



# Feedback from:

Eumedion

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**Submitted by**

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**User type**

Business association

**Organisation**

Eumedion

**Organisation size**

Micro (1 to 9 employees)

**Transparency register number**

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**Country of origin**

Netherlands

**Initiative**

[Revision of Non-Financial Reporting Directive \(/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive\)](/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive)

Eumedion represents the interests of institutional investors in the field of corporate governance and sustainability. Its members are institutional investors that hold shares in Dutch listed companies. Eumedion is committed to promote good corporate governance and sustainability policies at Dutch listed companies and to promote engaged and responsible shareholdership by its members.

**Regarding context:**

Eumedion strongly supports a revision of the NFRD, and fully agrees with the analysis that underpins this initiative. Updated provisions for non-financial information reporting in Europe are urgently needed.

Additionally, we urgently stress the need for global non-financial information reporting standards. The issues to which non-financial information reporting delivers an important contribution, are in fact global. Therefore, while non-financial information reporting provisions can be put in place regionally, the accompanying non-financial information reporting standards need to be set globally. We fully concur with Steven Maijoor's (ESMA) comments at the European Financial Forum 2020 in Dublin on 12 February 2020: "Europe can play a leading role in promoting this consolidation at international level. It would not only be short-sighted, but also detrimental for investors – who typically operate in global financial markets – to build a set of corporate ESG disclosure standards that is only regional." Eumedion is in favour of creating an independent, authoritative standard setter, which sets non-financial reporting standards on all material aspects of non-financial reporting for listed and large private entities across the globe. Such standards should not be normative in the sense that the framework should not distinguish par and sub-par performance; instead these standards should focus on requirements and guidelines that foster transparency, consistency, comparability and reliability. Most importantly, a European initiative should explicitly steer away from creating even more divergence between reporting practices in the various global markets. Eumedion recently published a green paper on this topic, which we have attached to our feedback.

**Regarding policy options:**

Eumedion strongly supports policy option 3, which aims to revise and strengthen the provisions of the NFRD. To be effective in terms of its contribution to addressing global problems, option 3 needs to be combined with a variation on option 2, namely the endorsement or creation of a global standard for non-financial information reporting, as addressed above. Eumedion opposes the continuation of the current approach with non-binding guidelines. Research shows that this approach does not lead to a consistent good quality of non-financial information reporting throughout Europe. Only through 'hard legislation' the European Commission can ensure that all relevant companies disclose material non-financial information. Moreover we would be in favour of converting the Directive into a Regulation with – preferably – no Member State options.

Under option 3, we also support the European Commission in modifying the scope of the Directive in order to include all listed companies as well as

large public interest entities (as defined by the Accounting Directive). Furthermore under option 3, we strongly support the strengthening of the provisions regarding the assurance of non-financial information. This can be achieved by requiring (reasonable) external assurance for non-financial information reporting. Such assurance will in any case be facilitated by the standardization and harmonization of non-financial information reporting.

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