



13 January 2020

**Mr. Jean-Paul GAUZÈS**  
**EFRAG Board President**  
Square de Meeûs, 35  
B-1000 - Brussels  
Belgium

Dear President Gauzès,

Thank you for the invitation to comment on the second consultation concerning the potential need to modify EFRAG's governance and funding to accommodate a potential expansion of its mandate.

As we have already pointed out in our response to the first consultation you have launched last September (with deadline: 30 October 2020), the Italian Foundation for Business Reporting (O.I.B.R.) was formally established in June 2019, replacing the previous Italian body called NIBR which was founded in 2012.

The O.I.B.R. is an organisation dealing with the elaboration and dissemination of guidelines, studies and researches, principles, and standards with a technical and practical orientation in the field of business reporting, non-financial disclosure, sustainability and integrated reporting, and the TCFD recommendations. It gathers around 50 Italian stakeholders going from large listed companies to SMEs and Universities, professionals and managers, financial analysts and consultants. The O.I.B.R. is an authoritative Italian voice in the international dialogue on corporate reporting ([www.fondazioneoibr.it](http://www.fondazioneoibr.it) – [info@fondazioneoibr.it](mailto:info@fondazioneoibr.it)).

The O.I.B.R. is a legally recognised Foundation and is a market-led organization open to all the Italian stakeholders, inspired by an inclusive approach and with an articulated governance able to guarantee all the interests at stake. It is a non-profit and multi-stakeholder body, with no commercial engagement, and that operates exclusively in the public interest.

The O.I.B.R. leverages on international support by key-players such as the IIRC, GRI, SASB, and the World Business Council for Sustainable Development. It also officially represents the WICI Global Network in Italy and is part of WICI Europe.

The main activities of O.I.B.R. Foundation are:

- Provide Italy with a common meeting point and working platform;
- Represent a significant Italian voice in the global debate;
- Promote a new culture of reporting, transparency and governance in Italy and internationally;
- Develop and release local guidelines and standards;

- Conduct studies on topics that are felt as relevant by the Italian stakeholders;
- Organize multi-stakeholder working groups;
- Respond to, and engage with, national and international consultations.

Amid the last 7-year outcomes of the O.I.B.R. Foundation and its predecessor body N.I.B.R., the following appear of particular significance for the field of sustainability and non-financial and integrated reporting:

- The organisation of three National Conferences on integrated reporting, intangible assets, KPIs and value creation (2013, 2015, 2018);
- A large Inaugural Conference of the O.I.B.R. Foundation held in Milan at the Catholic University on 9 October 2019. Key-note speaker: Judge Prof. Mervyn King; amid the 30 speakers, there were Alain Deckers, European Commission, ESMA, EFRAG, IIRC, WBCSD, CONSOB-Italian Stock Exchange Regulator, OIC-Italian accounting standard setter, and several Italian Universities;
- 14 Seminars in Milan and Rome devoted to specific topics of interest to our stakeholders;
- The publication in English of the "Handbook on integrated thinking and reports: an implementation guide", that it is also in the IIRC website (<https://integratedreporting.org/resource/nibr-focus-on-integrated-thinking/>);
- The publication in Italian and in English of the "Guidelines on the representation of the business model in integrated reporting" that it is also in the IIRC website (<https://integratedreporting.org/resource/nibr-business-model-representation-in-integrated-reporting-best-practices-and-guidelines/>);
- The publication in Italian and in English of an "Implementation guidance on integrated reporting for SMEs" that it is also in the IIRC website (<https://integratedreporting.org/resource/integrated-reporting-for-smes-implementation-guidance/>). The presentation and discussion of this Guidance has been made in September 2019 in an international joint webinar IFAC-IIRC-OIBR at the presence of 88 delegates from 33 countries;
- The publication in Italian of the "Reporting guidelines for Benefit Companies" – the first and only available guideline in Italian for the reporting of this type of companies (<https://www.fondazioneoibr.it/linee-guida-e-documenti/>);
- The elaboration of the WICI-KPIs orientated towards value-creation for the fashion/luxury and electricity industries (indeed, WICI - alike SASB - develops and publishes KPIs and metrics specific for industries in the perspective though of value creation);
- The ideation and promotion of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> edition of the award for the best Italian Integrated Report (2018-2020). The award is presented annually in November during a ceremony held at the Italian Stock Exchange in Milan;
- The organisation in July 2020 of the official Italian Roundtable in relation to the Integrated Reporting Framework revision process;
- The publication in Italian of the study on "Climate risk, company financing and insurance coverage: A contextualisation and the role of non-financial information" with the Preface by Mrs. Chiara Del Prete, Chairwoman, TEG, EFRAG (<https://www.fondazioneoibr.it/linee-guida-e-documenti/>). The official presentation of the study has been made during a webinar jointly organised by the O.I.B.R. Foundation and the Italian Young Chartered Accountants Association on 21 September 2020 with around 150 delegates;
- The organisation of the international Webinar on "Impact investing and the ESG information chain from companies to investors: challenges of a new reporting and behavioural era" to be held on 10<sup>th</sup>

