

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the EU Commission Consultation Document on the Update of the Non-Binding Guidelines on Non-Financial Reporting

March 2019

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the EU Commission Consultation Document on the Update of the Non-Binding Guidelines on Non-Financial Reporting. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.

The main purpose of the Non-Binding Guidelines published by the Commission is to help companies disclose relevant non-financial information in a more consistent and more comparable manner. GLEIF recommends that the LEI become the key identifier to identify legal entities in the taxonomy and disclosure frameworks contained in the Non-Binding Guidelines.

The consultation document states that ‘Companies and financial institutions have a critical role to play in the transition to a low-carbon and climate-resistant economy’. These types of legal entities are precisely within the scope to register for LEIs and to maintain fully valid and duly renewed entity and relationship data published in the Global LEI System.

The consultation document cites the links with recognized reporting frameworks and standards as an important factor in the convergence at the EU and global level. GLEIF has worked with XBRL International to include the LEI in a standard way in the XBRL taxonomies in use for the collection of financial and other regulatory data. The LEI would be a logical and effective choice for a consistent identifier of legal entities in financial, regulatory and non-financial data reporting frameworks.

GLEIF and XBRL International further are working on utilizing the LEI in eIDAS compliant digital certificates for the signing and verification of XBRL filings. The pilot, which initially is focused on digitally signing financial reporting disclosures, would be equally applicable and relevant to the reporting of non-financial disclosures.

The Commission would benefit from the use of the LEI for companies and financial institutions required to be identified within the disclosures required by the Non-Financial Reporting Directive. Inclusion of the LEI already is required by the Prospectus Directive and therefore would be required for issuances of green bonds in the EU and could be considered for coverage of other sustainable financings such as green debt. Benefits also would accrue to other stakeholders and users of this information.

The consultation document states that better disclosure of climate-related information also would have benefits to the reporting companies themselves. This includes better internal awareness and use of this information in risk management, decision-making and strategic planning.

Benefits would be visible to and would accrue to stakeholders and other interested parties using the information reported in the disclosures, namely investment advisors, asset managers, investors, shareholders and other decision makers in the financial matters of the reporting entities, if the disclosures in the five reporting areas, two disclosure types and the published Key Performance Indicators (KPIs) can be tied together by the LEI as a common standard identifier for the reporting entities.