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Mr. Jean-Paul Gauzès  
EFRAG Board President  
EFRAG European Financial Reporting  
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AISBL-IVZW  
35 Square de Meeûs B-1000 Brussels  
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Paris, 16 October 2020

### **Re Ad personam mandate on Non-Financial Reporting Standard Setting**

Dear Mr Gauzès

The FFA (Fédération Française de l'Assurance), represents the views of French insurance and reinsurance companies, totalling more than 90% of the premium income of the French insurance market. The FFA and our members support the Green Deal project from the EU and France is one of the leading markets in sustainability innovation. The FFA will be fully committed to contribute to the development of the non-financial reporting standards.

We welcome the opportunity to comment on the EFRAG President's *ad personam mandate* to provide recommendations on the possible changes to the governance and financing of EFRAG, in case EFRAG were entrusted with the development of the possible EU non-financial reporting standards.

Our ideas outlined below take as a starting point and are influenced by the following views about what is really meant by EFRAG's potential role as a standard setter for non-financial reporting.

We fully support the development at European Union level of non-financial standards in order to build a clear, simple, consistent, reliable and comparable Sustainability reporting framework, to ensure the full success of the Sustainable Finance agenda of the European Commission.

We believe that the European Union has extensive experience in developing and issuing regulations in the public interest and in a democratic, inclusive, and transparent due process.

The European Union is already highly engaged in sustainability reporting, with strong experience in this area, and is involved with the revision of the NFRD in reducing the level of complexity and achieving greater consistency.

This may allow the European Union to seek, in a reasonable timeframe, consistent and efficient new standards. This will also avoid the risk of an increase in the fragmentation of standards, metrics or frameworks already existing or in development, while International standards are being defined. And therefore avoid difficulties to engage capital markets in a smooth transition to a low-carbon economy.

In the light of the points above, we believe that EFRAG can take the important role in the development of the EU non-financial standards but rather as a standard drafter than as a standard setter, with the Commission/Parliament/Council retaining the formal power to set standards into European law.

We suggest that EFRAG should create a dedicated governance structure for non-financial reporting, that would copy many aspects of the current governance as we consider this works well and would also be appropriate for non-financial reporting (Board in charge of non-financial reporting, New Technical Group for non-financial reporting, Working Group...).

We also suggest that the EFRAG President should be the guarantor of consistency between the two structures in charge of financial reporting and non-financial reporting. This will ensure that the combination of the two standards provides an integrated view of the performance, position, development, and impact of reporting companies.

EFRAG could capitalize on its experience of strong and collaborative International relationships with governments, regulators, and national standard-setters to deliver its missions.

In this context, the dedicated team for non-financial reporting would be able to cooperate with the private initiatives producing international standards. A framework could be established to ensure that any future non-financial reporting standards applying in the EU be built to the largest extent possible on existing standards and frameworks.

We are of the opinion that it would be appropriate to create several new Working Groups/Task Forces/Expert Groups to carry out the drafting of standards and providing specialist expertise in the process. Those structures shall include representatives of a broad range of stakeholders with a legitimate interest in non-financial information. We believe that banks and insurance companies should be closely associated within the elaboration process as they are the only providers doubly involved, both as providers of non-financial reporting and as institutional investors.

However, we believe that the financing of new EFRAG activities, as a standard drafter of non-financial reporting, should remain public, even though some private contributions could come, via the intermediary of the European Union, for example European stakeholder organisations and national organisations. We are of the opinion that a contribution to the financing of EFRAG be independent from the governance of the board.

Yours sincerely,



Christine Tarral  
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