November 2020. Speakers include representatives from Eurizon Capital, State Street Bank, NN Investment Partners, BancoPosta SGR, Unipol Group, Nedcommunity. Welcome addresses by the Chairman of the O.I.B.R. Foundation and the CEO of the IIRC.

In light of the above aims and activities, the O.I.B.R. Foundation is pleased to forward to you its responses to the Second Consultation you have proposed to our attention.

While we remain at your disposal, we thank you for the opportunity to collaborate with you and the EFRAG.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Stefano Zambon', written in a cursive style.

Prof. Stefano Zambon  
Secretary General, O.I.B.R. Foundation  
Full Professor of Accounting, University of Ferrara

## **Responses to the President Gauzès' Second Consultation**

Based on the above, the O.I.B.R. Foundation is pleased to respond to the EFRAG's second Consultation issued in November 2020 and grounded on the *ad personam* mandate to President Gauzès regarding the potential need for changes in the governance and funding of EFRAG.

### General Comments

Considering the fundamental change in the mission, nature, and governance of EFRAG, the O.I.B.R. Foundation thinks that there are some crucial orientating principles and elements that should be dealt with in implementing these changes.

- (a) **Independence** of the people involved at the various levels. As an old say of audit goes, members of the three Boards and the two TEGs must not only be independent, but also look like independent. This is especially true and required for the new Non-Financial Reporting side of EFRAG. Independence is the necessary condition for credibility.
- (b) An essential element of independence is represented by the **remuneration and full-time engagement** of Non-Financial Reporting Board and TEG members. On this point, the document in consultation is not particularly clear, even though from para. 6.3 it seems that EFRAG is thinking more about a contribution "in-kind" rather than a monetary compensation for the members of the above Board and TEG. An "in-kind" approach does seem to us capable of ensuring enough independence of the members.
- (c) **Competence** of the members of the Non-Financial Reporting Board and TEG. At the moment, in the document in consultation both the characteristics of those members and how they will be selected are not sufficiently clear. The risk here is that the new standard setting body will be "captured" by the historical EFRAG stakeholders whose competence on the topic might not be of very high level. For example, the vast majority of national accounting standard setters does not appear to be particularly competent about, and participating in, the debates occurring in the non-financial reporting arena.
- (d) **Wider representativeness** of the members composing the Non-Financial Reporting Board and TEG. Today, as a result of the Maystadt reform, the organisations composing EFRAG are representing various European business sectors/interests and the national standard setters. However, when entering the Non-Financial Reporting arena, there are also other European and national organisations representing public interest which should be taken into account in the new EFRAG structure. The risk of simply replicating the current representation structure is high. In this respect, it is suggested that EFRAG could carry out a census of the established organisations existing in Europe working competently in the area of non-financial reporting to make sure that the principle of representativeness be assured (for example, O.I.B.R. Foundation in Italy,

Observatoire de l'Immatriel in France, Schmalenbach Society in Germany, or WICI Europe, etc.).

