

Entwurf zur Kommentierung des AKIR der Fragen 14-16 der

„Consultation on the renewed sustainable finance strategy“ der EU Commission

Question 14: In your opinion, should the EU take action to support the development of a common, publicly accessible, free-of-cost environmental data space for companies' ESG information, including data reported under the NFRD and other relevant ESG data?

Yes/No/Do not know.

If yes, please explain how it should be structured and what type of ESG information should feature therein. [BOX, 2000 characters]

YES

A common, publicly accessible and free-of-cost environmental data space for companies' ESG information could be beneficial. It could facilitate transparency and comparability while avoiding duplication of data collection. It could provide reliable non-financial data and information at low search costs for all types of stakeholders. It could help them to make informed (business) decisions. The following should be kept in mind: The data should be structured and standardized on a basis of international agreed upon ESG standards that are focused on the needs of the various stakeholders. However, the standards should stay dynamic and should not hinder the further adaptation of ESG reporting to the stakeholder needs in the future. By doing so, the referred data space should logically be established after such reporting standards are in place. This standardization should also leave room to report company specific data according to the management approach. The data space should not be restricted to “environmental data”. It should also cover the “social” and the “governmental” dimensions of ESG. Such a data space should be accessible not only throughout the EU but also worldwide. In this sense, instead of limiting the stored data to only companies in the EU, the referred data space should be established on a global level while not just being one of many. In any case, a major prerequisite would be to have a set of common standards and rules worldwide to measure and report ESG impacts. The implementation and running costs of such a data collecting source for the reporting companies should not be neglected; implementation and use should not be associated with unreasonable costs. To safeguard the quality, effectivity and efficiency of the data collection, the experience gained with ESEF could perhaps be transferred to non-financial reporting. Although, the reporting system will be challenged by the characteristics of ESG-data, which is to a large extent qualitative and narrative.

Question 15: According to your own understanding and assessment, does your company currently carry out economic activities that could substantially contribute to the environmental objectives defined in the Taxonomy Regulation?¹

Yes/No/Do not know.

If yes, once the EU Taxonomy is established (end-2020 for climate change mitigation and adaptation),² how likely is it that you would use the taxonomy for your business decisions (such as adapting the scope and focus of your activities in order to be aligned with the EU Taxonomy)? Please use a scale of 1 (not likely at all) to 5 (very likely). If necessary, please specify [BOX, 2000 characters].

YES

The question is not applicable for us:

We are not a company but a working group of an institution that fosters the exchange of concepts and experiences between corporate practice and business academia. Some of the corporate members of our working group (albeit not all) expressed a “yes” to the question. They would scale the likelihood of using the taxonomy for their decisions around 3 or 4.

Question 16: Do you see any further areas in existing financial accounting rules (based on the IFRS framework) which may hamper the adequate and timely recognition and consistent measurement of climate and environmental risks?

Yes/no/do not know.

If yes, what is in your view the most important area (please provide details, if necessary):

o Impairment and depreciation rules. [BOX, 2000 characters]

o Provision rules. [BOX, 2000 characters]

o Contingent liabilities. [BOX, 2000 characters]

o Other, please specify. [BOX, 2000 characters]

YES

Due to the fact that comments are only allowed if “Yes” is voted, we chose to do so. Our intended answer would be and is in fact “No”. The purpose of the IFRS framework in particular is to deliver a true and fair view of an entities financial position and its financial performance, focused on the resource “financial capital”. In this regard, the financial accounting rules do not hamper the adequate and timely recognition and consistent measurement of climate and environmental risks. Although, IFRS do not contain detailed requirements for such disclosures, they do provide enough scope for considering these matters. In addition, the management report according to EU regulations or the management commentary according to the IASB’s Practice Statement provide the platform to consider ESG risks. Other impacts than just those on financial capital can be included here as the NFRD points out. This point of view of our working group is in line with most of the comments to the 2018 Fitness Check on the corporate reporting framework with regard to “carve-ins”. Taking into account that the time perspective of sustainability issues is much longer and the scope of impacts on different types of resources is much broader than the ones of financial reporting it would not be useful to widen the scope of financial statements, because this

¹ The six environmental objectives are climate change mitigation and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

² Assuming that for climate change mitigation and adaptation, it would be based on the recommendations of the TEG for the EU Taxonomy.

would most likely lead to a reduction of preciseness regarding the measurement of the amount and the changes of financial capital.

To our conviction there should be different, purpose specific concepts and systems of impact and resource measurement related to the type of resource that is looked at. E.g. environmental risks do have various other impacts than just financial ones, and they are not the only ESG risks that are material. To capture them adequately in a data collecting and reporting system, specific (mostly non-financial) measures and indicators are necessary. Financial reporting should not be regarded as a device that meets all purposes.