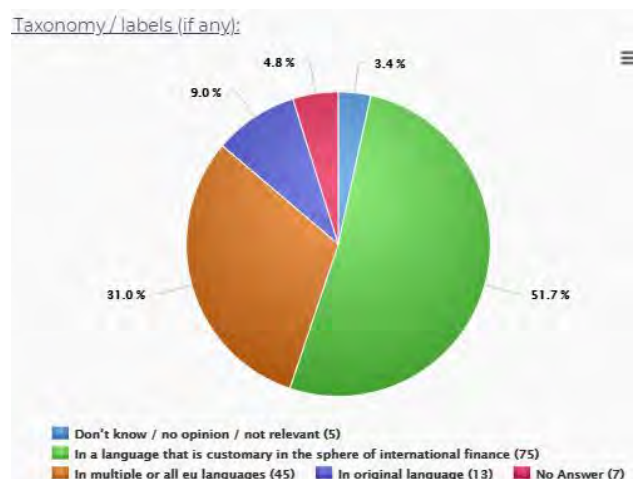
Overall, the vast majority of the respondent supports that ESAP should provide access to the information through a web portal as a search engine (81%) but also by using APIs for the exchange of information (79%) and by allowing the bulk download to the users (70%).

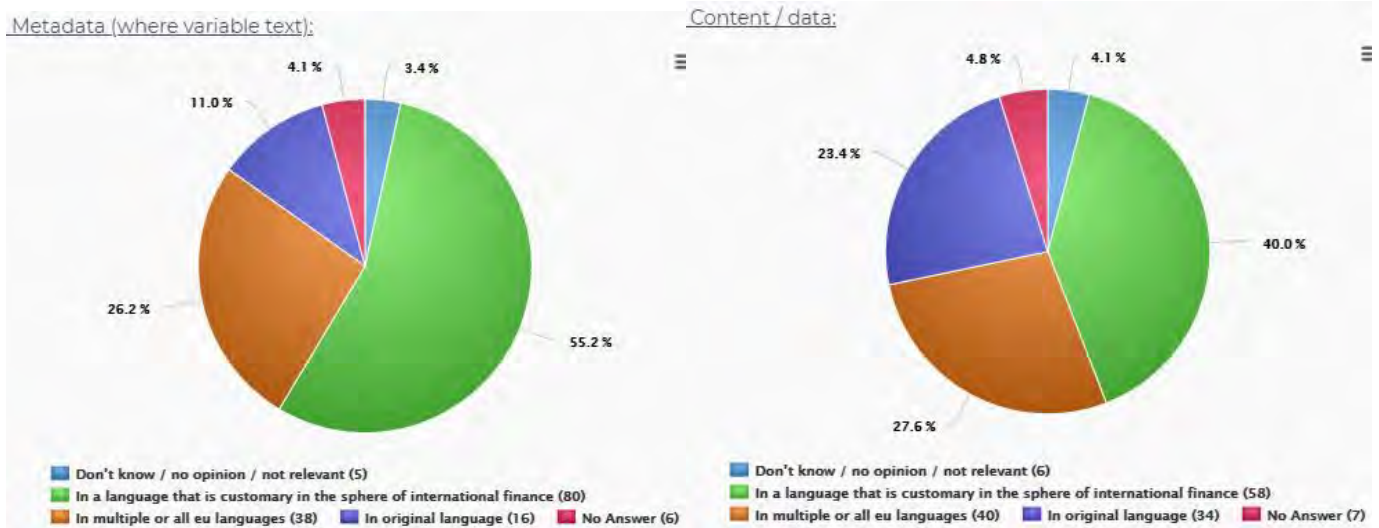
## Q11 – Language barrier



On the language dimension, opinions are divided between a web portal only in a customary language in the sphere of international finance (49.7%) or in a multilingual one (43.4%). Individuals, academics, and NGOs have a preference on a multilingual portal (51%). On the other side, respondents that classify themselves as users, preparers or both have a stronger preference in a language that is customary in the sphere of the international finance.

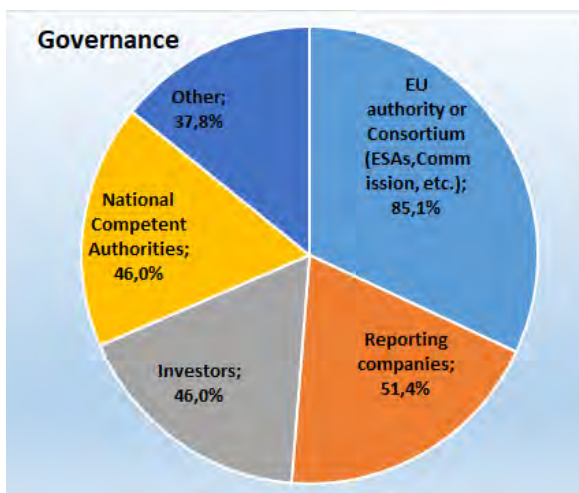
On the metadata, the taxonomy, and the content in general there is slight majority in favour of accessing the information in a language customary in the sphere of international finance. This majority is higher among users, preparers, or both but respondents that identify themselves as neither user nor preparer, equally support a multilingual approach.





## Infrastructure and data governance (collection of data + validation of data) (Q12 – Q16)

### Q12 – Governance



On the governance model, there is a clear preference (85%) on the involvement of EU authorities, including the ESAs, the Commission, individually or in a form of a committee. Around half of the respondents support the involvement of a wider range of stakeholders like issuers (51%), investors (46%), and NCAs (46%).

Some include in their preferences authorities/entities like EFRAG, Eurostat, Business Registers, National Standard Setters, Central Banks, Auditors, Trade Unions, NGOs, Academia, CRAs, trading venues, data providers/aggregators or data users in general. Some make recommendations on the governance structure proposing a Joint committee EC-ESAs or a Stakeholder's committee or Stakeholder steering groups.

### Q13 – Timing

The consultation asked, 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.

Preparers were generally wary of not imposing any new burden on companies. Nearly half thought that the ESAP should remain purely a storage facility with no prescribed delays or loose delays. Another half thought that the ESAP could make the information available as soon as it is collected, technology permitting, and building on existing systems. Only one preparer opined that the ESAP could be a real-time disseminating tool.

