



**Mr Alain Deckers**  
European Commission  
DG FISMA  
Unit C1, Corporate reporting, audit and  
credit rating agencies  
Rue de la Loi 200  
B-1049 Brussels  
BELGIUM

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Dear Mr Deckers,

## **Climate-related aspects in the non-binding Guidelines on Non-Financial Reporting**

I write to you concerning current discussions regarding the non-binding guidelines on non-financial reporting and the addition of climate-related reporting requirements following the EU Action Plan on Sustainable Finance.

BusinessEurope supports the objective of the EU Sustainable Finance Action Plan to further mobilize investments in the EU in view of achieving sustainable growth aligned with the Paris Agreement and EU climate goals.<sup>1</sup> Thus, we welcome initiatives, such as the Commission's taxonomy proposal, which aim to foster transparency and provide clarity to the markets through a common understanding of sustainable investments and their environmental impacts.

Likewise, we support a more coordinated European approach towards climate-related reporting requirements. To get broad support of the European business community, it is essential that these initiatives on sustainable finance and climate-related reporting are proportionate, practicable and accommodate the needs of both the financial markets as well as the real economy.

The following points should be carefully addressed in the preparation of a climate-related annex of the non-binding guidelines:

- If the recommendations of the Task Force on Climate-related Financial Disclosures are added to the non-binding guidelines, it must be clear that these are optional and not legal obligations included in the Directive on disclosure of non-financial information and diversity information itself. It is also important to bear in mind that the recommendations of the Taskforce on Climate-related Financial Disclosures, set up by the Financial Stability Board, neither include nor require information on the effects of business activities on climate-related aspects.
- According to Article 19a of the Directive, information is required that is necessary for an understanding of the development, results, position and effects of the company's activities relating to, as a minimum, environmental, social and

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<sup>1</sup> For more info: [BusinessEurope Strategy paper on Energy & Climate policy](#)



employee matters, respect for human rights, anti-corruption and bribery matters. The proposed update creates a confusion by being built on a differentiated treatment of climate-related information, compared to other issues. It is crucial that the update aligns with the existing non-binding guidelines, both in its form and content, in order to not further the gap between climate-related information and other material subjects that companies report on.

- In the climate-related disclosures report of the Technical Expert Group on Sustainable Finance, it was proposed to differentiate the recommended disclosures in the non-binding guidelines in three separate categories (disclosures that companies 1) should disclose; 2) should consider disclosing; and 3) may consider disclosing). Reducing this to two categories: 1) disclosures that a company should consider; and 2) disclosures that companies may consider is an improvement in comparison with the report of the Technical Expert Group. However, the introduction of different levels of reporting in the guidelines, that are already non-binding in nature, would add complexity and cause confusion among preparers of non-financial information reports. We therefore consider that Type 1 information should be presented as “examples” (disclosures that companies ‘may’ consider) similarly to the 2017 non-binding guidelines. Type 2 information raises significant concerns as several indicators go beyond TCFD detailed recommendations, are problematic in terms of confidentiality and, consequently, create a risk of distortion of competition between European and non-European companies.
- The non-binding guidelines of the NFRD must remain a tool for all companies, without emphasizing one sector in particular such as banks and insurance. This position is in line with the Directive, which does not include specific provisions for those entities. Therefore, we consider that the annex for Banks and Insurance companies should not be included in the revised guidelines.

Lastly, we want to reiterate that all efforts to further mobilise investments in support of the transition toward a more sustainable economy are very much needed and you can count on the European business community to be a strong ally. This common effort starts by making sure that we have a constructive dialogue between investors and companies from the beginning, and that the framework set to apply the Action Plan on Financing Sustainable Growth allows for both actors’ needs to be taken into account, at the earliest possible stage. We therefore count on the European Commission to guarantee a broad involvement of stakeholder including representatives from the manufacturing sectors in the further process.

We hope that you share these views and remain at your disposal should you wish to discuss this further.

Yours sincerely,

Rebekah Smith  
Deputy Director  
Social Affairs Department