

# Non-Financial Reporting Frameworks. Quo Vadis?

Non-Financial Reporting Standards in Europe

Gerhard Prachner



# Project Task Force on Non-Financial Reporting Standards

Patrick de Cambourg  
Chairman

# Context

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- Revision in progress of the Non-Financial Reporting Directive:
  - Consultation phase March-June 2020
  - Expected revision Q2 2021
- Request from EC :
  1. Preparatory work for an European Standard Setter (ESS) (Mandate to EFRAG)
  2. Revision of EFRAG governance (Mandate to Jean-Paul Gauzès)

# Organisation of Project Task Force

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A **multi-stakeholders'** Project Task-Force:

- 35 Members originating from 13 European countries
- 9 EU Public Authorities representatives
- 18 PMO support (3 central + 15 dedicated to the streams)

In total, a full time equivalent from **30 to 40 people from 11 September 2020 to 19 February 2021.**

Composition of the PTF is available on EFRAG website.

# Fahrplan

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## Vorgangsweise in drei Phasen

- **Phase 1** → **Einschätzung (Assessment)**
  - Gathering relevant material
  - Analysing current state of play (in the EU and globally)
  - Assessing current NFI situation in the EU
- **Phase 2** → **Vorschlag**
  - Designing possible scenarios
  - Identifying pre-requisites
  - Elaborating coherent and detailed recommendations
- **Phase 3** → **Outreach and conclusion**
  - Interacting with key stakeholders
  - Finalising recommendations
  - Preparing final report

# PHASE 1 OVERVIEW

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## Based on 7 workstreams

## Assessment Objectives

### Stream A1

**EU NFI Requirements  
Coherence**

- Onboarding all EU requirements
- Establishing potential basis for coherence

### Stream A2

**Possible Input From Existing  
Initiatives**

- Mapping and assessing initiatives
- Identifying relevant elements

### Stream A3

**Conceptual framework for NFI**

- Reviewing existing frameworks
- Structuring the standard content
- Addressing relevant questions
- Interacting with NFRD revision

### Stream A4

**FI/NFI Interconnection**

- Identifying FI limits and possible evolutions
- Mapping FI / NFI complementarity

# PHASE 1 OVERVIEW

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## Based on 7 workstreams

## Assessment Objectives

### Stream A5

#### Financial Institutions NFI focus

- Assessing current situation
- Identifying specific issues and possible solutions

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### Stream A6

#### Current Non-Financial Reporting (NFR) structures and practices

- Assessing management reporting diversity
- Identifying hurdles for stakeholders (including SMEs and rating agencies)
- Assessing digitization progress

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### Stream A7

#### Assessment Coordination / Conclusion

- Identifying gaps / overlaps
- Promoting interaction and cross-fertilisation
- Coordinating
- Reporting interim assessment conclusions

# FINAL REPORT: proposal for an European Sustainability Standard (ESS)

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## Purpose of sustainability reporting

The purpose of publicly available sustainability reporting is to provide relevant, faithful, comparable and reliable information:

- on (i) material sustainability impacts of the reporting entity on affected stakeholders (including the environment) and (ii) material sustainability risks and opportunities for its own value creation;
- enabling users of information (i) to understand the reporting entity's sustainability objectives, position and performance and (ii) to inform their decisions relating to their engagement with the entity.

*N.B Sustainability reporting is directly related to management reporting systems enabling reporting entities to better understand, manage sustainability matters and ultimately improve sustainability performance.*



# FINAL REPORT: proposal for an European Sustainability Standard (ESS)

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**#54 proposals** structured as follows:

Part 1 – Building the next step of EU sustainability reporting from robust and coherent standard-setting foundations

Part 2 – Anchoring key EU sustainability reporting concepts in robust conceptual guidelines

Part 3 –Elaborating standards from a state-of-the-art target sustainability reporting architecture

Part 4 – Rolling out a phased-in standard setting roadmap

# FINAL REPORT: proposal for an European Sustainability Standard (ESS)

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## *Part 4 – Rolling out a phased-in standard setting roadmap*