Registers agreed on the need to ensure that once information is collected, it should be made available on the ESAP without delay (or within one business day after being available in the national register). Information symmetry is crucial for a fair pricing of financial instruments and this is a fundamental principle as regards information that may have an impact on the price of an issuer's shares such as information required by the Market Abuse Regulation.

Regulators had split views: about half thought that the ESAP should build on existing systems and that the ESAP should have only a storage function, with loose timing for publication. The other half thought that information submitted by preparers should become immediately available to end users. This would be especially so for price-sensitive information. In addition, the relevance of an EU-level access point would be greatly diminished if

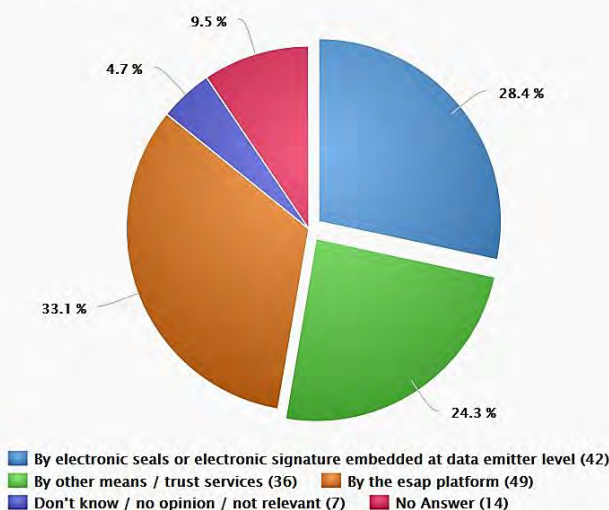
information became available therein only after it becomes available elsewhere (for example, the company's website or the OAM).

Among users and preparer-users that commented, 60% supported that information be made available in real time (i.e. simultaneously) or at least with very short delay (minutes...) for information to be on the ESAP compared to other publication channels. A few even suggested a prohibition for anybody to publish anything before it is made available on the ESAP whilst some reminded that in order to achieve real time publication, the ESAP should address and streamline duplicative points of collection or publication. Another 32% of users supported a "fairly" timely system ensuring reasonable delays between publication by a company and availability on the ESAP (in the range of hours/days/weeks). Only 8% supported a slow system (e.g. sticking to current deadlines or with biannual or annual filing) as this could facilitate broader comparability.

Among other stakeholders commenting, about half supported that the ESAP makes information available in a timely manner (that could go as far as "as soon as technically possible") once it has been collected. Another half supported that the ESAP becomes a system enabling access to information in real time, even if this would mean a prohibition for anybody (company, OAMs...) to publish information before it is made available to end user in the ESAP. Only a few supported a slow system (e.g. based on existing legal requirements or with a flat 3 months delay).

### Q14 – integrity of information and credibility of the source

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?



As regards the integrity and credibility of information, respondents were had split views as to the best system to use. About 28% suggest relying on electronic signature or seals whereas 24% would suggest using trust services. A certification provided by the sole ESAP platform was an attractive way for 33% of respondents.

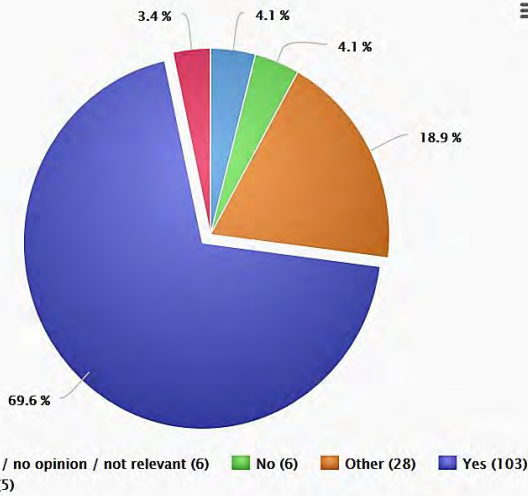
Registers were equally split on this question. Many respondents believed that the avoidance of doubts about the source of the information would contribute to the reliability of data, a key success factor.

Some reported that a blockchain could perform that function inherently.

Among the e-signature or e-seal supporters, some believed that electronic signature should be at the source (information emitter) whilst some saw room for a system involving not only the entity submitting and signing on the information, but also a third party including possibly a regulator, an OAM, a regulated profession or the ESAP platform itself. A few mentioned the need to consider burden, especially on SMEs but also users, and to adapt the system to avoid duplication of trusted seals, so that ESAP users may face e.g. only one data verifier under automated access.

