

Jean-Paul Gauzès
Board President
35 Square de Meeûs
1000 Brussels
Belgium
EFRAG

Brussels, 18 December 2020

Dear Mr Gauzès,

We are writing to you on behalf of the Sustainable Finance Task Force of the American Chamber of Commerce to the European Union (AmCham EU). This Task Force brings together banks, financial intermediaries and industry to engage with EU policy makers on the challenge of tackling the energy and climate transition.

AmCham EU believes that there is huge potential in harnessing capital flows for sustainable investment. The goal of our Task Force is to leverage the expertise and experience of businesses from across our membership with the technical insight of the transatlantic financial services sector. This uniquely cross-sectoral group of businesses intends to act as a trusted and valuable partner for policymakers throughout the implementation of initiatives laid out in the European Commission's Sustainable Finance Action Plan.

In the context of the forthcoming review of the Non-Financial Reporting Directive (NFRD) and in line with the mandate for EFRAG to develop potential metrics and qualitative information for a common European non-financial reporting standard, we would like to communicate the reflections of our Task Force on the question of disclosure.

We believe that there is considerable room for improvement with regard to the availability, reliability and comparability of non-financial reporting information. While this challenge can best be addressed through international coordination, we would like to recognise the leadership of the EU and EFRAG. We also welcome the more recent initiative of the IFRS Foundation. We welcome progress in Europe through the NFRD review as it can enable companies to report non-financial information more efficiently in line with commonly recognised metrics. We believe that the work of EFRAG and the proposals of the IFRS Foundation have the potential to be complementary in this regard.

In terms of concrete proposals on the EU context, we would like to highlight the following:

- **Proportionality:** We advocate for a proportionate approach to the NFRD review, balancing the growing demand for the investment community to source and compare ESG data with the costs and resources with which disclosing companies are faced. Disclosure standards should be responsive and synchronized with existing requirements placed on financial market participants. This includes taking into account recently introduced modifications to disclosure requirements through the EU Taxonomy Regulation as well as new disclosure obligations in the EU Benchmarks Regulation and the Sustainable Finance Disclosure Regulation.
- **Alignment to existing international standards:** We believe that existing international standards and reporting instruments should be considered when developing corresponding disclosure templates in the NFRD review. In this context we would like to stress the need for scrutiny of the provisions governing ESG and non-financial disclosure for financial market participants in the above mentioned

EU financial services Regulations, as well as international standards against which corporates might already be reporting. We believe that minimum key reporting criteria aligned with existing global standards would be most helpful as opposed to the creation of an entirely new additional standard. Such alignment would allow third-country firms disclose relevant information for use in the EU using existing and well-established practices.

- **Convergence:** If the EU decides to move forward with a specific reporting framework linked to the NFRD regulatory requirements, building on well-established initiatives recognised by the market will also allow international convergence over a longer term. In order to be relevant, information also needs to be useful for stakeholders to make decisions. The need to promote international convergence should be an important factor when developing any regional reporting framework.
- **Holistic view:** We would like to underline the importance of consolidated reporting on non-financial information at the parent company level. Providing this information at parent level allows for a more holistic view of non-financial information. This would be more efficient for multinational financial institutions operating in various jurisdictions with subsidiaries or branches in the EU and would also ensure proportionality for smaller companies or third country subsidiaries.

We hope that these points might be useful for your important work and we remain at your disposal should you or your team wish to engage with members of our Task Force further in a roundtable format. If this would be suitable, please do not hesitate to contact Maira Madala (MML@amchameu.eu) at the AmCham EU secretariat to propose dates most suitable for you.

Yours sincerely,



David Henry Doyle
Chair, Sustainable Finance Task Force
American Chamber of Commerce to the EU

Head of Government Affairs & Public Policy, EMEA
S&P Global



Brian Fox
Vice-Chair, Sustainable Finance Task Force
American Chamber of Commerce to the EU

Vice President
J.P. Morgan Chase & Co



Jane Gimber
Vice-Chair, Sustainable Finance Task Force
American Chamber of Commerce to the EU

Associate Director
Fleishman Hillard