

Public consultation: Fitness check on the EU framework for public reporting by companies

Fields marked with * are mandatory.

Introduction

This consultation is also available in [German](#) and [French](#).

Public reporting by companies¹ is based on a number of EU Directives, Regulations and Recommendations that were adopted at different points in time over the last 40 years. The current body of EU law (the "acquis") comprises a range of requirements applying to listed and non-listed companies, sector specific requirements (banks and insurers), as well as additional disclosure requirements applicable to listed companies. The initial Directive on annual accounts aimed at harmonising financial information to capital providers and for creditor protection. More recently, public reporting requirements have been expanded to non-financial reporting for a much broader audience.

The Commission is now conducting a comprehensive check of the fitness of the EU framework on public reporting by companies. The objectives of this fitness check are:

1. to assess whether the EU public reporting framework is overall still relevant for meeting the intended objectives, adds value at the European level, is effective, internally consistent, coherent with other EU policies, efficient and not unnecessarily burdensome;
2. to review specific aspects of the existing legislation as required by EU law²; and
3. to assess whether the EU public reporting framework is fit for new challenges (such as sustainability and digitalisation).

Throughout this consultation, certain concepts should be understood as follows:

- **Effectiveness** – whether an intended objective is met;
- **Relevance** – whether a requirement is necessary and appropriate for the intended objectives;
- **Efficiency** – whether the costs associated with the intervention are proportionate to the benefits it has generated;
- **Coherence** – whether requirements are consistent across the board;
- **Added value** – whether the EU level adds more benefits than would have been the case if the requirements were only introduced at the national level.

The Commission published an [action plan on financing sustainable growth](#) that builds on the [recommendations of the High Level Expert Group \(HLEG\) on sustainable finance](#). This fitness check on the EU framework for public reporting by companies is one of the actions announced in the Action plan. Several questions in this fitness check, in particular in the section on non-financial reporting, should be considered also in the context of the HLEG recommendations on sustainability.

The replies to this consultation will feed into a Staff Working Document on the fitness of the EU framework for public reporting by companies, to be published in 2019.


¹For this consultation "companies" mean limited liability companies of the types listed in the accounting Directive, companies that have issued securities on an EU regulated market, and banks or insurance companies including cooperatives and mutual structures.

²According to legislation, a series of reviews will have to be performed by the Commission:

- A report on the implementation of [Non-Financial Reporting Directive 2014/95/EU](#), addressing its scope, particularly as regards large non-listed undertakings, its effectiveness and the level of guidance and methods provided.
- A report on the situation of micro-undertakings having regard to the number of micro-companies and the reduction of administrative burdens resulting from the simplifications introduced in 2013.
- A report on the implementation and effectiveness of the Country-By-Country Reporting by extractive and logging industries, including examining the case for an extension of the Country-By-Country reporting to other sectors.
- A report on the 2013 Amendments to the Transparency Directive, considering the impact on small and medium-sized issuers and the application of sanctions.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-public-reporting-by-companies@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

1. Information about you

* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

* Name of your organisation:

Dutch Accounting Standards Board

Contact email address:

The information you provide here is for administrative purposes only and will not be published

secretariaat@rjnet.nl

* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

* Type of organisation:

- Academic institution
- Company, SME, micro-enterprise, sole trader
- Consultancy, law firm
- Consumer organisation
- Industry association
- Media
- Non-governmental organisation
- Think tank
- Trade union
- Other

* Please specify the type of organisation:

Dutch Standard Setter

* In what category do you classify your company? (if applicable)

- Group with cross-border subsidiaries
- Group without cross-border subsidiaries
- An individual company
- Not applicable

* Where are you based and/or where do you carry out your activity?

The Netherlands

* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- | | |
|--|---|
| <input type="checkbox"/> Accommodation and food service activities | <input type="checkbox"/> Insurance |
| <input type="checkbox"/> Accounting | <input type="checkbox"/> Investment management (e.g. UCITS, hedge funds, private equity funds, venture capital funds, money market funds) |
| <input type="checkbox"/> Administrative and support service activities | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Agriculture, forestry and fishing | <input type="checkbox"/> Market infrastructure / operators (e.g. CCPs, CSDs, Stock exchanges) |
| <input type="checkbox"/> Arts, entertainment and recreation | <input type="checkbox"/> Mining and quarrying |
| <input type="checkbox"/> Auditing | <input type="checkbox"/> Pensions |
| <input type="checkbox"/> Banking | <input type="checkbox"/> Professional, scientific and technical activities |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Real estate activities |
| <input type="checkbox"/> Consumer protection | <input type="checkbox"/> Service provider |
| <input type="checkbox"/> Credit rating agencies | <input type="checkbox"/> Transportation and storage |
| <input type="checkbox"/> Digital | <input type="checkbox"/> Water supply, sewerage, waste management and remediation activities |
| <input type="checkbox"/> Electricity, gas, steam and air conditioning supply | <input type="checkbox"/> Wholesale and retail trade, repair of motor vehicles and motorcycles |
| <input type="checkbox"/> Human health and social work activities | <input checked="" type="checkbox"/> Other |
| <input type="checkbox"/> Information and communication | <input type="checkbox"/> Not applicable |


* Please specify your activity field(s) or sector(s):

Standard Setter



Important notice on the publication of responses

* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

([see specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

2. Your opinion

This consultation seeks stakeholder views on whether the EU framework for public reporting by companies is fit for purpose.

Considering the size of this public consultation please feel free to respond only to sections or questions of interest to you.

The questionnaire is structured as follows:

- [Assessing the fitness of the EU public reporting framework overall](#)
(Section I; Questions 1-7)
- [The EU financial reporting framework applicable to all companies](#)
(Accounting Directive: companies with cross border activities, SMEs, and content of the information) (Section II; Questions 8-18)
- [The EU financial reporting framework for listed companies](#)
(IAS regulation, Transparency Directive) (Section III; Questions 19-29)
- [The EU financial reporting framework for banks and insurance companies](#)
(Sectoral Accounting Directives) (Section IV; Questions 30-39)
- [Non-financial reporting framework](#)
(Non-Financial Reporting Directive, Country-by-Country Reporting for extractive and logging industries and integrated reporting) (Section V; Questions 40-56)

- [The digitalisation challenge](#)
(Section VI; Questions 57-66)
- [Other comments](#)
- [Acronyms and Abbreviations](#)

I. Assessing the fitness of the EU public reporting framework overall

Depending on its type, activity or situation, a company has a number of public reporting obligations under EU law. The current EU level public reporting framework considered for this consultation consists of the following:

- **Publication of individual and consolidated financial statements in accordance with national GAAP (Generally Accepted Accounting Principles)** by any limited liability company established in the EU. By virtue of the [Accounting Directive 2013/34/EU](#) Member States must ensure that any company in their jurisdiction with a legal form that limits its liability must prepare financial statements and a management report. These shall be audited / checked by a statutory auditor and published in the relevant business register according to national law that is compliant with this Directive. For companies other than a public-interest entity (bank, insurance company or company with securities listed), EU requirements are proportionate to the company's size.
- **Publication of consolidated financial statements in accordance with the International Financial Reporting Standard (IFRS) adopted** by the EU and other specific items by any company established in the EU that has securities (e.g. shares, bonds) listed on an EU regulated market by virtue of the [IAS Regulation \(EC\) No 1606/2002](#), the [Transparency Directive 2004/109/EC](#) and the [Market Abuse Regulation \(EU\) No 596/2014](#). The use of IFRS makes company accounts comparable within the single market and globally. Companies established in third countries may use their national standards (e.g. US GAAP) if these are accepted on the basis of EU equivalence decisions. The Transparency Directive (2004/109/EC) makes the issuers' activities more transparent, thanks to regular publication of yearly and half-yearly financial reports, as well as the publication of major changes in the holding of voting rights and ad hoc inside information which could affect the price of securities. Issuers have to file such information with the national Officially Appointed Mechanisms (OAMs).
- **Publication of individual and consolidated financial statements in accordance with sectoral layouts and principles** by any bank or insurance company in the EU by virtue of the [Bank Accounting Directive \(86/635/EEC\)](#) and the [Insurance Accounting Directive \(91/674/EEC\)](#). Unless they prepare IFRS financial statements, any bank or insurance company in the EU must publish financial statements in compliance with national accounting rules that are in line with these sectoral

Accounting Directives. Specific sectoral rules provide for, inter alia, layouts (balance sheet and Profit and Loss Account) and accounting treatments for e.g. loans, repurchase agreements or technical provisions.

- **Publication of non-financial information by any public-interest entity (bank, insurance company or listed company) with more than 500 employees** by virtue of [Directive 2014/95/EU](#). The information should be part of the management report, or published in a separate report. Non-binding guidance was issued in 2017 in order to assist companies – [Commission Communication C/2017/4234](#).
- **Publication of [country-by-country reports on payments to governments](#) by any large company that is active in extraction or logging** by virtue of Chapter 10 of [Accounting Directive 2013/34/EU](#) and Article 6 of [Transparency Directive 2004/109/EC](#). This fosters transparency on payments to governments, including third country governments, made in relation to these activities.