- (e) **Transparency and simplification** of the new EFRAG structure and governance. The document in consultation proposes a quite articulated organisation for the new EFRAG with three boards and two TEGS, and the European Corporate Reporting Lab between the Financial and Non-Financial sides of the new structure. In addition to this, there will be task forces, working groups, and alike (see p. 14 of the Consultation paper). Evidently, the new organisation is quite complex and may be subject to conflicts. For instance, what is the power of the EFRAG Board vis-à-vis the Financial and Non-Financial Reporting Boards? And to what extent the Non-Financial Reporting Board can refuse the proposals by the Non-Financial Reporting TEG? Further, what is the future role of the Corporate Reporting Lab? Is it needed for coordination between the financial and non-financial reporting sides? Would not a joint task force be able to do the same job? The multiplication of governing levels and the attribution of overlapping competences can be a severe risk to the well-functioning of the new EFRAG. We are wondering why the EFRAG Board cannot be tasked only with an oversight and supervisory activity so to better clarify its role.
- (f) **Scope of the EFRAG Non-Financial Reporting standardisation activity.** One important element that has remained overlooked in the consultation document is the expected boundaries of the EFRAG non-financial reporting standardisation activity. Even though it is likely that the main contents will be those set by the revised version of the EU NFRD, it would be relevant to state whether EFRAG's activity in the field of non-financial reporting standardisation will encompass only **climate-related disclosures**, or also **social and governance aspects**, and/or also **intangibles-related information**.
- (g) **The objective of non-financial reporting within the new EFRAG.** This could create a profound tension between the purpose of financial versus non-financial reporting. The O.I.B.R. Foundation believes it should be made clear that corporate reporting is aimed specifically and primarily at the needs of **providers of capital to contribute to their decision-making**. That does not imply that there is no role for broad stakeholder groups as they will be vital in understanding and adequately responding to the impacts and dependencies of companies' actions and omissions. It also does not preclude the development of special purpose reports for particular groups of stakeholders, such as employees or NGOs focused on the environment, but we should not pretend that one single report can satisfy the multitude of needs, nor properly discharge the director's fiduciary duties relating to the stewardship of resources. In this respect, the reporting of non-financial information on environmental or social issues should be recognised as equally critical for informing investor decision-making (and increasingly investors claim it is vital), but it has a related purpose of achieving other public policy goals. For instance, reporting on the impact of climate change has implications for the EU targets on carbon. For that reason, it is important that reporting provides transparency around how successful the company is transitioning to low carbon operations. That information is also crucial for capital providers to understand the ongoing viability of a company's business model.
- (h) **The objective of the new EFRAG's non-financial reporting should also be to bring greater coherence in corporate reporting.** As evidenced by several commentators, including the Corporate Transparency Alliance (2019), there is a disconnection between what companies report in the financial statements and in the management report (and voluntary reports such as sustainability reports). A study by the WBCSD (2018) of risk reporting across global companies found that only 8% of companies

reported the same risks in their financial filing and their sustainability report. Similarly, as the TCFD (2019) has highlighted whilst companies acknowledge that climate change is likely to disrupt their business model, there is little evidence of concomitant impairment adjustments to assets which are unlikely to produce the cash flows reflected in their carrying amounts. These examples highlight the need for there to be a strong and effective dialogue between the elements of the proposed governance structure so that a binary split in financial and non-financial governance is to be seen as a transitional rather than a permanent disconnection in reporting in the EU.

- (i) **Relationship with European and national authorities.** Taking into account the new role of EFRAG in such a delicate sector as non-financial reporting, the presence of the authorities is an important element to guarantee the pursuing of the public interest. However, their role should be that of supervision, advisory and oversight.
- (j) **Relationship with other international initiatives.** This aspect is not particularly dealt with in the consultation document. There is only a generic reference to the necessity for collaboration with these initiatives. However, there is a risk of “reinventing the wheel” or creating overlappings or “carves out”. Another crucial element is to determine whether the intended collaboration would be more, for example, with the GRI (stakeholder orientation) or the Value Reporting Foundation (providers of financial capital orientation).
- (k) **Name of EFRAG.** In light of the proposed changes, it makes sense for EFRAG to be renamed in a way that better reflects its anew nature. For instance, it could be the **European Corporate Reporting Advisory Group (ECRAG)** in order to communicate to stakeholders that its expanded role is to drive better integration between what has been an artificial split between financial and non-financial reporting.
- (l) Reporting arrangements are not an end but a **means of promoting better transparency and accountability.** In the context of non-financial reporting the emphasis should be on the ability of reporting to provide an indication of how companies are making the transition to more sustainable business models.