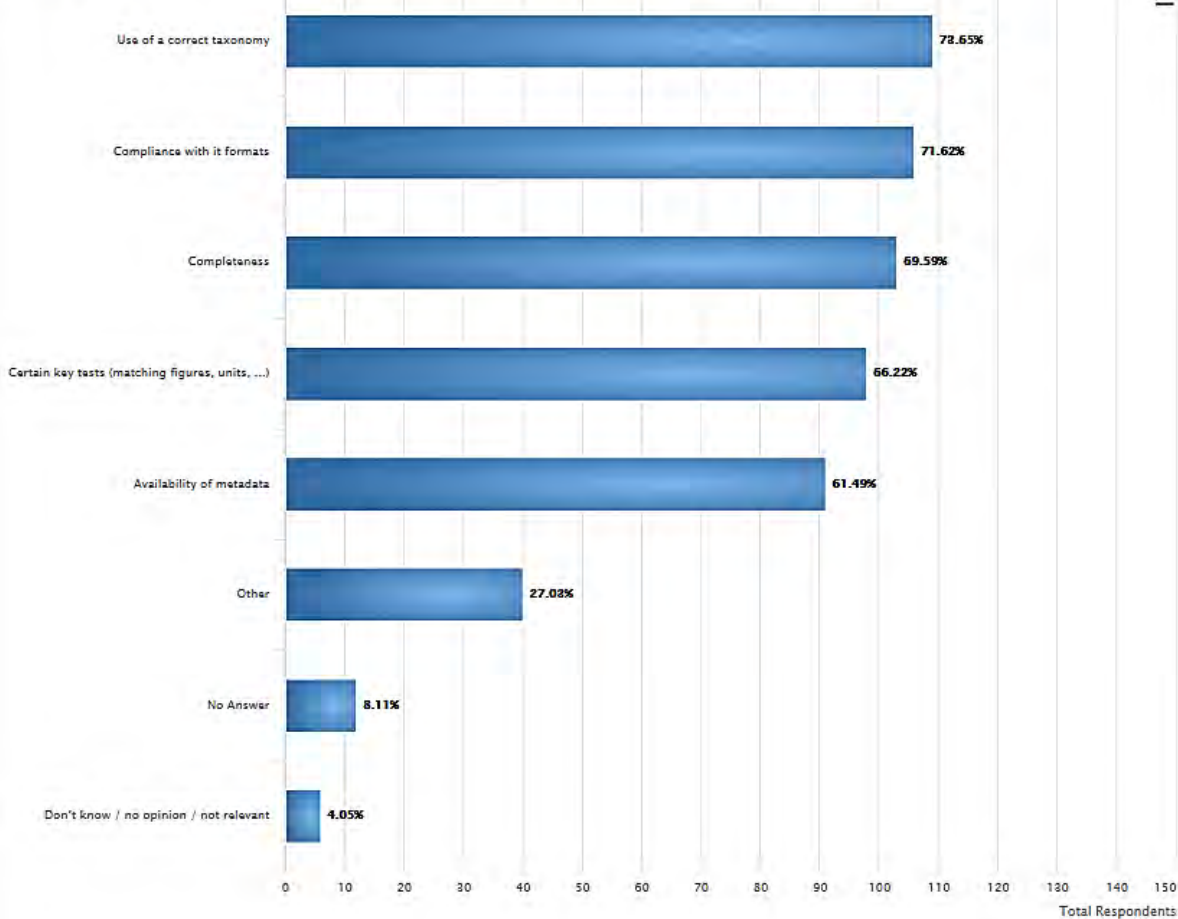
## Q15 and 16 - quality checks

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



A majority of respondents (69%), especially users, supported that information in the ESAP be subject to quality checks. There were divergent views among preparers, some of whom did not support any quality checks unless there is a proportional approach whereby not all data undergo quality checks, minor errors can pass through with no penalties and no undue responsibility is borne by preparers. In addition, quality checks should not go as far as verifying the quality of the information itself, said a preparer. Registers had split views whether to run quality checks or not.

Question 16. Should a quality check be needed, what would need to be checked?



Respondents overall believed that the source provider should keep responsibility to ensure the accuracy of the data it publishes but observed that where and how quality checks are done would also depend on the manner of sourcing information and transmission chain. It could depend for instance on whether information lands in the ESAP from an authority or an OAM who may have already run some checks. A number of users and preparers alike underlined that the ESAP should offer the ability to correct data over time. However, a few preparer respondents observed that companies should not be held liable for any problem in the transmission chain of information of the ESAP and that the establishment of the ESAP should not generate additional costs or liability for companies. For some of the users, it was important to make sure that the data can be used without legal responsibility of the users for any deficiencies.

Regulators observed that clarity about who owns the data and who enforces data quality would be fundamental in order to ensure usability of the data and the protection of investors, and that national bodies could be better equipped to do that. A regulator recommended that the body performing the check be always in direct contact with the reporting entity. Another recommended that machine executable quality tests should be made public, so as, to permit "pre-flight" checks by filers prior to submission.

Among users, many insisted that the quality of the data within the ESAP would determine the added value and usability of the ESAP for end investors to a large extent. There could be an indicator for each data entry whether the information has been reviewed by a national supervisor and/or whether it has been audited by a third party.

As regards which checks to perform, respondents put on top (72%) compliance with a relevant taxonomy and IT format (if any). The next key item (70%) is the completeness and availability of metadata. Other additional checks recommended included the following

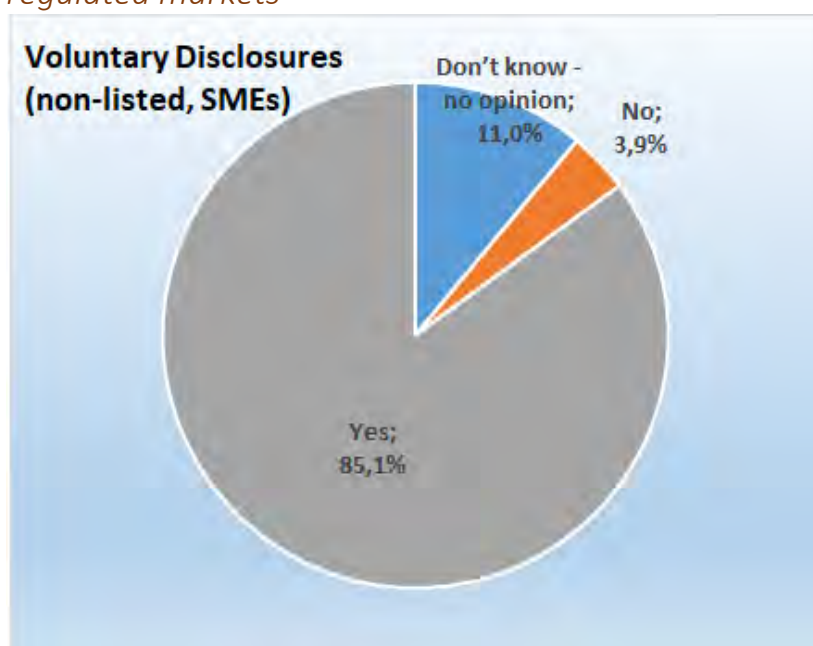
- whether submission of data is timely;
- the plausibility of certain data (e.g. in comparison to previous reporting periods);
- Ex post (manual) checks, for instance with a focus on price sensitive data;
- the absence of embedded viruses or malicious content.

Automated validation tools are often cited as the most efficient way to go. A regulator noted nevertheless that automated validation would not eliminate the need for circuits for some manual validation, which means staff costs.

A few respondents insisted that validation checks should be (maximum) harmonised. This could mean ensuring common formats, check functions, set of metadata defined at the EU level, any addition being ruled out. Likewise, the EU could ensure the existence of APIs that enable exactly the same functionalities across the Member States (e.g. content, formats, links, etc.). One respondent believed that using open data standards could ease checks.

