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Joint Statement on the European Commission's Non-binding guidelines on methodology for reporting non-financial information

GRI and Eurosif welcome the European Commission consultation on the non-binding guidelines on methodology for reporting non-financial information, with the purpose of collecting views from stakeholders for the implementation of the Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups.

While the European Commission is compiling the feedback received, GRI and Eurosif would like to share their common vision for an effective implementation of the Directive.

1. The guidelines should explain how relevant sustainability information is for data users, especially investors.

Eurosif and GRI firmly believe in the strategic value of sustainability reporting. Sustainability (“ESG”) data is relevant material information that investors should have and increasingly want as a means to better gauge longer term investment risks and opportunities of investee companies. For investors, material, timely, and comparable sustainability information across companies remains therefore crucial to allow for mid- and long-term investment decisions. Investors need to be able to effectively assess businesses’ ESG policies and practices, and based on such assessments, to invest clients’ capital in a smart, sustainable and long-term manner, while contributing to the real economy. In order to respond to the increasing requirements of clients, investors need to be able to provide a high level of transparency regarding their investments. In order to meet this appetite while working towards mainstreaming Sustainable and Responsible Investment, policy makers need to promote further consensus on ESG disclosure for both issuers and investors. As such, the non-binding guidelines play a key role in mainstreaming sustainability information disclosure, and should take into consideration the following points regarding flexibility and reporting language.

2. The guidelines should set out general principles and key ideas, focusing on current practices by companies

Companies would welcome guidance by the European Commission based on available best practices. Companies should be guided to provide material information according to the reporting standards that companies are already using, for instance GRI - the world’s most widely used sustainability reporting standards.

In order to do that, the non-binding guidelines should leave enough flexibility for companies, allowing them to choose their material aspects, based on a materiality assessment that includes stakeholders' views. Moreover, the guidelines should be general enough to be applied throughout all types of companies, encouraging companies outside the scope of the Directive that wish to report on their sustainability impacts to do so. This will allow for more comparability, create a common level playing field and promote fairer competition.

3. The guidelines should clearly refer to already existing and widely used corporate sustainability frameworks

Companies are already using international sustainability frameworks to inform their sustainability strategy and disclose sustainability information. In 2015, over 5400 organizations have disclosed relevant environmental, social and corporate governance (ESG) information in Europe alone¹. The non-binding guidelines should guide companies on the use of the most important corporate sustainability frameworks. The European Commission should leverage on common practices among companies and facilitate sharing of experiences. Recital number 9 of the Directive indicates that companies may rely on international frameworks to disclose sustainability information. Specifically, international norms and frameworks such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, the ILO core Tripartite Declaration and labor standards are useful for companies to inform their sustainability strategies. Management Standards such as ISO 26000 and EMAS would offer guidance on social and environmental aspects. GRI offers the reporting language to disclose business model, policies and outcomes, risks and KPIs on sustainability information and can be used complementarily with the above mentioned frameworks.

¹ <http://database.globalreporting.org>

About GRI

GRI is an international independent organization that has pioneered corporate sustainability reporting since 1997. GRI helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. With thousands of reporters in over 90 countries, GRI provides the world's most trusted and widely used standards on sustainability reporting, enabling organizations and their stakeholders to make better decisions based on information that matters. Currently, 40 countries and regions reference GRI in their policies. GRI is built upon a unique multi-stakeholder principle, which ensures the participation and expertise of diverse stakeholders in the development of its standards. GRI's mission is to empower decision-makers everywhere, through its standards and multi-stakeholder network, to take action towards a more sustainable economy and world.

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About Eurosif

Eurosif – The European Sustainable Investment Forum is the leading European sustainable and responsible investment (SRI) membership organisation whose mission is to promote sustainability through European financial markets. A partnership of national Sustainable Investment Fora (SIFs) across Europe, Eurosif draws from a pool of over 400 organisations and some of the main stakeholders within the sustainable investment industry. These organisations include institutional investors, asset managers, financial services, index providers and ESG research and analysis firms totaling over €8 trillion in assets. Eurosif is also a founding member of the Global Sustainable Investment Alliance, the alliance of the largest SIFs around the world. The main activities of Eurosif are public policy, research and creating platforms for nurturing sustainable investing best practices.

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