In the following, the O.I.B.R. Foundation is glad to provide detailed answers to the questions posed in the EFRAG’s second consultation document.

### Question 1 – Due Process

- 1.1 The elements of the due process as described in Chapter 3 are similar to those currently employed by the IASB and other standard setters. There is, in our view, no compelling reasons to alter radically well-established due process steps. Given the nature of non-financial reporting and the diversity of the subject matter, we think it needs to be more normative than currently explained in the proposals. More emphasis will need to be placed on eliciting responses from stakeholders who may not normally have the resources to participate in a formal due process. Accordingly, more emphasis on outreach events will be crucial to encourage a diversity of voices and needs to participate in the process.
- 1.2 The three fundamental principles of **transparency, full and fair consultation, and accountability** of the choices made are to be taken as reference for a sound Due Process. The presence of a Due Process Oversight Committee (within the EFRAG Board?) and the development of a Due Process Handbook is also necessary.

- 1.3 On p. 8, within the list of the due process steps illustrated, there is one point that would deserve a better explanation and deepening, i.e., “reaching out to relevant (global) non-financial reporting initiatives and considering their views in the research, standard setting and European Lab activities where appropriate”.
- 1.4 Another important element for the setting up of a fair and transparent European Due Process in this field is the attention that should be given to the findings of the academic research on the specific subject area in consideration. This attention can be fruitful when it is given by the new possible European standard setter to both ex ante and ex post vis-à-vis the addressing of a particular topic. This research phase has often been bypassed by the IASB in consideration that the field of financial reporting is well-developed. Owing to the relative immaturity of non-financial reporting practices and the recognition that issuers are still failing to sufficiently meet existing requirements, research – in our view – is essential in developing robust European requirements. Provision should also be made for a ‘proactive’ research program to ensure that Europe remains at the forefront of high-quality and outcome-driven reporting. Moreover, the establishment of research partnerships with European universities (with a track record in the field), which we believe is a further necessary component of the institutional structure. Such partnerships should draw on diverse research traditions and not be captured by a single approach to research

#### Question 2 – Member States and National Public Authorities

- 2.1 It is our view that participation of member states is needed at all levels of the proposed governance structure so that company actions are congruent with the realisation of public policy ambitions. Unlike current arrangements for financial reporting, the engagement of member states needs to be much more agile, given the diversity of the subject matter. Accordingly, it may demand the involvement and liaison with policy experts across a number of national government departments and central banks perhaps co-ordinated through Ministries of Finance while leveraging on possible already existing national working groups on Sustainable Finance.
- 2.2 The nature of how member states are engaged will depend on the level of the governance structure – the General Assembly and Board level can involve more strategic specialists drawn from a diversity of finance, environmental and social disciplines, supported by technical expert groups connected with the EFRAG TEG technical discussions.
- 2.3 National regulators will need to play an active role on reviewing the quality of non-financial reporting and drive compliance, enforcement, and quality improvements. To date, regulators in only a few jurisdictions have been active in reviewing non-financial information.
- 2.4 European national accounting standard setters should not be attributed the prevalence in the selection and appointment of the members of the new possible European standard setter for non-financial disclosure. Furthermore, the local financial accounting standard setters should be encouraged to form, or to sponsor the setting up of, a national non-financial standard setting body, making sure that its members could have the adequate knowledge and expertise on these topics. It should be avoided that only financial accounting experts sit in these new national non-financial standard setting bodies in order to preserve the clarity of the respective functions, and to assure the presence of the needed expertise to dialogue with the European standard setter.



- 2.5 By the same token, auditors and assurance providers are also relevant for the NFR standard setting work, even though their presence and weight should be carefully thought of and monitored owing to their evident conflict of interest with their consulting and assurance work for companies and other entities. Of course, auditors should be fully involved in the phase of enforcement.

### Question 3 – European Institutions and Agencies

- 3.1 In our view, the European Institutions and Agencies should be involved in the high-level governance of the new structure. In line with principles of good governance they should be involved in the boards as observers to ensure EFRAG is discharging its obligations consistent with its new mission. To maintain the independence of the organisation, the European bodies should play an oversight role and not become involved with its management and decision-making. Alternatively, they should be granted the role of Observers. They should be the European enforcement partners of the standards.