### **4.1 Establishing criteria for prioritisation**

### **4.2 Defining the first two sets and a roadmap for standard-setting**

**4.2.1 Getting started with a first set of sector-agnostic 'core' standards**

**4.2.2 Enhancing coverage and depth of topical standards in the second and following steps**

**4.2.3 Considering possible options for sector-specific standards coverage in the first sets**

**4.2.4 Developing an enabling SME approach**

### **4.3 Possible way forward to onboard international initiatives: a 2-step approach**

# FINAL REPORT: proposal for an European Sustainability Standard (ESS)

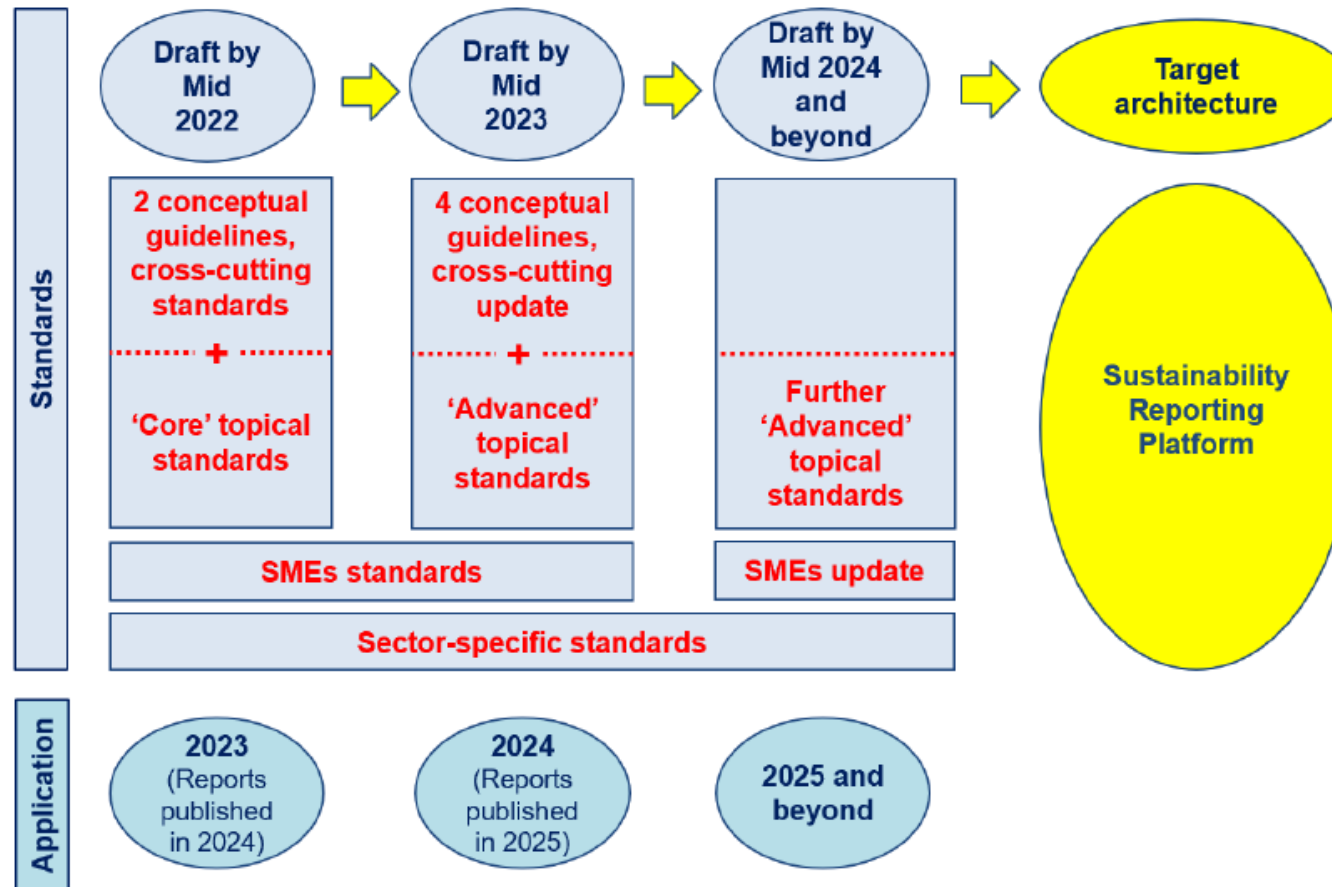
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## Target Architecture



