



ICGN

International Corporate Governance Network

Inspiring good governance & stewardship

ICGN Supports European Sustainability Reporting Standards (European Commission draft Delegated Regulation)

London, United Kingdom: ICGN has responded to the European Commission's [draft Delegated Regulation](#) supplementing Directive 2013/34/EU as regards sustainability reporting standards. Our [letter to the European Commission](#) has been published in full, supporting this draft regulation in the following areas:

- **Support for the Corporate Sustainability Reporting Directive (CSRD):** Investors have been calling for comparable, reliable and verifiable corporate sustainability disclosures in order to make informed stewardship, investment and risk management decisions, and for their own reporting. The ICGN therefore supports the objective of the CSRD. We were also pleased to see that the CSRD refers to the ICGN Global Governance Principles as an authoritative global framework of governance information of most relevance to users.
- **Materiality assessments:** We welcome the decision by EFRAG and the European Commission to give a more central role to the materiality assessment. It is a fundamental and well-understood concept in financial reporting. It is also the logic of international responsible business conduct standards, such as the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights. Finally, it is the approach chosen by the International Sustainability Standards Board (ISSB). Materiality assessments should be conducted in a serious, thorough, and ethical manner by companies, with board oversight, and transparency to users.
- **Sustainable Finance Disclosure Regulation (SFDR):** Investors are dependent on companies' disclosures for their own reporting under the SFDR. If companies, following their materiality assessment, decide not to disclose certain elements that investors need for own reporting, this will be very problematic.
- **Climate change:** We recommend that the European Commission keeps the mandatory reporting of key climate indicators and transition plans. It is true that, under the double materiality approach, climate-related information should be deemed material by most companies across sectors and should therefore be reported. However, considering the EU's climate commitments, we believe it is preferable for the Commission to send a strong signal to companies by making this information mandatory. It is also important to note that investors need these disclosures to assess their portfolio's carbon footprint.
- **Inter-operability:** The ICGN asks that the ISSB and the Commission publish the detailed mapping they have done comparing similarities and differences between the two sets of standards. This would be useful for regulators, companies, advisers and auditors alike.

ENDS

Note to Editors

About ICGN

Led by investors responsible for assets under management of around \$77 trillion, and bringing together companies and stakeholders, ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to healthy and sustainable economies, societies, and environment.

ICGN's comprehensive international work programme is based around three core objectives as follows:

- Influence: Promoting ICGN Principles as investor-led global standards for governance and stewardship and influencing public policy and professional practice.
- Connect: Delivering high-quality global events and webinars with unrivalled opportunities for networking, knowledge-sharing and collaboration.
- Inform: Enhancing professionalism in governance and stewardship practice through information and education.

Enquiries

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