The table below provides an overview of the different objectives of the current EU framework mapped to individual legal instruments in the field of public reporting by companies:

MAIN OBJECTIVES	OPERATIONAL OBJECTIVES	EU LEGAL INSTRUMENTS				
		A D	IA S	T D	BA D	IA D
Stakeholder protection	→ Shareholder protection	X	X	X		
	→ Creditor protection	X				
	→ Depositor protection				X	
	→ Policy holder protection					X
Internal market	Facilitate:					
	→ Cross border investments	X	X	X	X	X
	→ Cross border establishment	X			X	X
Integrated EU capital markets	Market efficiency:					
	→ Access to capital	X	X	X		
	→ Capital allocation		X	X		

	→ Integrated securities market		X	X		
Financial stability	→ Public confidence in company reporting	X	X	X		
	→ Trust in the resilience of specific sectors (banking and insurance)				X	X
Sustainability	→ Enhanced corporate responsibilities / accountability/ good corporate governance	X		X		
	→ Empower stakeholders	X		X		
	→ Foster globally sustainable activities	X				
	→ Foster long term investments	X				
	→ Fight corruption	X		X		

* Accounting Directive (AD); IAS regulation / IFRS (IAS); Transparency Directive (TD); Bank accounts Directive (BAD); Insurance Accounts Directives (IAD)

General questions

Question 1. Do you think that the EU public reporting requirements for companies, taken as a whole, have been **effective** in achieving the intended objectives?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 1 and substantiate it with evidence or concrete examples:

The use of IFRS in the EU (= #1 cover letter)

The DASB strongly supports the use of IFRS in the EU. The adoption of IFRS have evidently had positive effects for listed companies and investors in all member states, such as higher quality and comparability of financial statements and increased transparency in the financial position and results of listed companies. It also reduced cross-border barriers through a common international financial reporting language and it achieved a level playing field for companies in the access to capital markets, both on EU and global level. These positive effects were also shared and confirmed in the 2015 public European Commission evaluation of a decade of IFRS Standards and in the feedback on the Maystadt report of 2013.

Without any doubt the EU played a leading role in these developments by requiring that all EU listed companies should apply IFRS for their consolidated financial statements. After this, many other jurisdictions followed in one or other way, which increased application of IFRS around the world.

In our view, these significant positive effects of IFRS should be protected and maintained as much as possible in the future, to safeguard the interests of companies, investors and other stakeholders on global level.

EU Accounting Directive 2013/34/EU for non listed companies (= #6 cover letter)

For non-listed entities, the requirements of the Accounting Directive implemented in national law appear to be a satisfactory basis to provide useful information to their shareholders and other stakeholders. To have a clear picture on this, we would suggest a separate and more thorough evaluation on the effectiveness of the EU Accounting Directive. We consider requirements for a cash flow statement and a director's report as part of the publicly issued financial reporting of non-listed medium-sized and large entities to be an improvement. With respect to the questions on further harmonisation of financial reporting of non-listed entities within the EU we believe more diverse stakeholder interests are relevant for the evaluation of the quality of reporting. For example, not only transparency and comparability requirements, but also cost/benefit considerations, creditor protection and alignment with local laws and regulations (e.g. on tax, dividend or capital maintenance) need to be taken into account. As distinct from listed companies most of those companies have a national market focus and are not operating cross-border.

We do not support introducing a European conceptual framework to underpin and harmonize application of the EU directive, because in our view this will be a disproportionate effort with potentially limited practical benefit.

In the Netherlands, non-listed companies have the option to use IFRS, but this is not the case in all EU member states. We believe that non-listed companies in Europe that wish to do so, should have the option to use IFRS instead of national GAAP. In this way, those non-listed entities for which cross-border comparability is important would have the ability to achieve that. Having such an option would also reduce

burden for subsidiaries of group companies that report on IFRS for group purposes, which at present may have to prepare an extra set of statutory accounts based on national GAAP.

For wholly owned subsidiaries of listed companies, we recommend to introduce a set of “IFRS disclosure light” reporting standards. These standards would exactly follow the recognition and measurement criteria of IFRS, but would inherit only a limited part of the disclosure requirements. The decisions on which disclosure requirements will remain should be taken by the IASB. The impact would be less administrative burden for these subsidiaries of listed companies. We do not prefer the option to use IFRS for SMEs, as this could lead to measurement differences with consolidated financial statements that are based on IFRS.

For our answers relating to the questions on ensuring financial stability and promoting sustainability see our answer to question 2.

Question 2. Do you think that the EU public reporting requirements for companies, taken as a whole, are **relevant** (necessary and appropriate) for achieving the intended objectives?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 2 and substantiate it with evidence or concrete examples of any requirement that you think is not relevant:

See also our answer to question 1.

It is not clear to us how to appropriately score these questions. To explain our position:

Ensuring financial stability and promoting sustainability (= part #3 cover letter)

In general, ensuring financial stability and promoting sustainability are no specific objectives of the EU public reporting framework. DASB concurs with this. DASB considers ensuring financial stability not as an objective of financial reporting, but as an outcome thereof: transparent, true and fair financial reporting contributes to financial stability.

There are limitations to what financial reporting can mean for promoting sustainability. We believe that other measures are more appropriate. Other initiatives, such as disclosure of non-financial information, a better integration of financial and non-financial information, long-term investment-stimulating government subsidies and sustainability benchmarks on EU level are more effective and appropriate to stimulate sustainability and long-term investments.

DASB would be very concerned if general financial reporting objectives ('true and fair view principle') would be made subordinate to objectives to stimulate long-term investments and sustainability, for instance, by allowing alterations to recognition and/or measurement principles compared to the general principles with the purpose to hide volatility or risks of certain investments. Or by altering disclosure requirements in a way that volatility and risks related to the investments in business(es) involved will be less transparent or hidden in public reporting or will give less insight to society.

Question 3. Companies would normally maintain and prepare a level of information that is fit for their own purposes, in a "business as usual situation". Legislation and standards tend to frame this information up to a more demanding level.

With regards to the objectives pursued, do you think that the EU legislation and standards on public reporting are **efficient** (i.e. costs are proportionate to the benefits generated)?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 3 and substantiate it with evidence or concrete examples of requirements that you consider most burdensome:

For most aspects we believe the costs are proportionate to the benefits generated.

But this is also depending on:

- the size of the company;
- to which extent there is a global level playing field for the requirements of public reporting in the EU.

See also our comment to question 5 on country-by-country reporting.

Question 4. If you are a preparer company, could you please indicate the **annual recurring costs** (in € and in relation to the total operational cost) incurred for the preparation, audit (if any) and publication of mandatory public reporting:

Total amount in Euros of annual recurring costs for mandatory public reporting:

Amount as a % of total operating costs of annual recurring costs for mandatory public reporting:

 %

Coherence

Question 5. Do you agree that the intrinsic coherence of the EU public reporting framework is fine, having regard to each component of that reporting?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Financial statements (preparation, audit and publication)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management report (preparation, consistency check by a statutory auditor, publication)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-financial information (preparation, auditor's check and publication)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country-by-country reporting by extractive / logging industries (preparation, publication)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 5 and substantiate it with evidence or concrete examples:

DASB considers the overall coherence of the EU public reporting framework to be high.

Whether the management report contributes to the effectiveness of the EU financial reporting framework depends on the specific member state requirements (whether the management report forms part of the publicly available annual report or not). It is our understanding that in some EU member states, like in the Netherlands, Luxembourg and Hungary, it is not required to file the management report in public. In these cases the management report does not contribute to the effectiveness of the EU public reporting framework. Also refer to our answers to question 16 and 17.

We believe that the non-Financial Reporting Directive is an important step towards a more sustainable reporting set-up. The scope of entities that are required by the NFI Directive to prepare non-financial information is currently limited to very large public interest entities. We would expect a thorough separate evaluation on the effectiveness of the Directive on non-financial information after a couple of years of application.

The country-by-country report seems to serve another purpose than the financial statements. In this respect we doubt whether it is logical that this requirement forms part of the EU public reporting framework.

Question 6. Depending on circumstances, a company may have public reporting obligations on top of those being examined here. Such legislation may have been developed at the EU³, national or regional level. Should you have views on the interplay of these additional reporting obligations with the policies examined in this consultation, please comment below and substantiate it with evidence or concrete examples.

