

Input from ABP (in consultation with our Asset manager APG) on the Green Paper from Eumedion

Eumedion published a green paper “Towards a global standard setter for non-financial reporting” on October 30th, 2019. In the paper Eumedion advocates the establishment of an authoritative independent board with the aim to set international reporting standards for non-financial reporting standards on all material aspects of non-financial reporting for listed entities across the globe.

ABP highly appreciates Eumedion for undertaking this advanced initiative and the possibility to give input on the green paper. Establishing a global authoritative independent board for non-financial reporting (“NFR”) will contribute to more efficient and effective reporting process for companies and its stakeholders as it will enhance comparability.

Below we provide some considerations in order to assist Eumedion in formulating a formal position:

- 1. In the last decade we saw a variety in both quantity and quality of non-financial information provided by investee companies. Therefore, we acknowledge the need for harmonizing the variety of reporting frameworks whereas consistent, comparable and reliable non-financial reporting and some mandatory disclosures is paramount for the execution / implementation of the RI 2020+ policy going forward.*
- 2. The Eumedion green paper mentions: “Existing efforts to harmonize the reporting frameworks for non-financial information such as the Corporate Reporting Dialogue – are laudable, but the progress is slow and the number of frameworks included is limited”. We suggests to explore the underlying causes of slow progress regarding harmonization and the limited number of frameworks included in the process. Relevant lessons learnt and substantial support of existing NFR frameworks, by means of a.o. sharing intellectual property, will have added value in the adaptation and establishment of the INSB.*
- 3. We agree in general with the statement regarding independence of an INSB as precondition for gaining credibility, which should be embedded in a well-designed governance structure. In the green paper Eumedion concludes that the IFRS Foundation is the most suitable body to establish the INSB, next to the IASB. Suggestion could be to disclose more information on:
 - the selection process for the most suitable body,*
 - whether any alternative bodies were contemplated such as the European Financial Reporting Advisory Group (“EFRAG”) or the Financial Accounting Standards Board (“FASB”), and*
 - the IFRS Foundation’s response with regards to becoming the standard setter on NFR.**
- 4. We believe Eumedion could create more leverage by consulting the Sustainability Accounting Standards Board (“SASB”) and mention the SASB in the position paper as it just received endorsement from Blackrock. External auditing of the NFRD-reporting needs to be considered (see also Davos-discussions of the Big 4 initiative).*
- 5. In supporting a more cohesive and efficient approach towards integrated corporate reporting, it could however also be worthwhile exploring the option of having one independent body for both financial and non-financial reporting ultimately.*
- 6. We suggest Eumedion to develop further guidance on the implementation process towards global standard setter for NFR.*