ACCOUNTANCY EUROPE.

EVENT SUMMARY

DISCLOSE WHAT TRULY MATTERS

12 July 2017

Reporting for environmental, social, and governance (ESG) information has taken a major step forward with the publication of the European Directive 2014/95/EU on non-financial and diversity information. From 1 January 2017, many companies have to report on ESG matters for the first time and are seeking the best ways to disclose information that is meaningful to their many stakeholders.

Accountancy Europe has issued a publication *Disclose what truly matters* which is based on a set of model disclosures in the management report of a fictional company. This publication aims at providing companies some practical assistance when complying for the first time with the EU Directive 2014/95/EU.

To further discuss the matter, Accountancy Europe hosted an event 'Disclose what truly matters' on 12 July 2017. The discussion revolved around recent developments in non-financial information (NFI) reporting at EU level, how existing standards can be used to best effect, and the practical experience of businesses that are already experienced in this field.

Alain Deckers, Head of Unit, DG FISMA at the European Commission, touched upon the Directive 2014/95/EU and recently published non-binding guidelines that are intended to give companies direction on how to comply with the requirements outlined in Directive 2014/95/EU.

Alain highlighted a need for stakeholders' engagement at all levels. NFI reporting cannot be done in an isolated environment – there should be a commitment from a company's leadership. Investors must be vocal in telling what information matters and is useful for investment decisions. Alain emphasised that NFI reporting is a journey and it will take time to acquire comparable information.

Bastian Buck, GRI Standards division Director, explained how GRI Standards can assist companies in complying with the requirements outlined in the EU Directive 2014/95/EU (more information is in the slides). GRI Standards aim at promoting common language for sustainability reporting. He also advised first time reporters to first look at peers operating in the same sector as they may be already doing something very similar.

The panel discussion focused on the practical challenges and solutions of effective ESG reporting.

Catherine Howarth, ShareAction CEO, referred to the EU Directive 2014/95/EU as a leading initiative in the field. She confirmed that investors play an important role in encouraging companies to produce meaningful and comparable information about ESG issues.

Lene Ritz, Head of Risk Management at Energinet, explained how risk assessment is conducted in a company. A company must have a proper enterprise risk management (ERM) function in place, which helps analyse all risks and opportunities. An ERM function has a view on the control environment and it is fully in line with the EU Directive's requirements. Lene considers that setting ESG materiality is more of a feeling than anything else – material matters are those that make the Board uncomfortable.

Michael Beutler, Sustainability Operations Director, closed the session sharing Kering's experience in sustainability reporting. Kering has developed its Environmental Profit & Loss methodology, measuring the present impact and the future risks. A company needs first to understand what to report – what is core and strategic for a business and only then can consider how to address these matters.

Accountancy Europe is continuing its work on NFI reporting. GRI, CSR Europe, and Accountancy Europe are currently working together to collect and share information about the local implementation of the EU Directive 2014/95/EU on non-financial reporting. It will be publicly launched at an event on 22 November 2017 during Invest Week.