³ For example, under the Shareholders' Rights Directive 2007/36/EC, companies must publicly announce material transactions with related parties, establish remuneration policy and draw up a remuneration report for the attention of the shareholders, etc. Under the Directive on Capital Requirements for banks (2013/36/EU, Art. 96) banks must maintain a website explaining how they comply with corporate governance requirements, country by country reporting and remuneration requirements. The Solvency II Directive (2009/138/EC) requires Insurance and reinsurance undertakings to publish their Solvency and Financial Condition Report. A prospectus, regulated by the Prospectus Directive (2003/71/EC) and Regulation ((EU) 2017/1129) is a legal document that describes a company's main line of business, its finances and shareholding structure. As regards Market Abuse Directive and Regulation, see specific questions further down.

The DASB does not have specific examples.

EU Added value

Question 7. Do you think that, for each respective objective, the EU is the right level to design policies in order to obtain **valuable results**, compared to unilateral and non-coordinated action by each Member State?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Ensuring stakeholder protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 7 and substantiate it with evidence or concrete examples:

Although the EU is the right level for abovementioned policies, the DASB prefers as much as possible an approach on global level, in which the EU can assume a 'thought leadership' role. This would support a global level playing field.

Ensuring financial stability and promoting sustainability

In general, ensuring financial stability and promoting sustainability are no specific objectives of the EU public reporting framework. DASB concurs with this. DASB considers ensuring financial stability not as an objective of financial reporting, but as an outcome thereof: transparent, true and fair financial reporting contributes to financial stability.

There are limitations to what financial reporting can mean for promoting sustainability. We believe that other measures are more appropriate. Other initiatives, such as disclosure of non-financial information, a better integration of financial and non-financial information, long-term investment-stimulating government subsidies and sustainability benchmarks on EU level are more effective and appropriate to stimulate sustainability and long-term investments.

See also our answers to question 2 and 5.

II. The financial reporting framework applicable to all EU companies

The financial reporting framework for any EU company is broadly shaped by the Accounting Directive. Member States' accounting laws, regulations and standards for the preparation of annual accounts (national GAAP) must incorporate the provisions of the Accounting Directive. The Accounting Directive includes financial statements (balance sheet, profit or loss statement, and notes to the accounts) as well as a management report, depending on the size of the company. Several Member States allow or require the use of IFRS instead of national GAAP for the preparation of annual financial statements. But even when a company prepares financial statements using IFRS, many requirements from the Accounting Directive still apply such as the management report, statutory audit or publication (for further details, see the [guidance on Interaction between IFRS reporting and other EU accounting rules](#)).

Companies operating cross-border

Companies often structure their cross-border business activities within the EU by establishing local entities in a host Member State controlled by a parent established in the home Member State. Together they form a group of controlled entities. Even though a group usually acts and is seen as a single economic entity, EU law does not recognise the legal personality of a group. Nevertheless, EU law addresses certain specific group situations, for instance, by requiring the preparation of consolidated financial statements as if the group were a single entity ([Accounting Directive 2013/34/EU](#), [IAS Regulation \(EC\) No 1606/2002](#)), structuring bankruptcy ([Regulation \(EU\) 2015/848 on insolvency proceedings](#)) or implementing sectoral regulatory supervision ([Capital Requirement Directive](#) and [Capital Requirement Regulation \(banks\)](#), [Solvency Directive \(Insurance\)](#)).

When doing cross border business, a group usually faces a variety of business, tax and legal environments. These differences tend to hinder the application of consistent policies and procedures within a group and weaken the comparability of financial statements for users.

Some of these differences arise from options or lacunas in the Accounting Directive or the way in which Member States have complemented the minimum European accounting requirements. For example, the Accounting Directive does not address some economically important transactions such as lease contracts, foreign currency transactions, government grants, cash flows statements, income recognition or deferred taxes. These lacunas are addressed by each Member States in their own way.

More recently the Commission has proposed to harmonise the basis for the taxation of corporate profits for certain groups by ways of a proposal for a Directive on a Common Corporate Tax Base (CCTB) ([COM\(2016\)685 final](#)). It also seeks to organise the free flow of non-personal data by ways of a proposal for a Regulation on a framework for the free flow of non-personal data in the European Union ([COM\(2017\)495](#)), which would legally enable centralised storage and processing of the group’s non-personal data by removing unjustified data localisation restrictions within the EU.

Question 8. In your view, to what extent do the addition of, and differences in, national reporting rules hinder the ability of companies to do cross border business within the EU single market?

- Differences seriously hinder the ability to do business within the EU
- Differences hinder to some extent
- Differences do not hinder the ability to do business within the EU / are not significant
- Don't know / no opinion / not relevant

Please explain your response to question 8 and substantiate it with evidence or concrete examples:

We believe that other factors will normally hinder cross border business within the EU to a larger extent than financial reporting requirements. Examples of other factors are: language differences, tax regulations, differences in company law and the availability of logistic infrastructures.

Differences in financial reporting standards could also be a hinderance, but in most cases only to a very limited extent (also depending on the size of an entity; for smaller entities the burden could be higher, but to have a clear picture of this a more detailed investigation would be necessary).

Question 9. To what extent to you think that the following differences, because they affect public reporting by companies, are significant impediments to cross-border establishment in the EU?

Areas covered by EU requirements

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant

Differences and lacunas in accounting standards or principles	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences in corporate governance standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Differences and overlaps arising from the presentation of the financial statements (balance sheet, etc.)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from publication rules / filing with business registers (publication deadlines, publication channels, specifications)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from audit requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Differences arising from dividends distribution rules or capital maintenance rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Areas not covered by EU requirements

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Differences arising from specific bookkeeping requirements such as charts of accounts, audit trail requirements, data storage and accessibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Differences arising from language requirements (Bookkeeping documentation, publication of financial statements)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Differences arising from the determination of taxable profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from digital filing requirements (for instance taxonomies used)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Differences arising from software specifications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other differences (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify what other differences are significant impediments to cross-border establishment in the EU:

Logistical (im)possibilities and costs, differences in tax law and tax rate, differences in company law

Please explain your response to question 9 and substantiate it with evidence or concrete examples:

This question seems specifically to be aimed at preparers.

DASB generally believes that public reporting is only a very small factor in hindering cross border activities. Other factors such as language barriers, logistical possibilities and costs, differences in company law, differences in tax law etc., have a much bigger influence. To what extent public reporting will be experienced as a burden will also depend on the size of the company. For very small companies the hindrance could be bigger. See also our answer to question 8.

Question 10. How do you evaluate the impact of any hindrances to cross border business on costs relating to public reporting by companies?

- The impact of hindrances on costs are negligible or not significant
- The impact of hindrances on costs are somehow significant
- The impact of hindrances on costs are very significant
- Don't know / no opinion / not relevant

Please explain your response to question 10 and substantiate it with evidence or concrete examples:

Being a standard setter, we do not have evidence on this. However if we were to express our view we believe the costs for public reporting for most companies are negligible. Companies need most of the public reporting information also for their own purposes. For very small companies the hindrance could be bigger.

Question 11. On top of differences in national accounting rules, national tax laws will usually require the submission of a tax return in compliance with self-standing national tax rules, adding another layer of reporting standard.

Once a Common Corporate Tax Base is adopted at the EU level, would you consider that the profit before tax reported in the Profit or Loss statement and the determination of the taxable profit should be further aligned across EU Member States?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 11 and substantiate it with evidence or concrete examples:

The DASB notes that Corporate Tax is a separate topic that serves a different goal and in this respect provisions for Corporate Tax Law do not necessarily interact with the information in the financial statements. In the Netherlands there is no (or for certain micro/small entities: limited) interaction between both.

Question 12. As regards the **preparation of consolidated and individual financial statements** how do you assess the ability of the following approaches to reduce barriers to doing business cross-borders?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant

The EU should reduce the variability of standards from one Member State to another through more converged national GAAPs, possibly by removing options currently available in the EU accounting legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by converging national GAAPs on the basis of a European Conceptual Framework	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by converging national GAAPs and in addition by addressing current lacunas in the Accounting Directive (leases, deferred taxes, etc.)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should reduce the variability of standards from one Member State to another by establishing a "pan-EU GAAP" available to any company that belongs to a group. Such "pan-EU GAAP" may be the IFRS, IFRS for SMEs, or another standard commonly agreed at the EU level.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do nothing (status quo)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other approaches (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify what other approaches could reduce barriers to doing business cross-borders:

See next comment box.

Please explain your response to question 12 and substantiate it with evidence or concrete examples:

EU Accounting Directive 2013/34/EU for non-listed companies (= # 6 cover letter)

For non-listed entities, the requirements of the Accounting Directive implemented in national law appear to be a satisfactory basis to provide useful information to their shareholders and other stakeholders. To have a clear picture on this, we would suggest a separate and more thorough evaluation on the effectiveness of the EU Accounting Directive. We consider requirements for a cash flow statement and a director's report as part of the publicly issued financial reporting of non-listed medium-sized and large entities to be an improvement.

