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AMF's feedback to the EU Inception Impact Assessment on the revision of the Non-financial Reporting Directive

The Non-financial Reporting Directive (2014/95/EU) requires large companies (more than 500 employees) to disclose non-financial information on their social and environmental risk and opportunities that are material to their business model. In the context of its review, the European Commission launched an inception impact assessment exploring three policy options. Here are the key takeaways.

In its European Green Deal of December 2019, **the European Commission announced its intention to review the non-financial reporting regulatory framework.** To this end, the Commission launched a first inception impact assessment on January 30th. Its objective is twofold: firstly, to ensure that investors and other shareholders have access to adequate information from companies to be able to hold them accountable or to take into account sustainability-related risks, opportunities and impacts in their investment decisions. Secondly, to address challenges such as the comparability of non-financial information or the harmonization of reporting practices as companies are facing an increasing demand of information from data providers, rating agencies and civil society.

Three strategic options:

In its initial impact assessment, closed since February the 27th, the Commission asked different shareholders to provide feedbacks to assess their appreciation of three policy options:

- 1 • **Continue the current approach** of non-binding guidelines to assist companies when reporting according to the NFRD. The Commission could revise or complete the general non-binding guidelines on non-financial reporting;
- 2 • **Explore the use of standards.** The EU could, for example, endorse an existing or possible future standard on non-financial reporting, which would remain voluntary for companies to use if they wish to;
- 3 • **Revise and strengthen the provisions of the NFRD. Such a revision could modify non-financial reporting requirements.**

With regard to the last option, the European Commission has identified the following issues:

- Detailing what non-financial information companies should report;
- Requiring some or all companies under the scope of the legislation to use a non-financial reporting standard;
- Modifying the scope of company that are currently covered;
- Strengthening the provisions regarding the assurance of non-financial information;
- Clarifying and further harmonising provisions regarding where non-financial information should be reported, in particular with regard to publishing such information in the management report and/or in a separate report;
- Ensuring that non-financial information is available in a digital format;
- Strengthening supervisory convergence at the European level.

In order to better harmonise reporting practices among European companies, the AMF supports the third policy option and calls for a revision of the Non-financial Reporting Directive.

This is a first step in the European Commission's review process. **A second and more detailed consultation is now open until May 14th.**

Read more

Inception impact assessment on the Revision of the Non-Financial Reporting
Directive

➤ The AMF's feedback to the Inception Impact Assessment

➤ Public consultation (20 February - 14 May)

AMF's 2019 report on the social, societal and environmental responsibility of

➤ listed companies

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