



## **COMMENTS ON THE PROPOSAL FOR THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)**

Sustainability information reported by companies in a consistent, comparable and reliable manner is key in understanding the long-term value creation capacity of these companies. As such, sustainability information is material to investors' decisions and Eumedion has therefore welcomed the European Commission's efforts in this area. As Council and Parliament prepare their positions in light of the Trilogue, Eumedion - representing the interests of institutional investors with a long-term investment horizon and with a more than € 7 trillion global investment portfolio - would like to highlight three key issues to be addressed by the European Parliament.

### **Delivery of EFRAG advise on sustainability reporting standards before the end of 2022**

Eumedion is not in favour of postponing the entry into force of the new corporate sustainability reporting obligations as proposed by the European Commission. In case the European Parliament were to consider such postponement, Eumedion considers it paramount to not unduly postpone as well the delivery of the final advise on the contents of the sustainability reporting standards by the EFRAG Sustainability Reporting Board. Delivery of the final advise by EFRAG (well) before the end of 2022 will enable companies to start preparations for complying with the future requirements in a timely manner and will encourage, on a voluntary basis, early application of said standards. This, in turn, will assist institutional investors in accessing the information material not only to their investment decisions but also to their own reporting obligations under the Sustainable Finance Disclosure Regulation.

### **IFRS sustainability reporting standards as starting point for review of European standards**

As we currently face global issues and risks, it is important for the EU that the rest of the world is involved and gets on board. That is why there is a strong case for global cooperation, also in the field of setting sustainability reporting standards. Eumedion therefore strongly believes that the EU should follow the principle 'global reporting standards where possible, additional European reporting standards where needed'. This implies that at the first 3-year evaluation moment mentioned in the proposed art. 19b par. 1 of the Accounting Directive, the IFRS sustainability reporting standards – that are expected to be developed in the upcoming years – should form the starting point for review of the European sustainability reporting standards. The European standards should henceforth be complementary to the IFRS

sustainability reporting standards and should only reflect EU specific policy objectives in the area of sustainability stemming from specific EU legislation and policies.

### **Retain option to engage the statutory auditor in the assurance of sustainability information**

Eumedion is strongly in favour of retaining the option, as presented in the Commission's proposal, to allow the statutory auditor to provide assurance on the sustainability information of the audited entity. If this option is retained, the statutory auditor is able to comprehensively and efficiently introduce connectivity between the audit of financial statements and the assurance of sustainability information. This, in turn, contributes to one of the explicit objectives of the CSRD, namely to establish a clear connection between the financial statements and the sustainability information of reporting entities and to promote an integrated way of corporate reporting. Moreover, financial (reporting) risks and sustainability risks are increasingly interlinked. Sustainability issues, in particular climate risks, may impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions, the sustainability of the business model and access to financial markets of companies with e.g. a large CO2 footprint. A legal requirement that assurance on sustainability information should be provided by another person than the external auditor may lead to duplication of work and – consequently – to increased costs for the companies.

### **For more information:**

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