

XBRL EUROPE

XBRL IT

24th XBRL EUROPE DAY in Milan

5-6th FEBRUARY 2020

Hosted by



Non-financial Reporting

- Phil Fitz-Gerald
- Director, Financial Reporting Lab (Financial Reporting Council)
- XBRL International Board member

Background

- Non-Financial Reporting Directive in place in Europe since 2018
- ESG considerations increasingly incorporated into investment decision making
- ESG investing estimated at over \$20 trillion in Assets Under Management
- Growth in the use of sustainability data from third party providers such as Sustainalytics, MSCI and DowJones Sustainability Index
- TCFD reporting endorsed by many investors and regulators
- Other frameworks gathering momentum

Investor pressure is growing

“Climate change has become a defining factor in companies’ long-term prospects. Last September, when millions of people took to the streets to demand action on climate change, many of them emphasized the significant and lasting impact that it will have on economic growth and prosperity – a risk that markets to date have been slower to reflect. But awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance.”

“While no framework is perfect, BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labor practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the TCFD provides a valuable framework.”

Larry Fink, CEO of Blackrock, Annual CEO letter

Accountants are responding

Accountancy Europe said:

“Climate change, environmental degradation, human rights and social concerns, are of growing global concern to companies, investors, policymakers, regulators and civil society.”

“In response, hundreds of non-financial information (NFI) reporting frameworks and standards have been developed, which are leading to confusion and the potential for greenwashing.”

“The publication Interconnected Standard Setting for Corporate Reporting seeks a way to coordinate, rationalise and consolidate the many non-financial reporting initiatives, create a core set of global metrics, and connect this information to financial reporting.”

And companies are reponding:



Consultation Draft

Toward Common Metrics and Consistent Reporting of Sustainable Value Creation

And regulators are responding:



EC High-Level Conference on Implementing The European Green Deal The European Climate Law

Financing the transition and triggering investment Panel Discussion

“So today, I can tell you that the European Commission will support a process to develop **European non-financial reporting standards**. This is in line with the Council conclusions on the Capital Markets Union at the end of last year.

I will soon invite the **European Financial Reporting Advisory Group** to begin preparatory work for these standards as quickly as possible.”

 EFRAG

28 January 2020 - Brussels



Executive Vice-president
Valdis Dombrovskis
An Economy
that Works for People



Investors call for improved workforce reporting

20 January 2020

Reporting on workforce-related issues needs to improve to meet investor needs and reflect modern-day workforces according to a [new report](#) from the Financial Reporting Council's (FRC) Financial Reporting Lab (the Lab).



FRC publishes new UK Stewardship Code

There is a strong focus on the activities and outcomes of stewardship, not just policy statements. There are new expectations about how investment and stewardship is integrated, including environmental, social and governance (ESG) issues

5-6th February, 2020

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Milan

So what role can the XBRL community play?

- XBRL is about communication of structured information
- As standards and regulation develop, the XBRL community has an important role to play in:
 - Encouraging regulators to have digital strategies
 - Developing the taxonomies that support the regulation
- ESEF provides a great platform for the future

.....so let's make sure we are heard