



Brussels, 10th March 2021

Key messages regarding the EC Consultation on the European Single Access Point for Financial and Non-Financial Information (ESAP)

The **European Association of Co-operative Banks** ([EACB](http://www.eacb.coop)) represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks, with regard to banking as well as to co-operative legislation. Founded in 1970, today the EACB is a leading professional lobbying association in the European banking industry. Co-operative banks play a major role in the financial and economic system. They contribute widely to stability thanks to their anti-cyclical behaviour, they are driver of local and social growth with 2.800 locally operating banks and 51,500 outlets, they serve 209 million customers, mainly consumers, SMEs and communities. Europe's co-operative banks represent 84 million members and 713,000 employees and have an average market share in Europe of about 20%.

For further details, please visit www.eacb.coop

**The voice of 2.800 local and retail banks, 84 million members, 209 million customers in
EU**

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Scope of the ESAP

- The EACB first and foremost supports the proposal of the Commission **to broaden the scope of the ESAP to both financial and non-financial information**, as getting updated financial and non-financial data on companies is key for the proper functioning of the banking sector from a risk management perspective. This is even more the case for smaller companies (SMEs) where information availability is scarcer. At the same time we think this wider scope can be achieved by using a **phased approach which can be set up in a roadmap by the European Commission which could also be evaluated by a certain frequency** (e.g. annually), as recommended by the High Level Forum on the CMU. Our members believe that ESAP should have an immediate focus on certain regulation and infrastructures where public information is already being made available, and then **eventually phase-in the various financial and non-financial data as the regulation is published or updated**. The scope should be determined based on the prevention of any additional reporting burdens and based on building upon existing infrastructure.
- In terms of **non-financial information**, we believe that the ESAP should collect first and foremost the **entity-related information needed for the EU Taxonomy and SFDR compliance** (especially those requested by level 2 implementation), **together with disclosures required by NFRD** (once developed), the information needed to fulfil obligations under the **CRR/CRD mandates on ESG risks** (i.e. both for disclosure – with the upcoming EBA ITS – and risk management purposes) and information related to **Climate Benchmarks Regulation**. Regarding SFDR, the EACB is mindful of the fact that **non-financial entities are not mandated to report the data required for SFDR compliance** and that ESAP cannot thus resolve this data gap issue. We thus envisage **regulatory harmonisation between the NFRD and SFDR** in order to address this urgent concern.
- In terms of **financial information**, the annual accounts are the basis for every investment and every loan. Therefore, we would **propose a phased approach whereby annual accounts are included within the scope of ESAP as a first step**. The framework for annual accounts is well-defined, and annual accounts could be uploaded into a repository even today. **At a later stage, ESAP could also consider product related securities markets regulations** such as PRIIPs, MiFID, UCITS, AIFMD, and market infrastructure regulation such as CSDR and EMIR. However, this would have to be explored further in the project roadmap. Moreover, with regard to **prudentially sensitive data, we believe that as ESAP will be public, FINREP/COREP prudential reporting for banks must not qualify for ESAP, as this information is only produced for the supervisors' scrutiny**. That said, if financial information under CRR/CRD (i.e. Pillar 3 disclosure) is in any case included in the scope of ESAP at some point, it should be ensured that this **does not result into additional costs or obligations for institutions** e.g. in terms of data validation, data quality checks and so on.
- In addition, we believe that financial statements, sustainability related data and Taxonomy ratio per company **could be converted digitally in a machine-readable format in the ESAP** and preferably in an **Application Programming Interface (API)** format. Despite the fact we acknowledge that some stakeholders would suggest the ESAP to include also information at a product level for both financial and non-



financial information, we believe that the **main focus should remain with the inclusion of information at a company level in the immediate phase.**

- **The integration of ESG and financial data in the same repository** also shows advantages from different perspectives: 1) financial reporting is standardized already and so it should not present so much of a technical difficulty; 2) there is a need for interlinking ESG - and financial reporting in the longer term. These two are natural parts of one whole. Moreover, there is an additional need to cope with the limited availability of good quality ESG data which banks are currently facing. The [EACB vocalised this urgent need for ESG data in June 2020 when it called the EU to build a centralised electronic European ESG data register](#) to increase the availability of raw harmonized ESG data. We believe that the development of ESAP on the collection of non-financial data would represent a very important and strategic project to solve the ESG data gap issue at the European level.

Inclusion of information on a voluntary basis by non-listed companies including SMEs

- For ESG data, the NFRD review shall determine whether non-listed companies including SMEs should provide mandatory non-financial information. Furthermore, **should SMEs be included in the scope in a mandatory manner** (i.e. also in the scope of the NFRD) **this inclusion should be based on simplified reporting obligations for SMEs, but on a voluntary basis for micro-enterprise.** For **financial information, it is hard to impose a mandatory reporting regime for non-listed companies including SMEs**, if it would create an additional burden. We could suggest in this context, that **ESAP should be designed in a way to incentivize such companies to submit their data** on a voluntary basis in order to be visible for the capital market and secure funding for their activities.

Governance and funding of the ESAP

- Our Members believe that **National Competent Authorities (NCAs) and EU authorities** (i.e. ESMA) **should be involved in the governance of ESAP.** A particular attention should be provided to the **involvement of different stakeholders** in terms of non-financial information. It was proposed that a **stakeholders' committee** (similar to that of the ESAs) should be set up, **composed of investors, reporting companies and ESG services & products providers.** This committee would have no decision-making responsibility on governance but provide advice based on practical experience.
- Given the fact that the ESAP should be regarded as a European strategic infrastructure project, **it should be funded by the EU.** Moreover, with regards to the users' access to data in the ESAP, in principle **we advocate for free usage of the data for all.** However, we believe there needs to be a **distinction** between on the one hand **users which need the data for their own European reporting requirements**, where access should be for free (together with individuals and academics), and on the other hand **those companies which want to use the data for commercial purposes**, where an entry fee should apply.