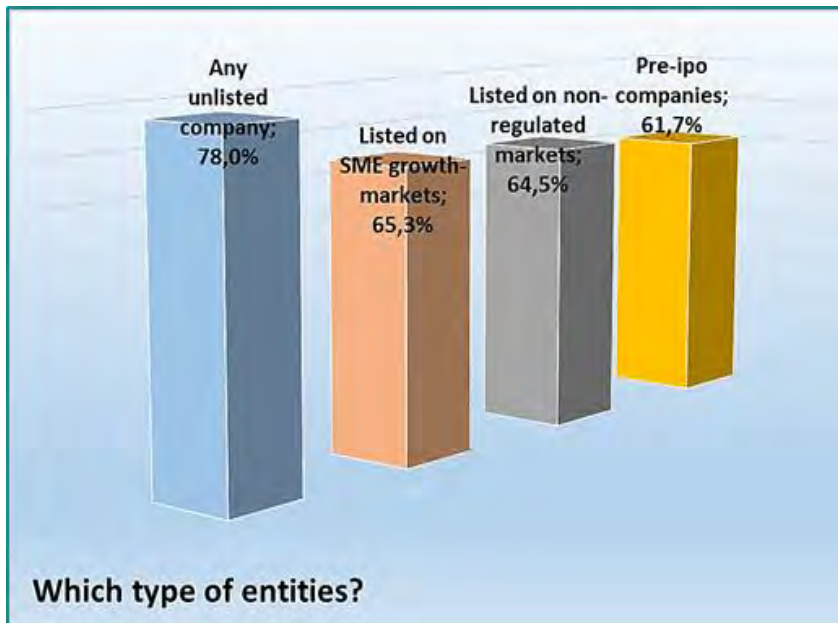
## Targeted questions regarding entities with no access to capital markets (non-listed entities), including SME (Q17 – Q21)

*Q17 – voluntary disclosure companies other than those with securities listed on EU regulated markets*



Vast majority of respondents (85%) supported the possibility for companies other than listed companies to disclose information on the ESAP on a voluntary basis.



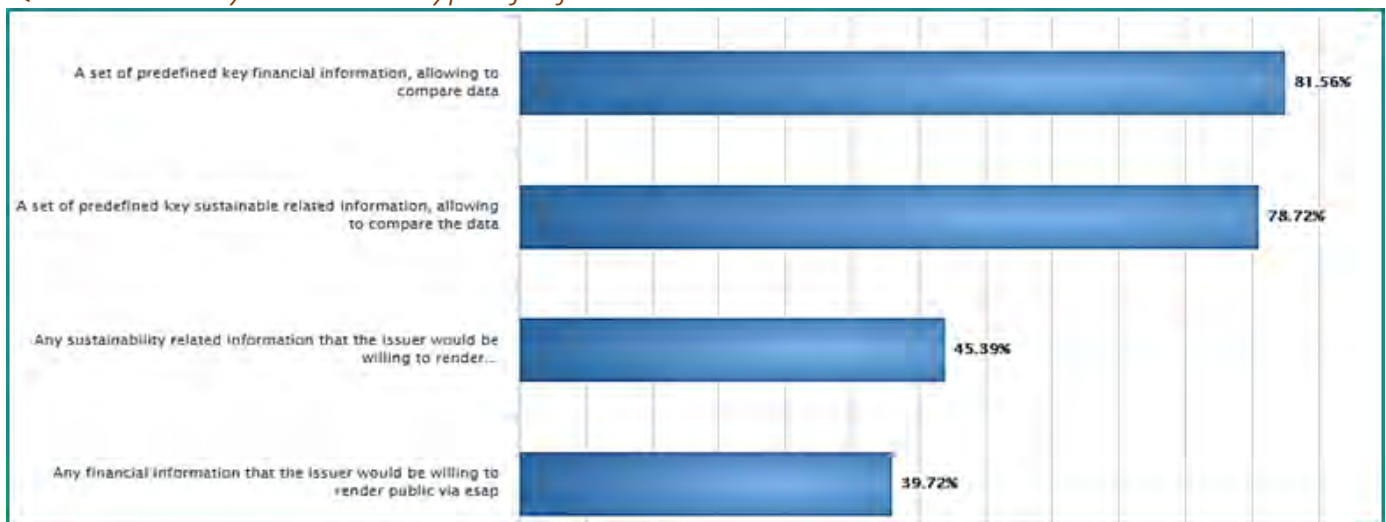


Most respondents took the view that any type of company should be allowed to publish information on the ESAP, including companies with securities on any non-regulated market or an SME Growth Market, pre-IPO companies, any company that would like to be financed by sustainable finance or by private equity.

A few respondents thought that the ESAP could also be useful for public sector entities, non-European entities, entities that receive EU funds or grants, state guarantees. Non-EU companies could for instance use the ESAP as a tool to attract EU investors.

Certain market operators and a few additional users even believed that disclosure via the ESAP could be made mandatory beyond market participants, to non-listed large companies as this would prevent a new public-private information gap in the interest of the Capital Markets Union.

### Q18 – voluntary disclosure: type of information



Respondents, whether preparers or users, generally thought that information, to be filed voluntarily, should be framed in the sense that it should be preferably predefined financial and sustainable reporting (in the region of 80%). Registers had mixed views given that some think that voluntary information should not be allowed at all.

A number of respondents argued that predefined sets would enhance comparability and ensure a level playing field. This could also help performing standardised validation checks. Some respondents underline that predefined sets should remain proportional to the size of the information emitter, as “one cannot expect SMEs to report as thoroughly as large multinational companies” and should remain “cost friendly for reporting SMEs”.

Respondents suggested two main avenues to achieve better comparability of voluntary data, especially as regards sustainability reporting:

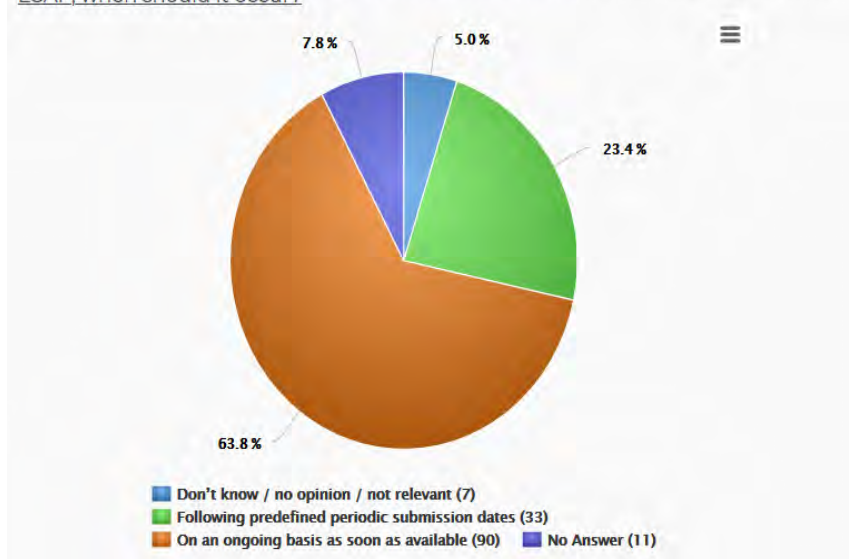
- Some thought that the ESAP should build on existing reporting requirements applying to the predetermined datasets. In this way, comparability would be ensured across the board with information that is mandatory. In this setting, as noted by a user-preparer, voluntary filing in the ESAP should represent an “opt-in” choice to apply requirements fully and consistently over time to avoid that voluntary applicators report only selected information that sheds positive light on their financial and / or ESG performance on a