With respect to the questions on further harmonisation of financial reporting of non-listed entities within the EU we believe more diverse stakeholder interests are relevant for the evaluation of the quality of reporting. For example, not only transparency and comparability requirements, but also cost/benefit considerations, creditor protection and alignment with local laws and regulations (e.g. on tax, dividend or capital maintenance) need to be taken into account. As distinct from listed companies most of those companies have a national market focus and are not operating cross-border.

We do not support introducing a European conceptual framework to underpin and harmonize application of the EU directive, because in our view this will be a disproportionate effort with potentially limited practical benefit.

In the Netherlands, non-listed companies have the option to use IFRS, but this is not the case in all EU member states. We believe that non-listed companies in Europe that wish to do so, should have the option to use IFRS instead of national GAAP. In this way, those non-listed entities for which cross-border comparability is important would have the ability to achieve that. Having such an option would also reduce burden for subsidiaries of group companies that report on IFRS for group purposes, which at present may have to prepare an extra set of statutory accounts based on national GAAP.

For wholly owned subsidiaries of listed companies, we recommend to introduce a set of "IFRS disclosure light" reporting standards. These standards would exactly follow the recognition and measurement criteria of IFRS, but would inherit only a limited part of the disclosure requirements. The decisions on which disclosure requirements will remain should be taken by the IASB. The impact would be less administrative burden for these subsidiaries of listed companies. We do not prefer the option to use IFRS for SMEs, as this could lead to measurement differences with consolidated financial statements that are based on IFRS.

Question 13. As regards the publication of individual financial statements, the Accounting Directive (Article 37) allows any Member State to exempt the subsidiaries of a group from the **publication of their individual financial statements** if certain conditions are met (inter alia, the parent must declare that it guarantees the commitments of the subsidiary). Would you see a need for the extension of such exemption from a Member State option to an EU wide company option?



- Yes
- No
- Don't know / no opinion / not relevant

Please explain your response to question 13 and substantiate it with evidence or concrete examples:

No, the DASB prefers the member state option. The member state can best decide itself whether such an option is felt appropriate or not.

If this option will be changed from a member state option into an EU wide company option we want to point out that it is important to make sure that subsidiaries which are themselves public interest entities (PIEs) should not be able to make use of this company option, as a PIE is a company which is held to higher transparency requirements. In the Netherlands, listed companies, banks and insurance companies are PIEs. Potentially pension funds and housing institutions will be added as PIEs.

SMEs

Since 2016, EU law requires small companies to prepare and publish **only** a balance sheet, a profit or loss statement and a few notes, thanks to the harmonisation agreed at the EU level. Each Member State may fine-tune this regime as regards the level of detail in the balance sheet or profit and loss, and as regards the need for an audit or for a management report. In addition Member State can simplify even further the regime of micro companies and bring it down to only a super simplified balance sheet, a super simplified profit or loss statement and lightweight publication regime. The Member States have used these possibilities to varying extents. The Commission has commissioned a consortium led by the Centre for European Policy Studies (CEPS) to conduct a study on the accounting regime of micro companies with limited liability (FISMA/2017/046/B)). These simplifications are not available to banks, insurance companies or listed companies which are considered as public-interest entities.

Question 14. Do you agree that the EU approach is striking the right balance between preparers' costs and users' needs, considering the following types of companies?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant

Medium-sized	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Small	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Micro	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 14 and substantiate it with evidence or concrete examples:

Overall DASB believes that for these distinct categories of company sizes (micro, small, medium-sized) there is in general a fair trade-off between the cost of providing information and the use of information to stakeholders. Please also refer to our answers to question 16. and 17 on possibilities to enhance the EU Directive for medium-sized and large companies.

Question 15. EU laws usually define size categories of companies (micro, small, medium-sized or large) according to financial thresholds. Yet definitions may vary across EU pieces of legislation. For instance, the metrics of size-criteria for a micro-company in the Accounting Directive (for the financial statements) differ from those in the Commission Recommendation 2003/361/EC ([Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises](#) (for the support by certain EU business-support programmes). For instance, the turnover may not exceed €700,000 for micro-companies in the Directive whereas it may not exceed €2,000,000 in the Recommendation).

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
In general, should the EU strive to use a single definition and unified metrics to identify SMEs across all the EU policy areas?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In particular, should the EU strive to align the SME definition metrics in the Accounting Directive with those in Recommendation 2003/361/EC?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 15 and substantiate it with evidence or concrete examples:

In general we believe the SME definition should be decided upon in the Member state. In our view the thresholds should also depend on the size of the national economy of the respective member states.

Additionally, the classification thresholds should not be limited to only a set of (arbitrary) numbers, but should also take into consideration qualitative factors such as the nature of the business, its risk profile or the public relevance of the company.

The criterion 'average number of employees' seems outdated these days, because of the large increase of externally hired workforce and that this threshold does not always reflect the impact of the company on society (e.g. companies that are developing new disruptive technologies, cryptocurrencies etc. could have an large impact but only consist of a small number of employees).

Relevance of the content of financial reporting

A company's financial statement, together with the management report and related documents (corporate governance report, non-financial information) aim to provide a reliable picture of a company's performance and financial position at the reporting date. However, certain users argue that financial statements give only an image of the (recent) past and lack forward-looking information (see for instance [Conference Shaping the future of corporate reporting, panel 5 – Matching expectations with propositions, investors' views](#)). The financial statements may also fail to provide a complete picture of the long term value creation, business model, cash flows (non-IFRS financial statements) and internally generated intangible assets (See for instance [expert group's report on Intellectual Property Valuation, 2013](#)). There is also only scarce information required at the EU level on dividend distribution policies and risks (see for instance the [UK FRC Lab](#)). The search for other sources of information to remedy this situation may increase costs for users and undermine the level playing field.

Question 16. How do you think that the current EU framework as regards the content of financial reporting is relevant (necessary and appropriate), having regards to the following information:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant

A company's or group's strategy, business model, value creation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's intangible assets , including goodwill, irrespective of whether these appear on the balance sheet or not	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's policies and risks on dividends , including amounts available for distribution	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A company's or group's cash flows	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 24 and substantiate it with evidence or concrete examples:

See the next comment box.

Please explain, including if in your view additional financial information should be provided:

It is not clear to us how to appropriately score these questions.

In the current public reporting framework no or very limited requirements exist for providing very relevant information such as the group's strategy, business model, value creation and intangible assets that do not appear on the balance sheet. Providing useful information on goodwill and other intangible assets, irrespective of whether these appear on the balance sheet or not, is a complex subject. The IASB is currently working on projects in this area and we would advise the EU to wait for the outcome of these projects.

For non-listed entities, the requirements of the Accounting Directive implemented in national law appear to be a satisfactory basis to provide useful information to their shareholders and other stakeholders. To have a clear picture on this, we would suggest a separate and more thorough evaluation on the effectiveness of the EU Accounting Directive. We consider requirements for a cash flow statement and a director's report as part of the publicly issued financial reporting of non-listed medium-sized and large entities to be an improvement.

See also our answer to question 17.

Question 17. Is there any other information that you would find useful but which is not currently published by companies?

- Yes
- No
- Don't know / no opinion / not relevant

If you answered yes to question 17, please explain what additional information you would find useful:

See also our answer to question 16.

* Cash flow statements required as part of publicly issued financial reporting (instead of member state option)

* Management report required as part of publicly issued financial reporting, including information on risks strategy, business model, value creation

* Currently discussions are going on in practice on the usefulness of non-financial information and viability statements (or going concern statements) that are more informative about the entity's short and longer term opportunities and risks, and the impact thereof on its going concern assumptions. We support further discussions on these topics as the outcome thereof could be important for enhancement of the relevance of financial reporting.

Question 18. Financial statements often contain alternative performance measures such as **t h e E B I T D A .** (An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.)

Do you think that the EU framework should define and require the disclosure of the most commonly used alternative performance measures?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 18 and substantiate it with evidence or concrete examples:

We prefer principles rather than detailed rules when it comes to the usage of alternative performance measures. We then expect these APMs to be accompanied by clear explanations, appropriate prominence (not more prominence than the information in the primary statements in the financial statements) and suitably for stakeholders.

We believe that if the IASB would pay more attention to performance reporting, the usage of APM's could become of less importance.

III. The EU financial reporting framework for listed companies

The IAS Regulation and International Financial Reporting Standards (IFRS)

The IAS Regulation adopted in 2005 made the use of IFRS mandatory for the consolidated accounts of listed companies. The [Commission Evaluation of the IAS Regulation in 2015](#) found that the use of IFRS had led to greater transparency and comparability of financial reporting within the single market, but that complexity had increased. It also concluded that the use of IFRS in the EU has significantly increased the credibility of IFRS and its use worldwide.

However, the current level of commitment to IFRS by third country jurisdictions differs significantly. Very few of the major capital markets and large jurisdictions have made the use of IFRS as issued by the IASB mandatory⁴. As a result, the level of global convergence achieved is sub-optimal compared to the initial objective on global use.