### Question 4 – Private Sector and Civil Society

- 4.1 The effectiveness of the new EFRAG organisation will depend on the quality of its relationship with private sector actors and civil society. It is important that the governance arrangements are not captured by any particular group but that there is broad, competent, independent and meaningful representation. Non-financial reporting is still developing and therefore there is still a great deal of consensus building that needs to take place. Accordingly, there needs to be an effective partnership between governments, business, and civil society.
- 4.2 The private sector and civil society should be engaged in all levels of governance consistently with the partnership notion described in 4.1 above. Because of the developmental nature of many areas of non-financial reporting, a principles-based and pragmatic approach needs to be encouraged to ensure there is an appropriate balance between costs and benefits with the goal of promoting more sustainable business being the overriding consideration.

### Question 5 – SMEs

- 5.1 We would like to recall our answer to a similar question that was posed by the first EFRAG Consultation some months ago because we think it is still relevant: “As SMEs represent the backbone of many economies in the EU, the O.I.B.R. Foundation is convinced that a special Committee on SMEs, including relevant institutions such as EFAA and representatives of SMEs that are advanced in their non-financial reporting practices, should be set up within EFRAG or the new standard setter. That said, it remains unclear whether there is a compelling need for SMEs to comply with detailed reporting requirements, where also the existence of users may be difficult to establish. Other accountability mechanisms may be warranted to ensure that it is not ‘reporting for reporting’s sake’, but as a means of holding entities to account for their impacts. The O.I.B.R. Foundation has a special interest in SMEs. In this respect, we signal to you that we have published the only operational guidance so far to implement



integrated reporting in SMEs (<https://www.fondazioneoibr.it/linee-guida-e-documenti/>).

In more general terms, this is a domain where more experimentation should be encouraged to promote more efficient and meaningful reporting.”

- 5.2 In this field, though, it would not be sufficient to rely on input from SMEs through public consultation and outreach alone. In consideration of the proposed EFRAG governance structure, SMEs and the EU economy would be better served when represented at the EFRAG Board level, the non-financial board level, and TEG level. The proposal for an SME focussed working group is welcomed, and this should be closely integrated with the operations of the above three EFRAG levels.
- 5.3 Once arrangements are established for listed companies it may be appropriate to use the experience and lessons learned to consider whether a similar approach should be established for SMEs or whether they would be better served by an alternative approach which differentiates needs across EU jurisdictions, for example. Other SME specific arrangements may include an SME Lab established to develop and support requirements for SMEs. This Lab could be based on a coordinating role played by EFRAG with specific jurisdictional satellites projects working closely with relevant national agencies.

#### Question 6 – Cooperation with other standard setters and initiatives

- 6.1 The O.I.B.R. Foundation thinks this is an area that will require careful attention. According to the WBCSD, there are over 200 reporting frameworks and guidance documents for non-financial reporting around the world, and it is well-accepted that the reporting landscape is quite confusing for both preparers and capital providers. It will be important that these arrangements serve to consolidate and rationalise existing reporting and not add to the existing level of confusion. To that end, it will be important that there is strong and effective co-operation and working arrangements with global standard setters such as the coming-into-existence Value Reporting Foundation and WICI (World Intellectual Capital/Assets Initiative) along with other subject and sector specific standard setters. It will be unhelpful for the EU to develop separate and uncoordinated requirements as that will most likely undermine comparability of reporting and potentially increase the cost burden on companies.
- 6.2 As companies currently report non-financial reporting under various frameworks, it will be important for the new arrangements to consider an appropriate transition path to enable companies to bridge to European reporting arrangements without incurring substantial implementation costs. The development of an IFRS 1 equivalent to pass from national requirement to European NFR standards may be useful to achieve a meaningful adaptation of process and systems at the corporate level.

#### Question 7 – EFRAG Board

- 7.1 The O.I.B.R. Foundation does not have any specific comments on the composition of the EFRAG Board, apart from the above illustrated consideration about the need to have independent, competent, and widely representative members. Indeed, the Board should be based on principles of good governance by being independent, appropriate

skills, diverse and be transparent and open in its decision-making. As aforementioned, its focus should be in providing especially oversight and ensuring that the organisation is delivering on its mission. It will be important for the Board to provide leadership to the reporting boards and promote integration and coherence in reporting within EU jurisdictions and where feasible internationally.