cherry-picking basis. A user noted that this could be achieved if business register receiving information that has been predetermined as acceptable for the ESAP makes it available in the ESAP; or

- Others thought that the ESAP should define KPIs or key information - especially as regards sustainability / ESG reporting. Respondents taking this view generally thought that in order to ensure comparability with mandatory information, it would be necessary that all filers disclose the same KPIs, which would mean imposing new standards for all. A user respondent noted that the ESAP could also accommodate “sustainability-related information on due diligence across supply chain could be disclosed as well, as this could help smaller companies integrate other supply chains and/or gain visibility from potential investors”. However, several respondents, especially regulators thought that it would not be for the ESAP governance to develop such new standards and even cautioned against designing new standards and KPIs just for the ESAP.

### Q19 – voluntary disclosure: frequency of submission

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

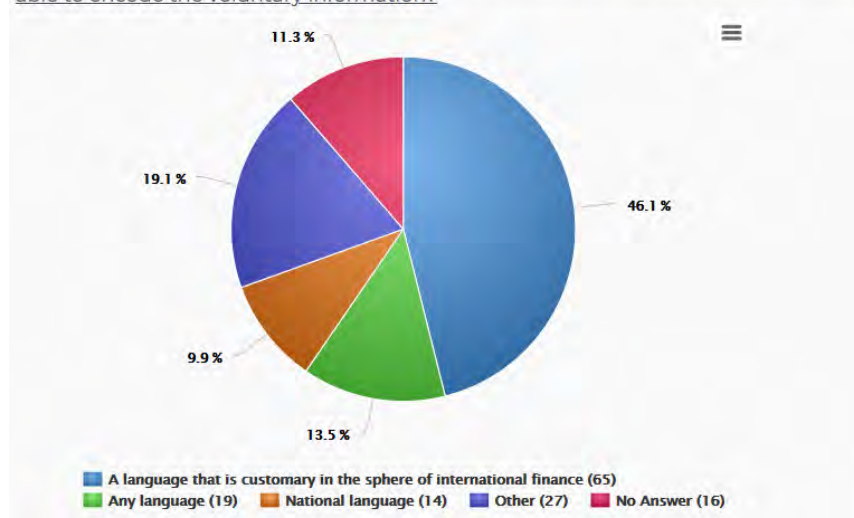


A majority of respondents (63%) thought that the submission of voluntary information to ESAP should be made as soon as it is available based on responses from preparers, preparer-users and users. Regulators and registers generally had no particular opinion. In their comments, many respondents supported that submission timing should simply be in line with the reporting frequency imposed otherwise by the respective EU or national legislation. A respondent said that a ‘file-only-once’ principle could help.

The minority of respondents (mainly found among preparer-users) supporting submission following predefined dates, proposed a range of frequency of submission between quarterly and annually.

### Q20 – voluntary disclosure: language

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



About half of respondents would support that entities with no access to capital markets should be able to encode the voluntary information in a language that is customary in the sphere of international finance. However,

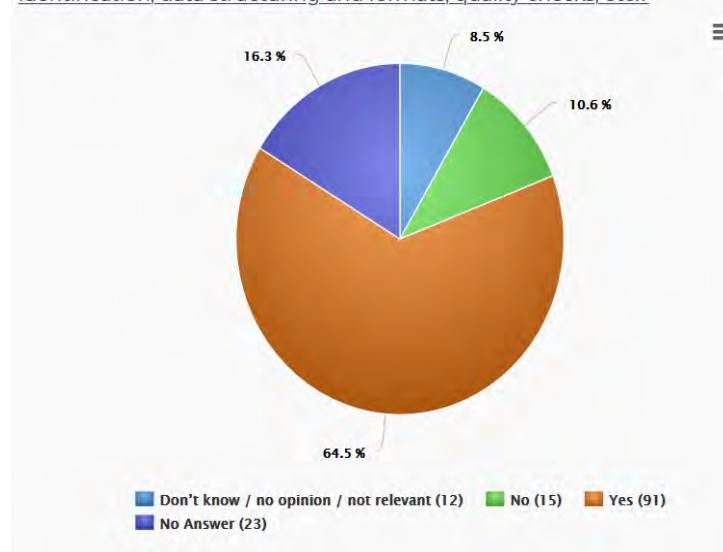
preparers would rather support any language or the national language. Several regulators thought that voluntary information should follow the existing language regimes applying to mandatory publications in the EU sectorial legislation. Market operators thought that companies should have the possibility to provide information in an additional language, but only as an option due to costs to have an official translation.

A number of respondents supported automated translations mechanisms, possibly offered directly by the ESAP, but other respondents observed that quality issues could entail liability risks.

Finally, a respondent said that for non-EU firms, English should be required.

### Q21 – voluntary disclosure: applicable rules

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.?



Overall a vast majority of respondents notably preparer-users, would see a benefit for voluntary information disclosed by SMEs and non-listed companies to comply with ESAP filing standards. In the eyes of many respondents, voluntary data should be subject to the same quality checks as mandatory in order to maintain confidence in the ESAP in the long run. More generally, reporting firm could be required to adhere to the same standards and formats as firms reporting mandatorily.

In their comments, users and preparer-users stressed that ESAP should target an easy access to comparable information. Hence, the same standard should apply to both listed and non-listed companies notably as regards formats (machine-readability) and quality checks.