Before becoming EU law IFRSs have to be endorsed to ensure that they meet certain technical criteria, are not contrary to the true and fair view principle, and are conducive to the European public good⁵. The current endorsement process prevents the Union from modifying the content of the standards issued by the IASB. Some stakeholders, as mentioned in the [final report of the High-Level Expert Group \(HLEG\)](#), are concerned that this lack of flexibility would prevent the EU from reacting if these standards were to pose an obstacle to broader EU policy goals such as long-term investments and sustainability.

The IASB is addressing the complexity of the standards and the volume of disclosure requirements as part of its ["Better Communication" project](#). In addition, the Commission will continue to monitor progress on IASB commitment to improve disclosure, usability and accessibility of IFRS (see the [Communication on the Mid-Term Review of the Capital markets Union Action Plan](#)). This initiative is one of the actions set in motion by the Commission in order to make it easier for companies to enter and raise capital on public markets, notably on [SME Growth Markets](#).

⁴ As per the Pocket guide to IFRS standards 2017 published by the IFRS Foundation: Very few of the major capital markets and large jurisdictions require the use of IFRS as issued by the IASB. Some allow the use of IFRS by any listed company, or restrict the option to third country issuers. Many others have transposed IFRS into national GAAP which then become "substantially converged" with IFRS issued by the IASB. Several jurisdictions require IFRS as issued by the IASB albeit often relabelled as national GAAP.

⁵ The IAS Regulation does not define the criterion "European public good". As a result the Commission has so far followed a [pragmatic approach that allows identification of key matters of concern on a case by case basis](#).

Question 19. Given the different levels of commitment to require IFRS as issued by the IASB around the globe, is it still appropriate that the IAS Regulation prevents the Commission from modifying the content of IFRS?

- Yes
- No, due to the risk of uneven level playing field for EU companies vis-à-vis companies established in third countries that do not require the use of IFRS as issued by the IASB.
- No, due to the risk that specific EU needs may not properly be addressed during the IASB standard setting process.
- No, due to other reasons.
- Don't know / no opinion / not relevant

Question 20. Since the adoption of IFRS by the EU in 2005, topics such as sustainability and long-term investment have come to the forefront of the regulatory agenda. Is the EU endorsement process appropriate to ensure that IFRS do not pose an obstacle to broader EU policy objectives such as sustainability and long-term investments?

- Yes
- No
- Don't know / no opinion / not relevant

Question 21. How could the EU ensure that IFRS do not pose an obstacle to sustainability and long-term investments:

- By retaining the power to modify the IFRS standards in well-defined circumstances;
- By making explicit in the EU regulatory framework that in order to endorse IFRS that are conducive to the European public good, sustainability and long term investment must be considered;
- Other
- Don't know / no opinion / not relevant

Please specify in what other ways could the EU ensure that IFRS do not pose an obstacle to sustainability and long-term investments:

Our explanation to questions 20 and 21 is as follows:

Revision of the endorsement criteria in the IAS Regulation (= # 3 cover letter)

The consultation document raises the possibility of adding two new criteria to the EU-endorsement process, namely 'long-term investment' and 'sustainability'.

The DASB is strongly supportive of the EU objectives to stimulate long-term investment and sustainability. However, we do not concur with adding new endorsement criteria to the IAS Regulation. DASB considers ensuring financial stability not as an objective of financial reporting, but as an outcome thereof: transparent, true and fair financial reporting contributes to financial stability.

There are limitations to what financial reporting can mean for promoting sustainability. We believe that other measures are more appropriate. We believe that other initiatives, such as disclosure of non-financial information, a better integration of financial and non-financial information, long-term investment-stimulating government subsidies and sustainability benchmarks on EU level are more effective and appropriate to stimulate sustainability and long-term investments.

Investors are already showing their appreciation for sustainability or long-term investment objectives; this will stimulate preparers to be transparent on long-term value creation and sustainability preferably in management reports. We also welcome the EU's support for global initiatives such as the activities of the Task Force on Climate-related Disclosures (TCFD) and the Commission's plan to incorporate the TCFD guidance further into the non-binding guidance of the NFI Directive.

As far as IFRS is concerned, we believe that the current EU endorsement criteria, as described in the IAS Regulation, are appropriate. In our view, long-term investment and sustainability are sufficiently covered by the criteria that international standards must be "conducive to the European public good". We do not have any evidence or indications that the current set of criteria poses a relevant obstacle to broader EU policy objectives such as sustainability and long-term investments.

The primary objective of financial reporting standards is to reflect the company's economic reality in a reliable way ('true and fair view'). DASB would be very concerned if general financial reporting objectives ('true and fair view principle') would be made subordinate to objectives to stimulate long-term investments and sustainability, for instance, by allowing alterations to recognition and/or measurement principles compared to the general principles with the purpose to hide volatility or risks of certain investments. Or by altering disclosure requirements in a way that volatility and risks related to the investments in business(es) involved will be less transparent or hidden in public reporting, or will give less insight to society.

Question 22. The True and Fair view principle should be understood in the light of the general accounting principles set out in the Accounting Directive . By requiring that, in order to be endorsed, any IFRS should not be contrary to the true and fair view principle, a link has been established between IFRS and the Accounting Directive. However, the principle of true and fair view is not laid down in great detail in the Accounting Directive, nor is it underpinned by e.g. a European Conceptual Framework that would translate these principles into more concrete accounting concepts such as recognition and measurement, measurement of performance, prudence, etc. Do you think that an EU conceptual framework should underpin the IFRS endorsement process?

- Yes
- No
- Don't know / no opinion / not relevant

If you answered no to question 22, please explain your position:

Reference is made to question 23.

Question 23. The EU has not endorsed the IASB Conceptual Framework for Financial Reporting. The conceptual framework is a set of concepts used to develop IFRSs but

can also be helpful in interpreting how IFRS standards have to be understood and applied in specific circumstances. This could enhance a common application of IFRSs within the EU.

Should the EU endorse the IASB Conceptual Framework for Financial Reporting?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 23 and substantiate it with evidence or concrete examples:

Introduction of an EU Conceptual Framework or endorsement of the IASB Conceptual Framework (= #4 cover letter)

The DASA is strongly opposed to the introduction of an EU Conceptual Framework to underpin the IFRS endorsement process. The EU should not act as a standard setter for listed companies and therefore it is not in need of a conceptual framework. As an EU version could deviate from the IASB Conceptual Framework, it could also be inconsistent with IFRS standards that are adopted in the EU.

We do support the IASB Conceptual Framework, but in our view it is not necessary to endorse this framework in the EU as efforts in this direction would raise a number of new complexities for potentially limited practical benefit.

Question 24. Contrary to the Accounting Directives the EU endorsed IFRSs do not require companies to present financial information using a prescribed (minimum) lay-out for the balance sheet and income statement. Mandatory use of minimum layouts could enhance comparability of human readable financial statements (Electronic structured data reporting based on the IFRS taxonomy have an implicit layout as relationships between elements for which amounts shall be presented are defined).

Do you agree that prescribed (minimum) layouts enhance comparability of financial statements for users and should therefore be introduced for companies using IFRS.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 24 and substantiate it with evidence or concrete examples:

EU minimum layouts for financial reports of IFRS preparers (= #5 cover letter)

The consultation document discusses the introduction of prescribed (minimum) layouts for the balance sheet and income statement for companies that apply IFRS. Although mandatory use of minimum layouts could enhance comparability of financial statements, the DASB is not in favor of introducing such formats. EU specific layouts will lead to further divergence from IFRS requirements, for example as laid down in IAS 1 'Presentation of financial statements'. Also, companies should have sufficient flexibility to align their balance sheet and income statement with the specific nature and size of their business, and to present their financial position and results of operation in a reliable and transparent way.

In our opinion, it would be more effective if the EU actively supports the IASB's current project to revise Financial Statement Presentation. The IASB is the appropriate body for such an initiative, and this project is already in a progressing stage.

Transparency Directive

The Transparency Directive requires issuers of securities traded on regulated markets within the EU to ensure appropriate transparency through a regular flow of information to the markets. The Transparency Directive was last amended in 2013 in order:

- To reduce the administrative burden on smaller issuers and promote long-term investment by abolishing the requirement to publish quarterly financial reports and,
- To strengthen investor protection by improving the efficiency of the disclosure regime of major holdings of voting rights, particularly regarding voting rights held through derivatives.

Question 25. Do you agree that the Transparency Directive requirements are **effective** in meeting the following objectives, notably in light of increased integration of EU securities markets?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
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Protect investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribute to integrated EU capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate cross border investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 25 and substantiate it with evidence or concrete examples:

The DASB does not express an opinion on this.

