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Non-financial reporting directive adopted while questions remain on implementation

London, 29th September 2014: Today, the EU Council took a welcome step forward towards ensuring financial markets have the information they need to take sufficient account of environmental and social corporate performance, risks and opportunities relevant to future shareholder value. The General Affairs Council has adopted a Directive for the disclosure of non-financial information to require approximately 6,000 large listed companies in the EU to disclose their environmental and social impacts, as part of their mainstream financial reporting.

Financial markets do not yet take sufficient account of environmental corporate performance, risks and opportunities, due to a lack of comprehensive and comparable information in “mainstream” corporate reports. This information gap undermines the efficiency by which markets are able to allocate capital to its most productive uses over the medium to long term – a crucial enabler of strong and sustainable economic growth. The Directive goes some way to addressing these concerns, but questions on implementation remain.

Mardi McBrien, Managing Director for CDSB, comments:

“CDSB acknowledges the EU’s intent but has concerns that, as drafted, the Directive will not sufficiently address the information gap due to the lack of consistent and comparable information that will be reported. CDSB’s mission is to address the need for [consistency](#) of non-financial information in mainstream financial reports. We urge the European Commission to develop its guidance with consistency in mind and also recommend Member States do the same when transposing the Directive.”

CDSB welcomes the opportunity to support Member States, regulators and companies in achieving the overarching objective of today’s decision with our proven experience in developing the only framework specifically designed for the inclusion of environmental related information in mainstream financial reports, as well as setting out principles for reporting on any non-financial subject matter.

Dr Jarlath Molloy, CDSB’s Technical Manager and co-author of the revised [CDSB Reporting Framework](#) adds:

“Over the last 18 months CDSB has been working with the accounting firms, their membership bodies and external stakeholders worldwide to expand the scope of the CDSB Framework beyond climate change, to include information on all environmental matters, including the key performance indicators outlined in the Non-Financial Reporting Directive, to ensure companies have the tools and guidance they need to report consistent, comparative and timely information that will be useful for investors.”

A second consultation on the expansion of the CDSB Framework will open in October 2014 with publication date set for Spring 2015. CDSB invite interested parties to follow progress at www.cdsb.net.

Ends

About CDSB

CDSB is a consortium of business and environmental organizations formed at the World Economic Forum’s annual meeting in 2007. Its purpose is to jointly develop and advocate an international reporting framework for the integration of information related to environmental matters into mainstream corporate reports such as an Annual Report. CDSB develops a reporting framework designed to elicit climate change-related information of value to investors in mainstream financial reports. Created in line with the objectives of financial reporting and rules on non-financial reporting, the CDSB Framework seeks to filter out what is required to understand how climate change affects a company’s financial performance, specifically in the

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mainstream corporate report. The CDSB Secretariat is managed as a special project of CDP on behalf of the consortium. For more information visit www.cdsb.net and follow us on twitter [@CDSBGlobal](https://twitter.com/CDSBGlobal).

CDSB Framework

The CDSB Framework is a voluntary reporting framework designed to elicit information related to environmental matters of value to investors in mainstream corporate reports. Based on existing standards, research and good practice, developed in close partnership with leading professionals in accountancy, business, standard setting and regulation, it seeks to filter out what is required to understand how climate change affects a company's financial performance.

The Framework offers a practical response to the demand for a global reporting model that ensures fair and transparent markets, encourages standardized climate change-related reporting and inspires confidence in the reported information. CDSB does not aim to create a new standard, but works as a collaborative forum to establish how to improve existing standards and practices to link financial and climate change-related reporting, and respond to regulatory developments. Find out more at cdsb.net/Framework

CDSB's consistency report

The Working Paper, which is part of CDSB's ongoing work on consistency in climate change-related reporting, finds that although there is evidence of variations between the reporting schemes that have emerged against different policy backgrounds, schemes share some fundamental characteristics reflecting the similar policy objectives they are designed to serve, (e.g.: emission reductions, achievement of national targets and low-carbon strategies, etc). Find out more at cdsb.net/consistency.

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