

From: [REDACTED] frankbold.org>
Sent: 12 January 2021 11:18
To: PETRICCIONE Mauro Raffaele (CLIMA)
Cc: [REDACTED] (CLIMA)
Subject: Leading NGOs and the European Parliament call for mandatory reporting obligations and standards for companies on sustainability issues
Categories: Green Category

Dear Mauro,
Dear [REDACTED],

EU Commissioner for Financial Services Mairead McGuinness [stated](#) last month that “*the rules of the game must be transformed to fully integrate sustainability at every step of the financial value chain*” and identified the [reform of the EU Non-Financial Reporting Directive](#) as “*one of the priorities to strengthen the foundations for sustainable investment*”. In her speech, McGuinness also identified the need to improve the quality of corporate reporting as central to the achievement of EU goals set out in the [EU Green Deal](#) and [Sustainable Finance Action Plan](#).

Members of the European Parliament in the JURI committee presented a [final report](#) on sustainable corporate governance that was voted and approved by the plenary in December calling to expand and define the corporate reporting obligations. Focusing on the right data is critical to allow financial actors to redirect capital flows towards sustainable investments, and ensure better management of risks and opportunities stemming from climate change, environmental degradation and social issues by companies and investors alike. Moreover, it can positively contribute to increased corporate accountability for serious adverse impacts on the environment and society.

However, as shown by the research of the [Alliance for Corporate Transparency](#), most companies fail to disclose relevant, material and comparable sustainability information, proving the need to clarify and further specify reporting requirements for companies in Europe. For example, while most companies report general policy commitments to climate change and human rights (88% and 82% respectively), a much smaller fraction report relevant and meaningful information; only 36.2% of companies report on their climate targets, and an even lower percentage report on the alignment of such target with the Paris Agreement/Science Based Target (13.9%).

The complexity of the issue and multiple and varied interests in these developments could severely undermine the successful outcome of the reform and lead to the focus on information that does not provide useful insights to companies, investors and other stakeholders.

In order to contribute to a meaningful EU process for the standardisation of reporting requirements in favour of comparable, concise and relevant disclosure, **our initiative has combined the expertise of our members and aligned on key priorities for the reform of the EU NFR Directive and development of possible future standards.**

This joint position has been developed after an extensive consultation with civil society organisations and over 30 business leaders on sustainability reporting.

Outline of recommendations (developed in further detail in the [joint position](#)):

1. Expansion of the scope of the EU Non-Financial Reporting Directive
2. Alignment with the annual report
3. Clarification of the double-materiality definition and principles
4. Reporting requirements on governance and sustainability integration
5. Better definition and connectivity of general reporting requirements in the Directive
6. Specification of thematic and sector-specific reporting requirements for climate, natural resources and biodiversity, workforce information, human rights and environmental due diligence, and anti-corruption
7. Requirement for mandatory assurance

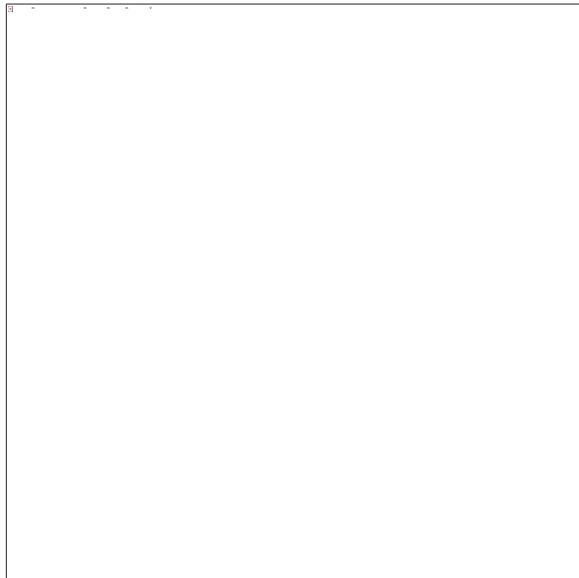
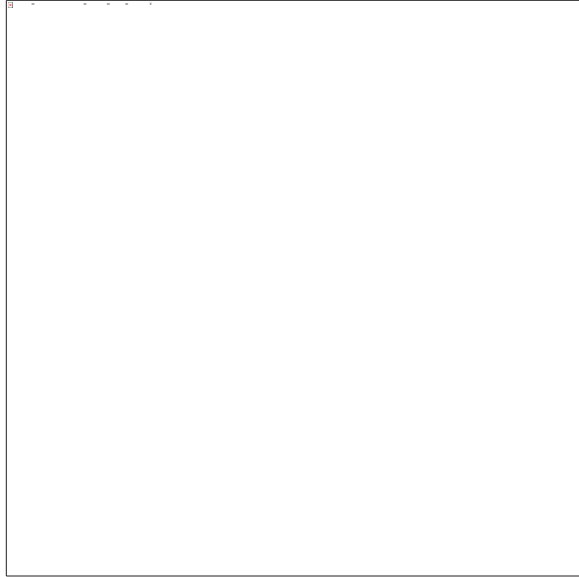
[You can read here the full joint position](#) supported by the following organisations:

Frank Bold, Business and Human Rights Resource Centre, Future-Fit Foundations, WWF EU Office, Transparency International, Sustentia, CDP Europe, Themis Research, Germanwatch, SOMO, CORE Coalition, Oxfam, ShareAction, CDSB, Publish What You Pay, ECCJ, Global Witness.

We remain available for any questions you may have and hope you have a nice start of 2021!

Best,

A large rectangular area of the document has been redacted with a solid grey block, obscuring the signature and any accompanying text.




Rue d'Edimbourg 26, Brussels 1050, Belgium
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