Question 26. Do you agree that abolishing the quarterly reporting requirement in 2013 by issuers contributed to the following?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Reducing administrative burden, notably for SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting long-term investment (i.e. discouraging the culture of short-termism on financial markets).	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting long-term and sustainable value creation and corporate strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining an adequate level of transparency in the market and investors' protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 26 and substantiate it with evidence or concrete examples:

In conformity with the current situation it is preferable to leave it to individual companies to decide on publishing quarterly financial reporting or not. They are best suited to decide whether they quarterly provide financial information to capital markets and run the risk of becoming victims of short term volatility in capital markets vis-a-vis a preference to concentrate on long-term value creation, not being abstracted by short term contemplations.

Question 27. Do you consider that the notifications of major holdings of voting rights in their current form is **effective** in achieving the following?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Strengthening investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preventing possible market abuse situations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 27 and substantiate it with evidence or concrete examples:

Question 28. Do you agree that the disclosure and notification regime of major holdings of voting rights in the Transparency Directive is overall **coherent** with the following EU legislation?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Coherent with EU company law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coherent with the shareholders' rights directive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coherent with the obligation to disclose managers' transactions under Article 19 of the Market Abuse Regulation (Article 19(3) of MAR sets out the following disclosure obligations: The issuer (...) shall ensure that the information [on transactions carried out by managers or persons closely associated to the managers] is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coherent with other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 28 and substantiate it with evidence or concrete examples:

It's not in the remit of the DASB to express an opinion on this.

Question 29. As regards the following areas, did you identify a lack of coherence of legislation from one Member State to another that could jeopardise to some extent the objectives of investor protection, integrated capital markets and cross-border investment?

- Yearly and half-yearly financial information
- On-going information on major holdings of voting rights
- Ad hoc information disclosed pursuant to the Market Abuse Directive
- Administrative sanctions and measures in case of breaches of the Transparency Directive requirements
- Don't know / no opinion / not relevant

Please explain your response to question 29 and substantiate it with evidence or concrete examples:

It's not in the remit of the DASB to express an opinion on this.

Question 30. Should anything be done to improve public reporting by listed companies (documents, information, frequency, access, harmonisation, simplification)?

An EU-wide central data storage mechanism for listed companies and other PIEs could be considered as it will improve accessibility of financial reports for all stakeholders.

IV. The EU financial reporting framework for banks and insurance companies

Bank Accounts Directive (BAD)

All banks (credit institutions) and groups of banks established in the EU - irrespective of their legal form - have to prepare and publish annual financial statements in order to achieve comparability of financial statements. Member State accounting laws, regulations and standards for the preparation of banks' financial statements must incorporate EU law on bank accounting: the Bank Accounts Directive (BAD) adopted in 1986.

Following the endorsement of IFRS by the EU in 2002 all large banks, accounting for more than 65% of total European banking assets, are obliged to use EU endorsed IFRS for their consolidated financial statements. In addition to the mandatory use of IFRS for the consolidated accounts by listed banks, 15 Member States currently require IFRS for the consolidated accounts of non-listed banks and 12 Member States *require* IFRS for the individual accounts of non-listed banks instead of national GAAP (See for more details the table on [page 64 of the Staff Working Document on the evaluation on the IAS Regulation](#))

The use of IFRS has reduced the relevance of the Bank Accounts Directive for achieving harmonised financial statements. The BAD has also lost relevance over time as it has not been updated to include more recent accounting treatments, for example on expected credit losses, (operational) leases or revenues from digital business models.

Harmonising banks' financial statements is not only important for the comparability of banks' financial statements. Bank prudential requirements and capital ratios are based on accounting values. Differences between national GAAPs or between national GAAPs and IFRS lead to different prudential outcomes, which hamper the comparability of capital ratios.

Question 31. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
The BAD is still sufficiently effective to meet the objective of comparability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The BAD is still sufficiently relevant (necessary and appropriate) to meet the objective of comparability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The costs associated with the BAD are still proportionate to the benefits it has generated	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current EU legislative public reporting framework for banks is sufficiently coherent	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 31 and substantiate it with evidence or concrete examples:

In general, we are not supportive of using prudential reporting frameworks also for general financial reporting, as both frameworks serve different objectives. Additionally, the true and fair view principles for financial reporting should not be hampered by prudential objectives and requirements.

The current Bank Accounting Directive is rather outdated and -to a large extent- its objectives are taken over by IFRS standards. In the Netherlands only a limited number of banks do not report according to IFRS. In this light, in our view it would require a disproportionate effort to update and redesign the Bank Accounting Directive.

Question 32. Do you agree with the following statement:

The BAD could be suppressed and replaced by a requirement for all EU banks to use IFRS 1.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 32 and substantiate it with evidence or concrete examples:

DASB answers the question above with a 2. We see in IFRS not so much a solution to the issue of comparability.

We would suggest the European Commission to start addressing the matter of comparability through reaching out to the ECB who have a very similar challenge where it relates to comparing the financial reporting of banks and how best to do that. This suggestion is not to align ECB regulatory reporting and financial accounting as these are two different things, but much more to discuss and evaluate the challenges the ECB has on this topic and how they have been dealing with these challenges over the last couple of years in their role as European banking supervisor. We believe that in terms of lessons learned to date by

the ECB the commission could amplify their knowledge and insights to this matter. On the back of this assessment there could be a conclusion to update the BAD and invest a considerable amount of time and effort. However, we believe that through assessing the ECB views, challenges and lessons learned on comparability of financial reporting of banks first, the commission would use as much knowledge on comparability that is available in the market rather than investing time and money in updating the BAD and through that reach a sub-optimal result.

This suggestion also would probably mean that investing time and money would be less, through using each-others lessons learned and challenges, given economies of scale through parallel interest.

Question 33. Do you think that the objective of comparability of financial statements of banks using national GAAP could be improved by including accounting treatments in the BAD for:

	Yes	No	Don't know / no opinion / not relevant
Expected Credit risk provisioning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intangible assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Derivatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify for what other elements the inclusion of accounting treatments in the BAD could improve the objective of comparability of financial statements of banks using national GAAP:

Please explain your response to question 33 and substantiate it with evidence or concrete examples:

We would answer other, see also answers to questions 31 and 32. The BAD is a document of the past that needs considerable updating and upgrading at a considerable cost. The DASB does not see merit in investing considerably before having assessed common goals and lessons learned with ECB's similar challenges and goals on comparability of banking information.

Question 34. Do you agree with the following statement:

The current **number of options** in the BAD may hamper the comparability of financial statements and prudential ratios 1.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 34 and substantiate it with evidence or concrete examples:

DASB would answer 1, see also answers to former questions.

Question 35. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Mandatory use of national GAAPs for the preparation of individual financial statements of bank subsidiaries reduces the efficiency of preparing consolidated financial statements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Allowing the use of IFRS for the preparation of						

individual financial statements by (cross border) banking subsidiaries, subject to consolidated supervision, would increase efficiency



Please explain your response to question 35 and substantiate it with evidence or concrete examples:

DASB would answer 1, see also answers to former questions.

Question 36. Do you agree with the following statement:

Cross border bank subsidiaries of an EU parent should be allowed not to publish individual financial statements subject to

1. being included in the consolidated financial statements of the group,
2. consolidated supervision and
3. the parent guaranteeing all liabilities and commitments of the cross border subsidiary?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 36 and substantiate it with evidence or concrete examples:

DASB would not support this. See also our answer to question 13.

Insurance Accounting Directive (IAD)

The Directive on the annual and consolidated accounts of insurance undertakings was adopted in 1991 in order to set a common European Framework consistent with the Accounting Directive. Where applicable, its scope includes the statutory accounts, which implies a strong interplay with National Legal Frameworks pertaining to insurance contract obligations, dividend distribution, taxation and prudential requirements applicable to small entities outside the scope of the Solvency II Directive.

Unlike in the banking sector where prudential requirements and ratios are based on accounting values, the Solvency II Directive applicable from 2016 includes dedicated measurement principles and public disclosure requirements independent from accounting standards.

IFRS 17 "insurance contracts" was issued by the IASB in May 2017 and should apply from 2021 onwards to the consolidated financial statements of listed companies (and to other companies depending on Member States options). In the context of the European endorsement process of IFRS 17, consultations have highlighted concerns that some provisions of IFRS 17 might contradict the Insurance Accounting Directive and that the interaction between IFRS 17 and Solvency II public disclosure requirements may duplicate information.

Overall depending on Member States' use of options, the European accounting and prudential framework requires listed insurance groups to prepare multiple sets of financial statements (Statutory accounts as per National GAAPs, Solvency and Financial Condition Report under the Solvency II Directive and IFRS financial statements for consolidation purpose). This possibility of overlaps between the various pieces of legislation potentially affects their relevance, efficiency and consistency.