However, these requirements should be proportionate. Some respondents favoured a simplified set of rules for voluntary disclosures and others a set of predefined key financial information when companies voluntarily decide to disclose information on ESAP. Some respondents argued that if high standardisation would imply high costs and/or workload, then they would limit access to ESAP to pre-IPO companies or growth companies as they have an interest in disclosing information in the standardised format that they are going to use in the future.

On the preparers' side, a respondent stressed that both public financial and non-financial information would go through national registers following the national reporting requirements. Hence, voluntary information disclosed on ESAP should follow these national requirements. ESAP have to ensure that filing requirements are cost-effective and easy to understand.

Among regulators, most respondents stressed that the benefit of including in a large database information that is not comparable, not structured or lacks data quality would be very limited both for preparers and for end users. Hence, in order to include information in the ESAP, the information disclosed on a voluntary basis by companies with no access to capital markets should be prepared based on comparable standards or requirements and be machine-readable or at least accompanied by standardised metadata. In addition, some respondents emphasized the need ensure the trustworthiness of the system by implementing quality and security checks to all submission in ESAP.

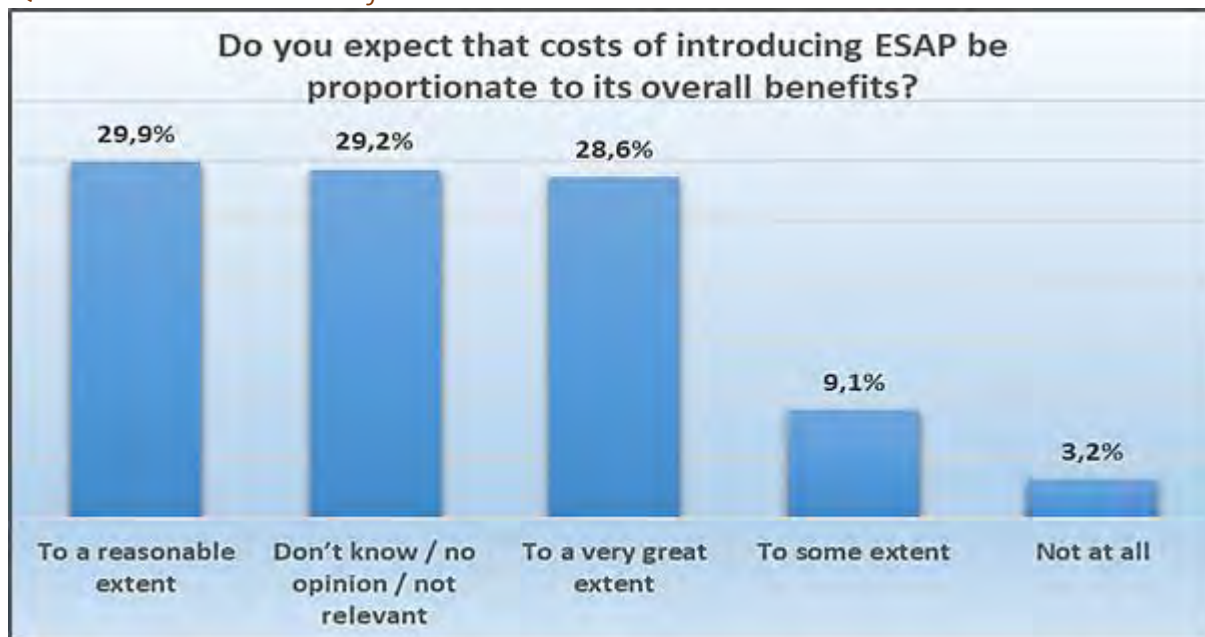
Registers / repositories included a respondent who argued that voluntary information disclosed by SMEs and non-listed companies should comply with ESAP filing standards. Hence, it will make it easier for businesses to share information with their investors and/or potential investors, their service providers (banks, insurance etc.) and other stakeholders that want to have information about how the SME is doing, for instance possible trade partners, customers and vendors. This would notably increase SMEs' visibility and responsibility as regards sustainability related information. In addition, according to another respondent, reporting requirements will be done by

accounting system/ERP-systems providers, hence, its implementation and maintenance will be easier and more effective if the information provided is standardised.

Finally, a vast majority of other stakeholders stressed that a set of common rules is of paramount importance in order for ESAP to reach one of its main objectives: to make available to the public effectively comparable information. Hence, the same standard should apply to both listed and non-listed companies notably as regards formats (machine-readability) and quality checks. However, these requirements should be proportionate.

## Costs and benefits (Q22 – Q27)

### Q22 – Costs versus benefits



Overall, a majority of respondents expects that costs of introducing ESAP would to reasonable or a great extent be proportionate to its overall benefits (59%). Only a few respondents (12%) thought that the costs would not be at all commensurate with the benefits or only to some extent, mainly companies that are preparer-users including noticeably stock-market operators.

### Q23 – Estimation of their costs by users

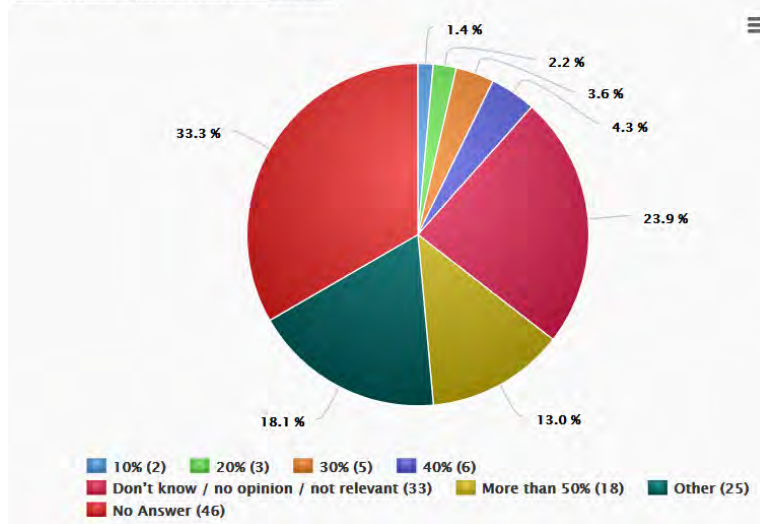
The consultation asked users of information to provide an estimation of their yearly cost for retrieving and using companies' public information. Many users and preparer-users could not give a precise estimation. However, some respondents could provide some estimates or further information:

- These costs are driven up by the time spent by the analytical team to extract information. As noted by a respondent, retrieving and using companies' public information from listed companies is generally free on their respective web sites but it might be time consuming for analytics to get such information on a wide scale from different sources. And beyond access, there are considerable investments in turning the current unstructured filings into structured data.
- Range of usage costs given by users was wide. Many reported fixed costs of at least 'tens of thousands' till over a million euros, seemingly depending on the size of the user's business. For basic use, one respondent estimated that the annual cost of a licence to use a commercial database platform for capital markets is between €7,500 and €17,500. A fund respondent estimated that a mid-sized fund manager can spend anywhere between EUR 250-600k on ESG data while a larger fund manager can spend anywhere between EUR 600k – EUR 1.5mn (fund managers will often use multiple data vendors to enhance the coverage and as part of the analysis and validation). A large insurance company estimated its own costs in the '7 digits'.