- 7.2 As pointed out above, it remains to be clarified whether the new EFRAG Board will have a sort of “veto power” in regard to the non-financial reporting standards promoted by the NFR Board and TEG.

#### Question 8 – Non-financial Reporting Board

- 8.1 To be effective we believe that the Reporting Board should be diverse and broadly constituted. It should have a mix of business (representing different economic activities and sizes of companies), public policy, civil society (NGOs with expertise on the matter) and technical members (drawn from financial, environmental and social disciplines and academia).
- 8.2 It would be desirable to have on both Reporting Boards (financial and non-financial) one or several individuals with expertise in the interconnectivity of FI and NFI from a political and policy perspective. These could act as active 'ambassadors'/interfaces of integration of agendas and approaches. It would be worthwhile to have observers from regulators and non-financial reporting standard setters. Furthermore, the two reporting Boards (financial and non-financial) should also meet together as often as possible to ensure integration of agendas and approaches.
- 8.3 This Board should have no more than workable member number and be agile providing appropriate direction to the TEG and working groups without constraining their activities.

#### Question 9 – TEG for Non-financial Reporting

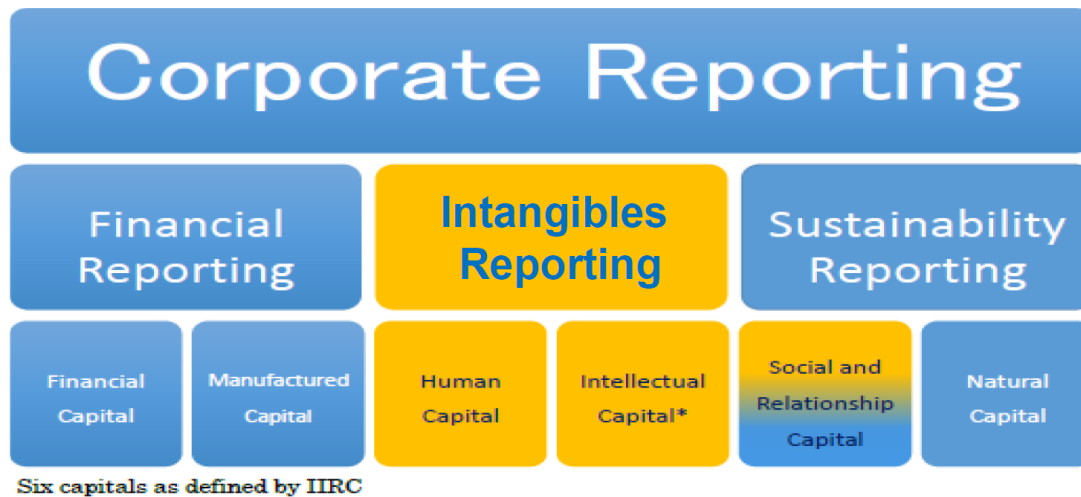
- 9.1 As suggested at the beginning of this commentary, the O.I.B.R. Foundation thinks that the formation and appointment of this TEG should follow the principles of independence, competence and wide representation (not only drawing from “for-profit” sector). As we have suggested in 8.3 above, it is important that the TEG remains relatively small so that it is agile enough to make decisions and be responsive. To support a small and active TEG, because of the diverse nature of the subject matter, it will be important for the TEG to be supported by focussed working groups drawn from environmental, social, and non-financial reporting disciplines that can develop approaches for specific subject matter areas. It is important that for these arrangements to be effective that experts are not only drawn from within the EU but other jurisdictions to benefit from expertise developed in other areas.
- 9.2 The practice with the existing TEG where the membership is drawn predominantly from the accounting firms (either directly or indirectly) or national accounting standard setters will need to be different as non-financial reporting expertise covering all aspects including **environmental, social, intangibles and human rights** is dispersed and will need to rely on a much more collaborative approach of working

with various disciplines, including NGOs and specialised non-profit organisations, such as the O.I.B.R. Foundation, to develop a robust set of reporting solutions.

