

TOWARDS A GLOBAL STANDARD SETTER FOR NON-FINANCIAL REPORTING

EVENT SUMMARY

On 9 March 2020, Accountancy Europe and Eumedion hosted a joint round-table discussion *Towards a global standard setter for non-financial reporting*. The participants of the debate represented a wide range of stakeholders including investors, (non-)financial information (NFI) standard setters, the accountancy firms, supervisory bodies, and European national institutes and related organisations.

The discussions derived from the ideas presented in the Accountancy Europe's Cogito Paper [Interconnected standard setting for corporate reporting](#), and Eumedion's Green Paper [Towards a global standard setter for non-financial reporting](#).

The debate evolved around the following two main topics: what is needed and how to achieve it.

WHAT IS NEEDED?

In this session participants shared views on what solution could address the "alphabet soup" of NFI frameworks and standards, which do not naturally converge and harmonise.

Most welcomed the standardisation of NFI initiatives. In support, investors shared that currently most environmental, social and governance (ESG) factors in companies' reporting are company-specific and therefore require cumbersome in-depth analysis.

Some participants considered that monetising NFI would help address the urgent issues we are facing. However, other participants believed that the pricing of many NFI topics is too judgemental and wrongly implies that profit could compensate undue NFI performance.

MATERIALITY LENS

The materiality lens may be the Achilles' heel in the standardisation of NFI initiatives: may materiality hinder comparability? Participants shared that investors apply different materiality lenses to companies due to diversity in their demands.

There was support both for the (financial) investor lens and the multi-stakeholder lens for materiality, while others praised the 'double materiality' perspective introduced in the [European Commission's Guidelines on non-financial reporting](#).

HOW TO ACHIEVE IT?

There will be trade-offs (see textbox below) to consider when moving forward to any solutions.

Many participants considered that creating a core set of metrics could be the first stepping stone, which would address urgent global risks such as the climate change crisis faster. However, it is of paramount importance to have both an NFI framework and standards.

In addition, participants emphasised that any solution must ensure independence and due process of standard setting.

Finally, there was a consensus that a successful solution must be mandated (perhaps by multilateral bodies) and should effectively involve both public and private players in the respective governance structures.

The EU has shown leadership and is taking steps to address the global issues at hand. All participants agreed that EU's leadership should aim to ultimately advance us towards a global reporting solution.

TRADE-OFFS IN ACHIEVING A SOLUTION

1. standardisation vs. experimentation: is the experimentation time over?
2. focus on accountants vs. opening up to the broader market players: who should be part of the solution?
3. building a framework vs. a stepping stone approach.

About Eumedion

Eumedion represents the interests of institutional investors in the field of corporate governance and sustainability. All institutional investors that hold shares in Dutch listed companies can become a member of Eumedion. 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.

About Accountancy Europe

Accountancy Europe unites 51 professional organisations from 35 countries that represent close to 1 million professional accountants, auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.