- In the absence of greater standardisation and availability of ESG data, the total spend on ESG data is expected to vastly increase in order to meet requirements under the EU sustainable finance regime for any given fund, but also spread among market participants because data providers expect both the investment manager and a fiduciary actor such as a Depository to contract separately for the provision of the same ESG data relevant to the fund.
- One respondent in the business of offering advice and information in the ESG area reported that it took 250 man-hours for retrieving companies' public information and 3500 man-hours to process it.

### Q24 – Estimation of costs savings for users when the ESAP would be implemented

Question 24. As a user, how large share of these costs do you expect to save through the use of ESAP?

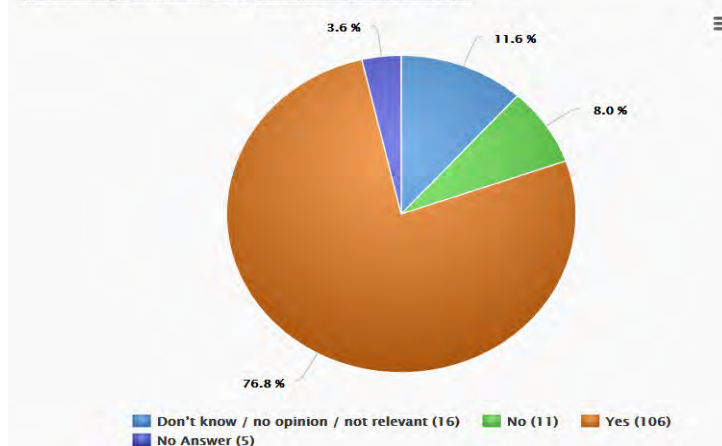


Some respondents provided an estimation of how large share of their yearly cost for retrieving and using companies' public information they could expect to save through the use of ESAP, with a majority in the region of 30-40% savings.

In comments received, a majority of respondents stressed that their expected savings would mainly depend on the scope (including any phasing-in) and whether building appropriately the ESAP to match the needs of investors and corporates. The ESAP may for instance not fully remove the need to search for information in various places or keeping current (sometimes commercial) access channels. Some respondents argued that ESAP could lead pricing policies of the current ESG data providers to lower levels, especially if it provided raw data for free.

### Q25 – Access for free

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

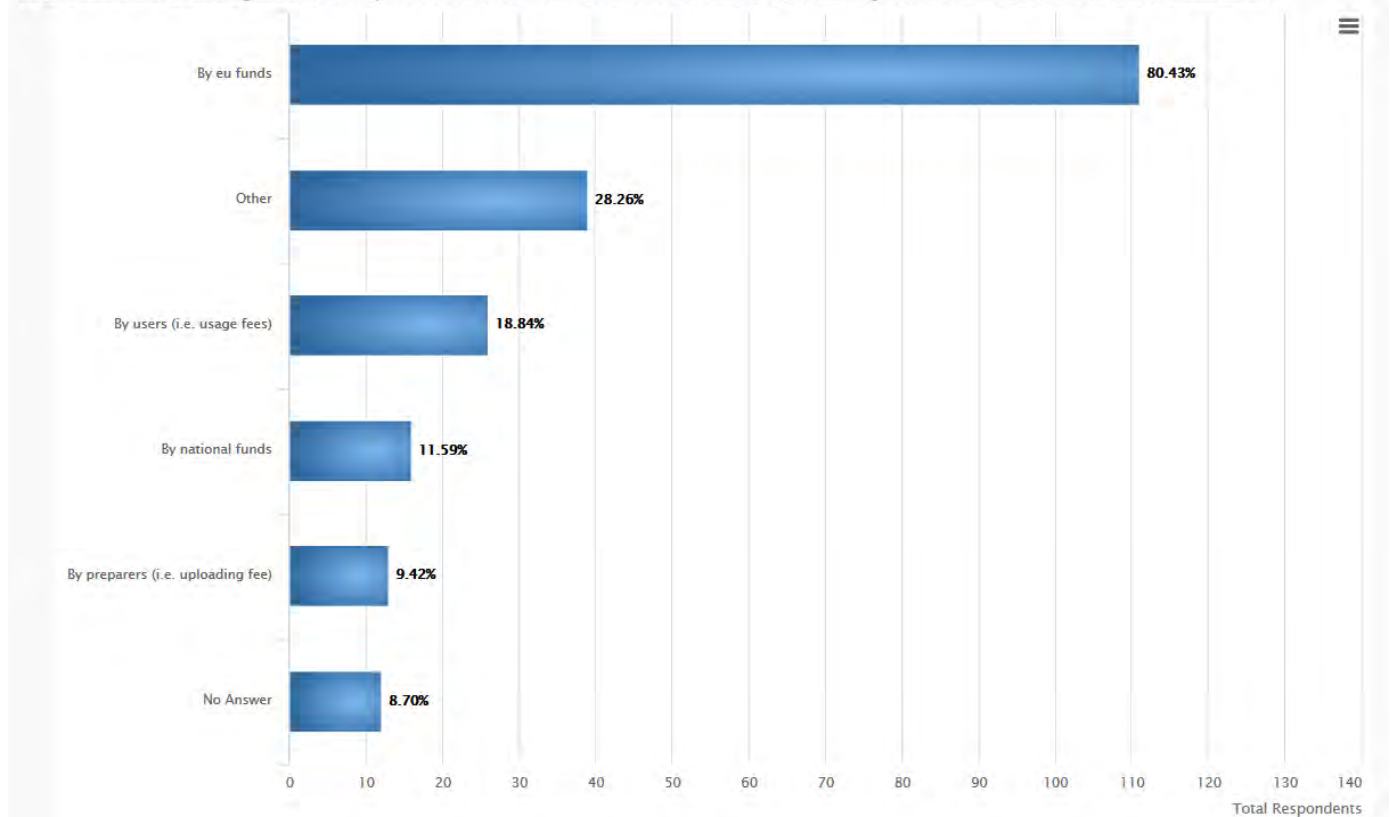


Overall, a vast majority of respondents including users, preparers and regulators, is in favour of user having a free of charge access to all data disclosed in ESAP. Registers had split views.

