



Mr. Jean-Paul Gauzès
President
European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels, Belgium

Paris, 4 January 2021

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

Dear President,

The MEDEF (French Business Confederation) represents the view of French companies from various sectors and sizes. MEDEF welcomes the opportunity to answer to this second consultation on the possible changes to the governance of EFRAG, in case EFRAG were entrusted with the development of the possible EU non-financial reporting standards.

As stated in our response to the first consultation, MEDEF considers that EFRAG has gained a huge legitimacy within the accounting field and has strong connections with the relevant stakeholders of financial reporting. Its specific structure, with both private and public constituents, is a huge strength. Besides, the development of its work on the non-financial information, through the EU Lab, has brought a positive contribution to the current debates on the future of the non-financial reporting. French companies are taking an active part in these working groups and take great consideration of EFRAG's publications. Furthermore, the result of EFRAG's current analysis of the existing standards will bring an important input to the work on the revision or the non-financial reporting directive.

However, MEDEF does not consider that the necessity of an evolution toward a full European non-financial standard-setter is ascertained at this stage. The work on the revision of the directive and the analysis of the possibility to build on the existing framework must be completed first, in order to determine the most efficient way to progress toward a more concise and comparable non-financial reporting, both at European and international level. Several solutions could be envisaged, through delegated acts, endorsement mechanisms or non-binding guidelines (or a combination of those solutions) and the corresponding role and structure for EFRAG would differ according to these choices.

That being stated, we would like to bring to your attention two focal points, linked to the additional questions asked in this second consultation, that should be considered in the possible changes to the governance of EFRAG.


Firstly, a sufficient representation of corporates is a prerequisite for ensuring that the future standard is adapted to the needs and constraints of corporates and that it will effectively be taken up in practice. This representation should include both corporations subject to the non-financial reporting regulation, but also the SMEs, which are directly or indirectly impacted by the non-financial reporting regulation and which are facing increasing demand for non-financial information.

Secondly, in MEDEF's view, improving convergence at the international level is key, both to achieve the European objectives of a reinforcement of ESG consideration in financial decisions to promote a more resilient economy and to enable companies to compete in a level playing field. Therefore, EFRAG could capitalize on its experience of strong and collaborative International relationships with governments, regulators, and national standard-setters to share a European vision of the non-financial information in the international debates.

MEDEF believes that, in case EFRAG were entrusted with the development of the possible EU non-financial reporting standards, the future governance should reflect those attention points in order to get accepted by the private stakeholders and to aim towards greater international convergence.

We remain at your entire disposal for any additional question.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'C' followed by a dot and a flourish, positioned above a horizontal line.

Christophe Beaux