31 January 2019

ecoDa written comments to the report on climate related disclosures issued by the Technical Expert Group on Sustainable Finance

Transparency Register: N°37854527418-86

- ecoDa welcomes the integration of the guidelines of Taskforce For Climate Financial Disclosure (TCFD) in the Non-Financial Reporting Directive requirements, which is going to make easier for companies to report to their different stakeholders, specially to investors which take into account Environmental, Social and Governance ESG) criteria.
- ecoDa welcomes the approach of providing specific disclosures and guidance for each element of the Non-Financial Reporting Directive requirements, including metrics for all in-scope companies, for non-financial companies, and for banks and insurance companies. We agree that this would facilitate companies in identifying the relevant information to be reported. It will help boards to 1- analyze the trade-offs related to climate change and taking decisions based on that analysis and to 2- understand the impact of climate change short term and its consequences in the long term for and its implications for the business model and governance issues.
- We welcome the idea of linking climate-related disclosure to EU climate commitments. Better understanding of climate related risks would lead to better exposure of such risks. This will provide stakeholders with more detailed insights on companies' exposure to normative risks in relation to the evolving EU Climate Policy Targets. However, the Commission should find the appropriate balance between usefulness for the outside world and time/cost for companies to gather the info. Too much standardization leads to high level declarations which provide little value for the outside world against a high cost for the company.
- ecoDa welcomes the fact that there is no one size fits all approach here. ecoDa is pleased with the approach developed i.e. to substantially differentiate disclosures based on the level of exposure of reporting companies.
- For consistency and convergence across existing frameworks, ecoDa would recommend that reference is made to the Principles released by the World Economic Forum (WEF) under the auspices of the Climate Governance Initiative (CGI) which are designed to guide boards, and non-executive directors in particular, in steering their companies through an effective climate transition strategy.
- There is a tendency to recommend for each new emerging topic the creation of a dedicated board committee. The main risk of such a trend is certainly to undermine the collegiality of the board. It should be the responsibility of the board as a whole to oversight the sustainability matters. Existing structures of governance (like strategy/ CSR / risk committees) in the companies can take these important issues into consideration already and there is no necessity to expand the bureaucracy. The saying "the more, the better" is not working in this case.

****

About the European Confederation of Directors Associations (ecoDa)

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organisations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

ecoDa full members:

- The British "Institute of Directors" (IoD);
- The Belgian "GUBERNA";
- The French "IFA";
- The Luxembourg "ILA";
- "Directors' Institute Finland";
- The Spanish institute "Instituto de Consejeros – Administradores";
- The "Slovenian Directors' Association";
- The Dutch "Nederlandse vereniging van Commissarissen en Directeuren";
- The Italian Directors' Association, "Nedcommunity";
- The "Norwegian Institute of Directors";
- The Swedish "StyrelseAkademien";
- "Vereinigung der Aufsichtsrate in Deutschland" e.V., VARD;
- The Portuguese "Forum de Administratores Emprases";
- The Baltic Institute of Corporate Governance;
- The Swiss Institute of Directors;
- The Romanian Independent Directors Association.

ecoDa affiliated members (national institutes of directors):

- The "Croatian Institute of Directors"
- "Corporate Governance Institute Albania" (CGIA)

Corporate Associates (national institutes of directors):

- The "Danish Board Network"

Correspondents:

- Cyprus IoD Branch
- Malta IoD Branch

CONTACT:

Béatrice Richez-Baum, Director General, ecoDa - contact@ecoda.org Tel: +3222315811