



Presidente
Consiglio di Sorveglianza

Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)
Italy, 00187 Roma, Via Poli 29
Tel. 0039/06/6976681 fax 0039/06/69766830
e-mail: presidenza@fondazioneoic.it

European Commission

27 February 2020

Re: CE consultation paper “Inception Impact Assessment” on the Revision of Non-Financial Reporting Directive

Dear Sir/Madame,

the Organismo Italiano di Contabilità – OIC is pleased to have the opportunity to provide some comments on your document “*Inception Impact Assessment*”.

As known, several organisations have made available standards and guidelines, such as for example GRI, IIRC, SASB, European Commission, Task Force of the Financial Stability Board, United Nations Global Compact, World Economic Forum, Climate Disclosure Standards Board (CDSB). The number and heterogeneity of the proposed solutions do not guarantee neither the efficiency nor the comparability of the information. In fact, as noted by the Commission itself “*The market is characterised by a number of overlapping and sometimes inconsistent private non-financial reporting frameworks and standards, and companies face significant challenges in deciding whether and to what extent they should use these different frameworks and standards.*”

It is therefore important to work for the development of a non-financial reporting system which, in addition to meeting the information needs of users, containing costs for preparers, improving the comparability of information, hopefully tends, in perspective, to have a global application, coordinated with financial reporting. In order to overcome these critical issues, it is necessary that the reporting system must be shared and generally accepted.

It is clear that the initiatives undertaken and the important financial commitment by the Commission to support the environmental sustainability in general entitle the Commission to carry out an important role also in non-financial reporting matters.

Having said that, taking into consideration the content of the document open for comments and the three options proposed, we believe option no. 1 which refers to the use of guidelines not preferable. Indeed, the guidelines represented a useful tool in the phase of first application of the directive. However, they have limits if, in perspective, it is wished to ensure proper comparability in non-financial reporting.

Option no. 3 indicated in the document regards the revision of the directive on non-financial information, providing a series of more detailed requirements compared to the current version. In this regard, we believe that the EU directive is not the most suitable regulatory instrument to provide for stricter technical requirements. It is preferable that these requirements are delegated to a second level technical standardization such as the standard setters.

Furthermore, experience teaches that any change or addition to the rules of the directive requires times incompatible with those of the market.

That being said, it seems that option no. 2, i.e. the possibility of exploring the use of standards, is closer to what is intended to be achieved.

Moreover, the same Commission has committed itself to developing standards for non-financial reporting.

Among other things, the fact that the financial implications of non-financial information are increasingly being highlighted is also militating in this direction. This consideration leads to the view that non-financial information should also be referred to as standards and not only as guidelines.

In this context, it will also be necessary to evaluate the cost for companies of adapting to the new standards with respect to the practices currently followed in providing non-financial information.

Furthermore, it is necessary to consider whether the voluntary application of standards is compatible in the long run with the comparability and reliability of information.

In this context, we welcome the Commission's decision to involve EFRAG, already committed to the matter with the LAB's activity. In fact, EFRAG will be called upon to carry out preparatory work for the development of these standards as soon as possible.

This task, which requires adequate resources and an adaptation of the operative structure consistent with current governance, is considered the first step of a process in which, according to what Dombrovskis said, the EU wants to play a leading role in building a consensus for a set of standards that can be widely accepted, starting from what exists today and with the assistance of those who can best contribute to the process.

Yours sincerely,



Paolo Gnes

(OIC Chairman of Supervisory Board)