#### Question 10 – Activities of the European Lab

- 10.1 Our vision as to the European Lab is mixed. It is relatively new, and we agree that in principle it could play a positive role in supporting both boards and driving integration. However, its composition and concrete role are not totally clear to us, because – as mentioned above – it could represent an organisational complexification which may generate tensions and contrasts.
- 10.2 However, we also feel that in the context of non-financial reporting it would be useful whether the Lab could become more of an incubator stimulating new practices and experimentation occupying in a proactive way a space informing future standard setting. In our view, it is important that the Lab evolves beyond showcasing good practice to possibly becoming a thought leader in the international environment on the nature, direction and value of corporate reporting. European issuers are at the forefront of corporate reporting practice and it follows that it is well-placed to take a global leadership role in shaping future practices. The membership of the Lab should allow for this possible new role to be played.
- 10.3 On the construction of an appropriate bridge between financial and non-financial reporting within the new EFRAG, the O.I.B.R. Foundation would also like to recall the words it has used in the response to a similar question in the first EFRAG consultation: “The O.I.B.R. Foundation suggests the following three possible ways to establish an appropriate coordination between the financial and non-financial reporting within the new EFRAG. **In terms of governance:** the new EFRAG can set up a high-level board where financial and non-financial representatives sit together. Also, a liaison operating committee can be established between the two units (financial and non-financial) within the new EFRAG structure. **In terms of reporting positioning:** a European version of Management Commentary (*rectius*, Management Report for the European accounting directive) can be elaborated jointly by the financial reporting TEG and the new European standard setting body for non-financial reporting. **In terms of contents:** unaccounted intangibles appear to be one of the most obvious topics where the coordination between the financial and non-financial reporting can be developed (see Figure 1 below). Another clear subject area for coordination is that of the reporting of non-financial risks and their potential financial impact (e.g., impairment test).”

**Figure 1 – Position of Intangibles in the corporate reporting system**



Source: WICI Intangibles Reporting Framework, 2016

**Question 11 – Funding**

- 11.1 In the first EFRAG Consultation, the O.I.B.R. Foundation submitted the following answer to the question no. 3.1 regarding the funding of the new organisation. We still think that these comments are still valid: “The finance of the new EFRAG is clearly a major delicate issue due to the extra-cost implied by the possible setting up of a new Board specialised on the standardisation of non-financial information. We believe that the public-private partnership should be reflected also in the financing of the new EFRAG body. The O.I.B.R. Foundation thinks that two will be the main sources of funding: one is linked to the EU Institutions, and in particular the European Parliament that could increase the current amounts provided to EFRAG; and the other one could come from the European companies that will be benefitting from the new possible non-financial reporting standards. In latter’s perspective, a new system of financial contribution could be put in place in relation to the filing/publication of the Non-Financial Statements required on companies by the NFRD in conjunction with the filing/official publication of their financial statements. When the ca. 6,000 European companies file/publish their Non-Financial Statements according to the EU Directive no. 95/2014, a modest levy can be charged on these companies, similarly to what happens in Italy for the partial funding of the Italian accounting standard setter (OIC). For the sake of reflection, on the assumption of ca. 150 euros per company filing can be levied, this should allow for a private funding of the new European standard setting initiative of around one million euros per year. The levy in question can be of course modulated in accordance with the size of companies.”
- 11.2 We concur with the second Consultation document where the major financial source is indicated to be the EU Parliament and the European Commission. The standardisation of the non-financial information responds also to general political and policy objectives, and then it sounds appropriate that the funding should primarily come from public sources.
- 11.3 We would also like to remind that the building up of an independent, competent, and credible organisation in the field of non-financial reporting – as postulated by the

O.I.B.R: Foundation – requires to stay on the upper side of the financial range shown in the Consultation paper (between 2.5 and 9 million euros).

- 11.4 Another possible source for funding can derive from the opening up of the EFRAG stakeholders participating in the General Assembly to a new set of organisations that should be dealing with non-financial reporting information (NGOs, universities, Foundations, etc.). Clearly, the funding from this specific source can be quite limited, but it would assure a flow of resources and enhance the pursue of the wider representativeness principle.