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

## Q26 – Funding

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



In all types of respondents, a majority thought that EU funds should fund the ESAP. Nevertheless, some respondents would see the benefit of alternative or parallel sources of funding, such as use / upload fees or other ways of funding.

Out of comments made by users, it appears that a major benefit expected from free access to ESAP would be the improvement of people's engagement in green finance and informative decision about their green investments. According to some respondents, preparers should mainly fund the maintenance of the ESAP, in a system where users would nevertheless pay a fee for bulk downloading a significant number of data (threshold to be defined). Several respondents supported the idea of ESAP being operated as a public-private partnership (PPP) where the platform's key, sizeable, users (e.g. financial industry stakeholders including among others, asset managers, financial institutions, rating & data providers, etc. ) would participate to the platform's financing too. According to this respondent, this solution would represent a reasonable and efficient way of blending public and private funds, engagement and knowledge, for the ultimate common good. This solution will lead to a win-win situation and ensure ESAP's best design, structure and usability where the EU funds would, act as a catalyser and would:

1. Help secure free access for all individual users (individuals, civil societies, academia etc.);
2. Contribute to the costs reduction, synergies and efficiencies improvement for those stakeholders who would benefit the most of the data access and usage and who might have already thought of creating similar, private databases for their own needs.

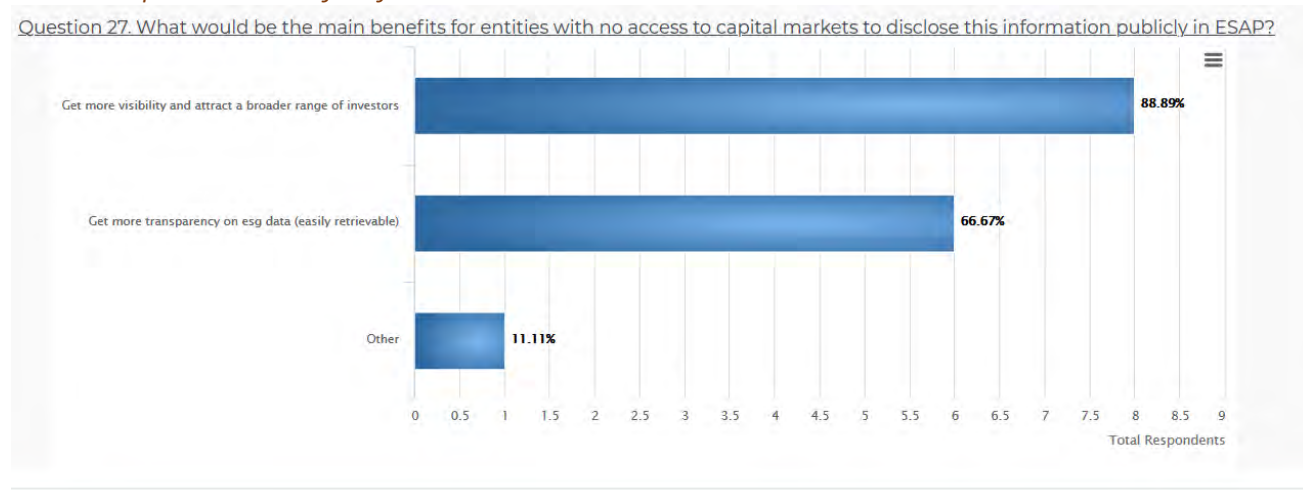
Preparer-users also massively supported funding by EU funds, and some defended as well the introduction of usage fees in addition. The latter generally thought that in case of usage fees, a distinction should be made between types of use aiming to keep free access to end-client but possibly payable access to commercial users that could depend on type of users (e.g. data-providers) or volume used. There was also a general feeling that preparers should not pay or have extra costs to upload information and even less so SMEs as this would disincentives companies to disclose on a voluntarily basis public information on ESAP.

Preparers also generally supported EU funding. One commented that preparers of mandatory information already pay a high cost in preparing and structuring the data and they should not support more fees or costs.

Regulators stressed that the ESAP should be free of charge for all European citizens and EU organisations, however users should pay a fee if they are bulk downloading a significant number of data. In addition, a limited registration fee could be charged to issuers.

Other stakeholders had split views as regards the funding of ESAP. However, they seem to all agree that, users and notably data providers should pay a fee if they are bulk downloading a significant number of data (threshold to be defined) and that SMEs and companies filling data on a voluntary basis should be exempted from paying uploading fees on ESAP.

### Q27 – Expected benefits for SMEs



There was a clear majority of respondents, including by any type, to say that the main benefits for entities with no access to capital markets to disclose their information publicly in ESAP would be to get more visibility and attract a broader range of investors (89%) as well as to get more transparency on ESG data (67%).

In their comments, certain users stressed that the ESAP could also help those entities find alternative ways of funding and gain business trustworthiness. In the frame of globalised financial markets, investors and SMEs would benefit from pooling the information they disclose at a one-stop-shop: their visibility would be increased and barriers to access capital reduced, overall ensuring and increasing their competitiveness. The ESAP could also serve as a starting point for establishing a European database for SME-research. By acting as a tool to attract EU investors, the Platform should provide an incentive for companies not subject to regulatory reporting obligations to provide voluntary disclosures.

A regulator stressed that ESAP could make it easier for investors to compare listed as well as non-listed companies, hence reducing the barriers to attract capital for non-listed companies.

A preparer-user thought that the ESAP could also play a major role as regards competitive intelligence (dissemination of European ESG standards at an International level) and strategic monitoring. A preparer believed that as the level of information would be better and risks reduced for investors, the ESAP could increase return on capital and reduce yields on bonds. Two other preparer-users thought that for the same reasons, the ESAP would allow better price adjustment on the market and could increase the attractiveness of local financial market.