

## **PRI WELCOMES THE CONTINUED PROGRESS ON CORPORATE SUSTAINABILITY DISCLOSURES**

London, 21 April 2021.

Today, the European Union published a proposal for a new Corporate Sustainability Reporting Directive (CSRD), which revises the existing disclosure rules that were introduced by the Non-Financial Reporting Directive (NFRD) in 2014. The PRI welcomes the publication as the most recent milestone in a series of encouraging developments on corporate sustainability reporting, including the IFRS Foundation's proposal to establish a Sustainability Standard Board (SSB) and the initiatives led by the US SEC.

As the world's leading proponent of responsible investment, the PRI is advocating for globally comparable, consistent and high-quality corporate sustainability disclosure to enable investors to incorporate ESG issues and assess the sustainability performance of corporate entities. Investors state that ESG issues are a particular concern and regularly report to the PRI that a lack of consistent and comparable ESG data is a substantial barrier to their responsible investment practice.

The PRI supports the efforts by the IFRS Foundation, IOSCO and the alliance of standard-setters to develop a globally shared baseline for reporting on sustainability information focused on enterprise value. There is an urgent need for prioritising climate-related disclosures and PRI believes the TCFD recommendations provide the necessary foundation for fast progress given the high levels of investor support. As a next step, we encourage global and regional developments to align on the substantive elements of a financial materiality baseline as a priority in the run up to COP26.

However, investors are progressively looking beyond enterprise value and also seek to shape sustainability outcomes. Increasingly, our signatories are recognising that the real-world sustainability outcomes they contribute to shaping through their investment activities will feed back into the financial risks they face.

The PRI supports approaches to sustainability reporting that address both financial materiality and sustainability performance as the basis for standardisation. The CSRD proposal has clearly incorporated this materiality perspective and we encourage the EU to pursue its leadership role and develop reporting standards accordingly.

The CSRD proposal provides a template on how to elevate sustainability information to the same level as financial information and a prime example of policy coherence between investor and corporate disclosure obligations, building an end-to-end disclosure framework that will enable investors to scale up their contribution to the EU Green Deal and wider sustainability goals.

Various public and private initiatives on corporate sustainability reporting have been established and can contribute to a global picture. While they may play different roles and serve the particular needs of different jurisdictions, there is a need to collaborate. The future EU sustainability reporting standards should build on as well as contribute to international standard-setting initiatives to establish a common baseline on enterprise value creation, and likewise international initiatives need to acknowledge the specific regional requirements.

The PRI stands ready to engage with standards-setters and jurisdictions to provide insights on what investors need from corporate sustainability reporting and to support efforts in developing standards.



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