Question 37. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
The Insurance Accounting Directive meets the objective of comparable financial statements within the European insurance industry (the Insurance Accounting Directive is effective)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Insurance Accounting Directive is still sufficiently relevant (necessary and appropriate) to meet the objective of comparable financial statements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The costs associated with the Insurance Accounting Directive are still proportionate to the benefits it has generated (the Insurance Accounting Directive is efficient)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 37 and substantiate it with evidence or concrete examples:

Insurance Accounting Directive (IAD) (= #7 cover letter)

At present comparability of insurance companies within the EU is not ensured by the Insurance Accounting Directive which is as an issue. Comparability of listed insurance companies will improve significantly when IFRS 17 will be applied. It seems logical to first decide on the endorsement of IFRS 17 within the EU and after this process has been finalized, as a subsequent step to start the evaluation of the effectiveness of and improvement possibilities for the current Insurance Accounting Directive.

Because the former steps will take a couple of years, we would suggest already one improvement in the current IAD. In the insurance industry, we noticed that the regulatory reporting framework has evolved to market value accounting principles. We would welcome if the EU investigates whether or not the market value accounting principles of the regulatory reporting frameworks for the measurement of all technical provisions could also be used for general reporting purposes, if this would lead to more reliable, transparent and comparable financial reporting by insurance companies. Due to the current limitation in respect of applying discounting of (short-tail) non-life insurance liabilities, this is not possible under the IAD.

We believe non-listed cross border insurance companies should also have the option to use IFRS instead of national GAAP (EU wide company option). In this way, those non-listed entities for which cross-border comparability is important would have the ability to achieve that (when IFRS 17 will be applicable). For national insurance companies comparability seems already achieved via local prudential requirements.

Question 38. Do you agree with the following statements:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and	4 (mostly agree)	5 (totally agree)	Don't know / no opinion /
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			partially agree)			not relevant
There are contradicting requirements between the IAD and IFRS 17 which prevent Member States from electing IFRS 17 for statutory and consolidated accounts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Insurance Accounting Directive should be harmonized with the Solvency II Framework	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Insurance Accounting Directive should be harmonized with the IFRS 17 Standard	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preparers should be allowed to elect for a European-wide option to apply Solvency II valuation principles in their financial statements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 38 and substantiate it with evidence or concrete examples:

See also our answer to question 37.

We would suggest already one improvement in the current IAD. In the insurance industry, we noticed that the regulatory reporting framework has evolved to market value accounting principles. We would welcome if the EU investigates whether or not the market value accounting principles of the regulatory reporting frameworks for the measurement of all technical provisions could also be used for general reporting purposes, if this would lead to more reliable, transparent and comparable financial reporting by insurance companies. Due to the current limitation in respect of applying discounting of (short-tail) non-life insurance liabilities, this is not possible under the IAD.

Question 39. Do you think that the current prudential public disclosure requirements and general public disclosure requirements applicable to insurance and reinsurance undertakings are **consistent** with each other?

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	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
For European insurance and reinsurance companies under the scope of the mandatory application of IFRS according to the IAS regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
For European insurance and reinsurance companies required to apply IFRS according to Member States options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
For European insurance and reinsurance companies not required to apply the IFRS Standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 39 and substantiate it with evidence or concrete examples:

There is some overlap in reporting requirements. Reports are prepared for different purposes. In general the current reporting requirements are considered to be sufficient.

V. Non-financial reporting framework

Non-Financial Reporting Directive

Directive 2014/95/EU on disclosure of non-financial Information and diversity information (the NFI Directive) requires around 6.000 large companies with more than 500 employees listed on EU regulated markets or operating in the banking or insurance sectors to disclose relevant environmental and social information in their management report. The directive also requires the large listed companies to make a statement about their diversity policy in relation to the composition of their boards. The first reports have to be published in 2018 regarding financial year 2017. In addition to the NFI Directive, the Commission

adopted guidelines in June 2017 to help companies disclose relevant non-financial information in a consistent and more comparable manner. The Commission is required to submit a review report on the effectiveness of the Directive by December 2018.

Question 40. The impact assessment for the NFI Directive identified the quality and quantity of non-financial information disclosed by companies as relevant issues, and pointed at the insufficient diversity of boards leading to insufficient challenging of senior management decisions. Do you think that these issues are still **relevant**?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
The quality and quantity of non-financial information disclosed by companies remain relevant issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The diversity of boards, and boards' willingness and ability to challenge to senior management decisions, remain relevant issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 40 and substantiate it with evidence or concrete examples:

Non-financial reporting framework (= #8 cover letter)

The DASB is of the opinion that the Directive on Non-Financial information and diversity is a proper step to improve non-financial information reporting in the EU, as now all member states are obliged to implement the same minimum requirements for disclosure of non-financial information. What we see is an increasing number of companies that are -often voluntarily- including non-financial information in their annual reporting, especially regarding corporate social responsibility and sustainability. We also observe that more and more companies are combining financial and non-financial information in so-called integrated reports.

Although we do welcome and appreciate these positive developments, we have the following comments on some viewpoints expressed in the questionnaire.

a. At this moment, there are many frameworks available for reporting on non-financial information (such

as GRI, SASB, IIRC, CDSB). Often they contain inconsistent or conflicting principles or requirements for non-financial disclosures. This inevitably leads to increasing costs for companies, as the information not only needs to be published but also collected, recorded in computer systems, processed and sometimes audited. For this reason, we would favor the development of a single (global) non-financial reporting framework to align and clarify the principles involved. This could be initiated by the EC by showing her thought leadership role – for example - by supporting initiatives of the Corporate Reporting Dialogue (CRD) and the Task Force on Climate-related Financial Disclosures (TCFD).

b. We welcome the call on EFRAG in the EC Action Plan on Financing Sustainable Growth to set up a European Corporate Reporting Lab as part of EFRAG to promote innovation and to develop good practices in corporate reporting. Such forum on EU level, comparable to the Financial Reporting Lab in the United Kingdom, would help companies and investors to develop and test new, innovative corporate reporting initiatives and align it with the needs of investors and other stakeholders. The lab is not only suitable for developing financial reporting, but also for reporting all kind of non-financial information such as sustainability and climate related disclosures.

c. The Directive on Non-Financial Reporting and diversity requires companies to report the non-financial information as of financial year 2017. As this was the first time, it is now too early to evaluate the effectiveness and cost/benefit ratio of the Directive’s requirements. We would expect a thorough separate evaluation on this subject after a couple of years of application.

In addition, we notice that non-financial information should be entity specific and management will have to determine in their own particular situation which non-financial information is material and relevant for investors and other stakeholders for publication in their annual reports. The question on what non-financial information to disclose, depends on e.g. the size and geographical footprint of the company, the nature and character of the business and the markets they are operating in. In our view, only a limited set of non-financial key performance indicators (such as employee satisfaction, customer satisfaction, quality indicators, employee illness rate) may be seen as ‘common ground’ for most companies. We also believe that it is important that non-financial information will be accompanied by explaining narratives such as were they are based on and what they show.

Question 41. Do you think that the NFI Directive’s disclosure framework is **effective** in achieving the following objectives?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Enhancing companies' performance through better assessment and greater integration of non-financial risks and opportunities into their business strategies and operations.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Enhancing companies' accountability, for example with respect to the social and environmental impact of their operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhancing the efficiency of capital markets by helping investors to integrate material non-financial information into their investment decisions.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing diversity on companies' boards and countering insufficient challenge to senior management decisions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improving the gender balance of company boards	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 41 and substantiate it with evidence or concrete examples:

Reference is made to question 40.
+
We believe that reporting on NFI could contribute to useful information on the performance of an entity from a more holistic perspective. We also believe that reporting on non-financial information can increase awareness of related businesses on the importance of this kind of information.

Question 42. Do you think that the NFI Directive's current disclosure framework is **effective** in providing non-financial information that is:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Material	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Balanced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Accurate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Timely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Comparable between companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Comparable over time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your response to question 42 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

As stated before it is too early to be able to draw conclusions from the first year of reporting of NFI.

Question 43. Do you agree with the following statement:

The current EU non-financial reporting framework is sufficiently **coherent** (consistent across the different EU and national requirements)?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 43 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

Question 44. Do you agree with the following statement:

The costs of disclosure under the NFI Directive disclosure framework are proportionate to the benefits it generates.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 44 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

Question 45. Do you agree with the following statement:

The scope of application of the NFI Directive (i.e. limited to large public interest entities) is appropriate ("Public-interest entities" means listed companies, banks, insurance companies and companies designated by Member States as public-interest entities).

- 1 - far too narrow
- 2 - too narrow
- 3 - about right
- 4 - too broad
- 5 - way too broad
- Don't know / no opinion / not relevant

Please explain your response to question 45 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

It is not clear why only large public interest entities are required to publish the NFI. On the other hand we are not so much in favour of legal requirements on NFI. We expect that NFI information will be appreciated more and more by stakeholders and this will lead to voluntarily disclosure of relevant non-financial information.