# FINAL REPORT: proposal for an European Sustainability Standard (ESS)

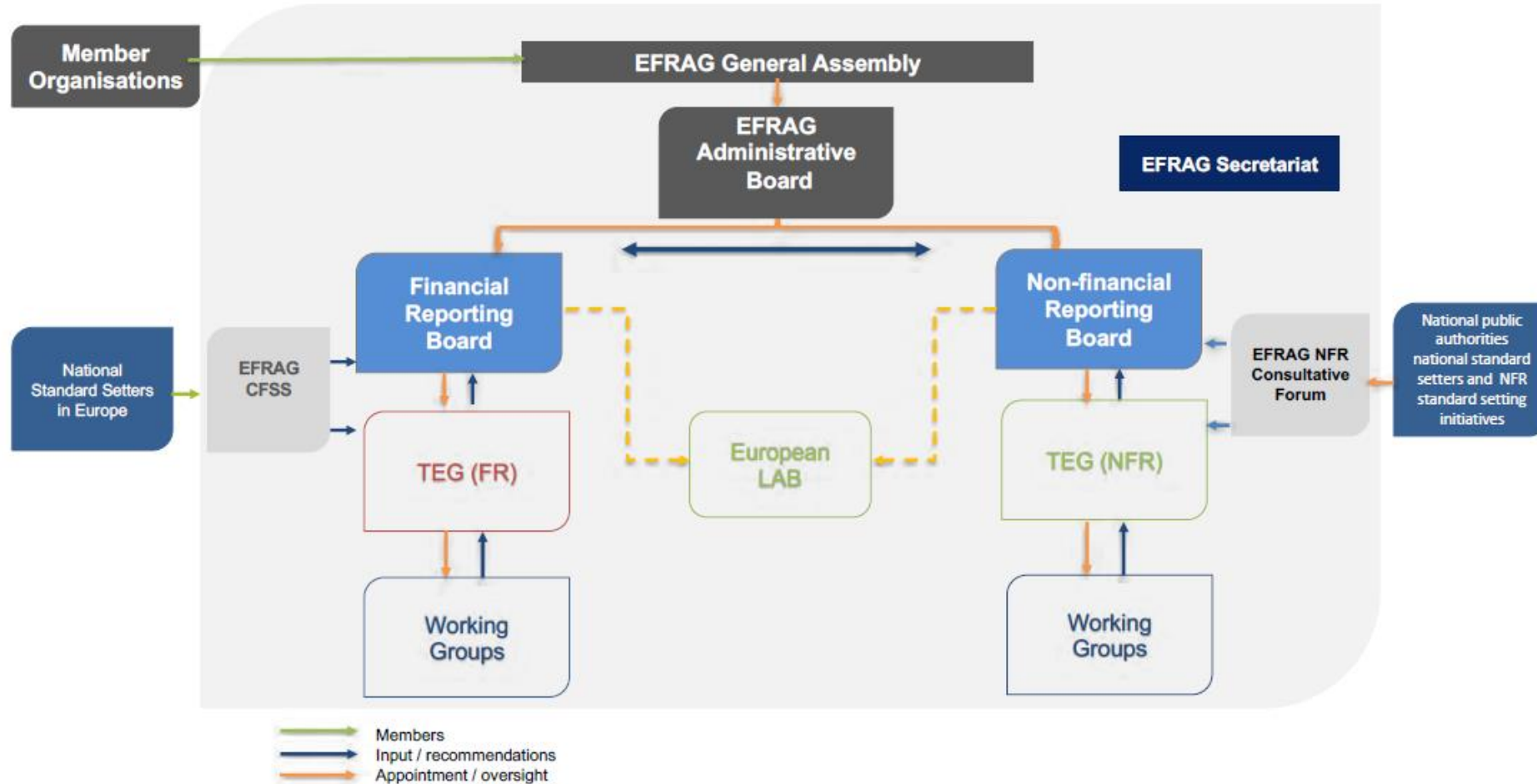
## Standard-setting roadmap



# Final Report on the *ad personam mandate* on Potential Need For Changes To The Governance and Funding of EFRAG

Jean-Paul Ganzès  
EFRAG Board President

# EFRAG'S NEW ORGANISATION AND GOVERNANCE



# Nächste Schritte

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- Veröffentlichung der Revision der NFRD der EU-Kommission
- Call for neue Mitgliedsorganisationen, die EFRAG beitreten
- Erweiterung der EFRAG Statuten und Internal Rules
- Genehmigung der neuen Struktur
- Call for Kandidaten für die diversen neuen Institutionen
- Aufnahme von geeigneten Mitarbeitern
- Gründung des NFR Consultative Forums und diverser Arbeitsgruppen