

Investor needs and policy implications

EUROSIF-ACCA INVESTOR SURVEY ON NON-FINANCIAL REPORTING

On 16 April, the European Commission proposed new non-financial disclosure requirements for all large companies in the EU, through an amendment to the Accounting Directives.

Investors, being a key audience of corporate reporting, are increasingly looking to assess not just the financial performance of the companies in which they invest, but also the environmental, social and governance (ESG) performance.

In order to gather the views and opinions of the investment community on their use of ESG information and the proposed reporting regime, Eurosif and ACCA conducted a survey of European investors and financial or non-financial analysts. The survey was conducted from November 2012 to April 2013 and the results are based on 90 responses.

The key findings of the survey are as follows.

- The most important sources of non-financial information for investors are sustainability/CSR reports (91% state 'high' or 'essential') and annual reports (85%). These sources are more important to investors than information provided by ESG rating agencies, NGOs, quarterly company reports or regulatory information.
- 69% of respondents agree or strongly agree that current non-financial information published by companies is linked to the CSR policy. However, a majority disagree or strongly disagree that current reporting is linked to business strategy and risk (74%), and that sufficient information is provided to quantify the materiality of non-financial factors in financial terms (93%).
- In order for non-financial information to be useful to investors, it must be sufficiently comparable across companies. 93% of respondents disagree or strongly disagree that current non-financial reporting is sufficiently comparable.
- 92% of respondents agree or strongly agree that non-financial information should be better integrated with financial information.

- Qualitative policy statements are important to assess financial materiality (77% agree or strongly agree), but quantitative key performance indicators (KPIs) are viewed as essential (97% agree or strongly agree).
- Accountability mechanisms should be part of non-financial reporting, either through new board oversight mechanisms, third-party assurance and/or shareholder approval at general meetings. In fact 73% agree or strongly agree that non-financial information should be subject to shareholder approval.

The most important lessons for policy makers engaged with designing minimum standards for non-financial reporting by EU companies are as follows.

- Current non-financial reporting by companies is inadequate for investors.
- Reporting must be linked to business risk and integrated with financial information.
- Quantitative KPIs are essential.
- Accountability and assurance mechanisms are needed.

The full results of the study will be made available to the public in June 2013.

FOR FURTHER INFORMATION, CONTACT:

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ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our 154,000 members and 432,000 students in 170 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of over 80 offices and centres and more than 8,400 Approved Employers worldwide, who provide high standards of employee learning and development.

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ABOUT EUROSIF

EUROSIF, the European Sustainable Investment Forum, is the leading pan-European sustainable investment membership association whose mission is to develop sustainability through European financial markets. Being a multi-stakeholder organisation, Eurosif works as a partnership of national Sustainable Investment Forums (SIFs) with the support and involvement of a wide range of Member Affiliates from the industry and related services. These include asset managers, ESG rating agencies, research and investment service providers, academic institutions and NGO's, together representing assets exceeding €1 trillion and richly diverse standpoints. Informed by the expertise of its member affiliates, Eurosif speaks authoritatively and broadly on SRI (sustainable and responsible investment) issues. The main activities of Eurosif are public policy, research and supporting platforms for nurturing best practices regarding SRI.

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