



Statement of Cooperation between EFRAG and Shift

Pursuing its work towards international sustainability reporting convergence, EFRAG Project Task Force on European sustainability reporting standards (PTF-ESRS) signed a milestone Statement of Cooperation with Shift.

Brussels, 8 September 2021

Building on and contributing to international convergence: a key objective of the PTF-ESRS

As from its inception in September 2020, the EFRAG Project Task Force on Non-Financial Reporting Standards (PTF-NFRS) established fruitful working relationships with European and international standard setters and initiatives fostering the progress of sustainability reporting.

The [PTF-NFRS report](#) published on 8 March 2021 benefited from the input received through these working relationships and recommends for the EU standard setting to build on and contribute to the international sustainability reporting momentum. It also includes detailed proposals for establishing a two-way relationship with relevant initiatives under a partnering and co-construction spirit.

Parallel to the negotiations on the European Commission's proposal on a Corporate Sustainability Reporting Directive as from the beginning of June, at the request of the European Commissioner McGuinness, the EFRAG Project Task Force on European sustainability reporting standards (PTF-ESRS) has initiated the development of draft standards in project mode, building on the membership, leadership, expertise, recommendations, and consensus building processes of the PTF-NFRS.

EFRAG PTF-ESRS and Shift concluded a milestone Statement of Cooperation benefiting from Shift's experience in the human rights domain in the development of draft European sustainability reporting standards.

Pursuing its mission to develop European proposals for draft sustainability reporting standards, the EFRAG PTF-ESRS establishes enhanced working relationships with relevant international initiatives under a partnering and co-construction spirit.

The PTF-ESRS is delighted to announce the signing of a Statement of Cooperation with Shift. Shift's work and experience on the [UN Guiding Principles on Business and Human Rights](#), helping global organisations and businesses to integrate these into their activities is internationally renowned.



Both organisations will put together their experience and expertise to encourage the swift development of European sustainability reporting standards in the social domain and at the same time the progress of converged standards at international level. The PTF-ESRS is convinced that both organisations will, as a consequence, progress faster and deeper towards their common and respective goals.

Each organisation will contribute to key technical projects of its counterpart in the social domain.

The PTF-ESRS looks forward to establishing cooperation arrangements with other leading international initiatives, including the IFRS Foundation.

Alain Deckers, Head of Unit Corporate Reporting, Audit and Credit Rating Agencies, Directorate General for Financial Stability, Financial Services and Capital Markets Union, European Commission, said:

“European sustainability reporting standards should build on leading worldwide centres of expertise in the area of sustainability reporting. I welcome this Statement of Cooperation between the EFRAG PTF-ESRS and Shift as a leading centre of expertise on the UN Guiding Principles on Business and Human Rights. The UN Guiding Principles are an important reference point for future EU sustainability reporting standards.”

Patrick de Cambourg, Chair of the PTF-ESRS, said:

“Co-construction and convergence being at the heart of the Task Force philosophy, a cooperation with an organisation such as Shift is important and useful. We are confident that Shift’s experience regarding the integration of the UN Guiding Principles on Business and Human Right in the business’ and organisations’ practices, will contribute to the development of sound European sustainability reporting standards covering the social domain.”

Caroline Rees, President and Co-founder of Shift, said:

“The development of EU sustainability reporting standards is a timely and much-needed effort. It offers an opportunity for companies to raise their reporting to a level that reflects the UN Guiding Principles on Business and Human Rights. The EU’s pioneering approach to ‘double materiality’ places the most severe risks posed by business to people and the planet on the same footing as the risks that sustainability issues can pose to the business itself. Shift is delighted to collaborate in this standard-setting process and committed to supporting the convergence of EU and international sustainability reporting standards.”

Notes for editor:

1. About EFRAG (www.efrag.org)

EFRAG’s mission is to serve the European public interest by developing and promoting European views in the field of financial reporting and ensuring these views are properly considered in the IASB standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or revised IFRS Standards meet the criteria



in the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

EFRAG seeks input from all stakeholders, and obtains evidence about specific European circumstances, throughout the standard-setting process and in providing our endorsement advice. Our legitimacy is built on transparency, governance, due process (which may include field tests, impact analyses and outreaches), public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European Voice in financial reporting.

EFRAG is operating in a fast-evolving environment. It recognises the need to adapt its activities and its governance to meet the opportunities and challenges in corporate reporting.

2. About the PTF ESRS

The PTF-NFRS established in September 2020, now called the Project Task Force on European sustainability reporting standards (PTF-ESRS) has been invited by the European Commission to start developing draft standards in project mode in view of of passing responsibility to the EFRAG sustainability reporting bodies as soon as they have been established following the planned governance reforms. More information on our [website](#).

3. About Shift (shiftproject.org)

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team of experts works across all continents and sectors to challenge assumptions, push boundaries and redefine corporate practice in order to build a world where business gets done with respect for people's dignity. Shift is a non-profit, mission-driven organization headquartered in New York City.

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