We would expect a thorough separate evaluation on the effectiveness of the Directive on non-financial information after a couple of years of application.

Question 46. It has been argued that the NFI Directive could indirectly increase the reporting burden for SMEs, as a result of larger companies requiring additional non-financial information from their suppliers.

Do you agree that SMEs are required to collect and report substantially more data to larger companies as a result of the NFI directive?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 46 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

Question 47. Do you agree with the following statement?

The non-binding Guidelines on Non-Financial Reporting issued by the Commission in 2017 help to improve the quality of disclosure.

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Please explain your response to question 47 and substantiate it with evidence or concrete examples:

See question 40, too early to conclude on this.

Question 48. The Commission action plan on financing sustainable growth includes an action to revise the 2017 Guidelines on Non-Financial Reporting to provide further guidance to companies on the disclosure of climate related information, building on the

FSB TCFD recommendations. The action plan also states that the guidelines will be further amended regarding disclosures on other sustainability factors. Which other sustainability factors should be considered for amended guidance as a priority?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Environment (in addition to climate change already included in the Action Plan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and Employee matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Respect for human rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Anti-corruption and bribery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 49. If you are a preparer company, could you please estimate the **increased cost** of compliance with national laws on non-financial disclosure that were adopted or amended following the adoption of the NFI Directive in 2014, compared to annual non-financial disclosure costs incurred before the adoption of the NFI Directive?

Increased amount in Euros of cost of compliance with national laws - **one-off costs of reporting for the first time:**

Increased amount as a % of total operating cost of compliance with national laws - **one-off costs of reporting for the first time:**

 %

Increased amount in Euros of cost of compliance with national laws - **estimated recurring costs:**

Increased amount as a % of total operating cost of compliance with national laws - **estimated recurring costs:**

 %

Question 50. How would you assess, overall, the impact of the NFI Directive disclosure framework on the competitiveness of the reporting EU companies compared to companies in other countries and regions of the world?

- Very positive impact on competitiveness
- Somewhat positive impact on competitiveness
- No significant impact on competitiveness
- Somewhat negative impact on competitiveness
- Very negative impact on competitiveness
- Don't know / no opinion / not relevant

Please explain your response to question 50 and substantiate it with evidence or concrete examples:

Reference is made to question 40.

Don't know. Too early to conclude. We would like to stress that we are in favour of stimulating NFI initiatives on a global level, and creating a single NFI framework, instead of the different ones that exist now. We would expect a thorough separate evaluation on the effectiveness of the Directive on non-financial information after a couple of years of application.

We would like to see that the EU would contribute to initiatives such as the TCFD initiative and we can see the importance of the EU to take a thought leader role in this.

Country-by-country reporting by extractive and logging industries

Since 2017, companies that are active in the extractive industry or in the logging of primary forests have to be more transparent on the payments they make to governments. Through amendments made in 2013 to the Accounting and Transparency directives, such companies established in the European Union should publish each year a so-called "country-by-country report" summarising payments to governments. These reporting requirements were introduced to help governments of resource-rich countries manage their resources as well as to enable civil society to better hold governments and business into account. This should also help governments of resources-rich countries to implement the Extractive Industries Transparency Initiative (EITI) principles.

Question 51. Do you think that the public reporting requirements on payments to governments ("country-by-country reporting") by extractive and logging industries are:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
effective (successful in achieving its objectives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
efficient (costs are proportionate to the benefits it has generated)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
relevant (necessary and appropriate)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
coherent (with other EU requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
designed at the appropriate level (EU level) in order to add the highest value (as compared to actions at Member State level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 51 and substantiate it with evidence or concrete examples:

We see very little country-by-country reports. We are not able to assess this.

As mentioned before for financial reporting requirements an international level-playing field is of key importance. As far as we know, the requirements for country-by-country reporting currently do not exist in US, Asia and Australia.

Question 52. As a preparer company, could you please indicate the annual recurring costs (in € and in relation to total operating costs) incurred for the preparation, audit (if any) and publication of the "country-by-country report":

Total amount in Euros of **one-off costs of reporting** for the first time for the “country-by-country report”:

Amount as a % of total operating costs of **one-off costs of reporting for the first time** for the “country-by-country report”:

 %

Total amount in Euros of annual recurring costs for the “country-by-country report” - **estimated recurring costs**:

Amount as a % of total operating costs of annual recurring costs for the “country-by-country report” - **estimated recurring costs**:

 %

Question 53. How would you assess, overall, the impact of country-by-country reporting on the competitiveness of the reporting EU companies?

- Very positive impact on competitiveness
- Somewhat positive impact on competitiveness
- No significant impact on competitiveness
- Somewhat negative impact on competitiveness
- Very negative impact on competitiveness
- Don't know / no opinion / not relevant

Please explain your response to question 53 and substantiate it with evidence or concrete examples:

See answer to question 51.

Integrated reporting

In addition to a demand to broaden the range of information to be included in corporate reports, there is an ongoing debate on whether and how to integrate financial, non-financial, and other related reports in a meaningful way.

Question 54. Do you agree that integrated reporting can deliver the following **benefits**?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
More efficient allocation of capital, through improved quality of information to capital providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improved decision-making and better risk management in companies as a result of integrated thinking and better understanding of the value-creation process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs savings for preparers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost savings for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other differences (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 54 and substantiate it with evidence or concrete examples:

The DASB is of the opinion that the Directive on Non-Financial information and diversity is a proper step to improve non-financial information reporting in the EU, as now all member states are obliged to implement the same minimum requirements for disclosure of non-financial information. What we see is an increasing number of companies that are -often voluntarily- including non-financial information in their annual reporting, especially regarding corporate social responsibility and sustainability. We also observe that more and more companies are combining financial and non-financial information in so-called integrated reports. We welcome and appreciate these positive developments, which increase the relevance of public reporting.

We would expect a thorough separate evaluation on the effectiveness of the Directive on non-financial information after a couple of years of application.

We believe in the short term there will be only additional costs for preparers. However in the longer run we believe integrated reporting will be able to contribute to the enhancement of trust in the companies provided a proper framework can be developed that adequately strikes a balance between costs for preparers and use of information for stakeholders and which will be well applicable in practice.

Question 55. Do you agree with the following statement?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
A move towards more integrated reporting in the EU should be encouraged	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The costs of a more integrated reporting would be proportionate to the benefits it generates (would be efficient)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 55 and substantiate it with evidence or concrete examples:

We refer to our answer on question 54.

We believe that a move to more integrated reporting adds to the value of public reporting and to trust in society.

We are not in favour of more legal requirements in the short term. We believe that formation of a Public /Corporate reporting lab at EU level, comparable to the Financial Reporting Lab in the UK, could be a good instrument to initiate and stimulate the research and voluntary use of non-financial reporting/ integrated reporting as part of the public reporting of entities.

Question 56. Is the existing EU framework on public reporting by companies an obstacle to allowing companies to move freely towards more integrated reporting?

- Yes
- No

Don't know / no opinion / not relevant

Please explain your response to question 56 and substantiate it with evidence or concrete examples:

Companies already are able to present not required information on a voluntary basis.

VI. The digitalisation challenge

In the area of public reporting by companies technology is changing 1) the way companies prepare and disseminate corporate reports and 2) the way investors and the public access and analyse company information. On 6 October 2017, the ['eGovernment Declaration'](#) was signed in Tallin in the framework of the eGovernment Ministerial Conference. It marked a clear political commitment at EU level towards ensuring high quality, user-centric digital public services for citizens and seamless cross-border public services for businesses.

Digitalisation is soon to become reality for issuers with securities listed on European regulated markets ("listed companies"). These companies must file their Annual Financial Reports with the relevant Officially Appointed Mechanisms (OAMs). An Annual Financial Report mainly contains the audited financial statements, the management report and some other statements. In 2013, the Transparency Directive was amended to introduce as from 1 January 2020 a structured electronic reporting for Annual Financial Reports based on a so-called "European Single Electronic Format" (ESEF). It also established a single European Electronic Access Point (EEAP) in order to interconnect the different national OAMs. The objectives were to facilitate the filing of information by listed companies, and facilitate access to and use of company information by users on a pan-EU basis, thus reducing operational costs for both parties.

Beyond listed companies, the Commission is currently working, as announced in the 2017 Commission Work Programme, on an EU Company Law package making the best of digital solutions and providing efficient rules for cross-border operations whilst respecting national social and labour law prerogatives, which is not subject to this public consultation.

Question 57. Do you consider the existing EU legislation to be an obstacle to the development and free use by companies of digital technologies in the field of public reporting?

- Yes
 No
 Don't know / no opinion / not relevant

If you answered "Yes" to question 57, please clarify your response and substantiate it with evidence or concrete examples:

Although we answered 'no' we would like to point out that we see an increasing habit of making use - within the financial statements - of links to other information (for instance to information on the company or other websites or other sources).

This can lead to un-clarity for users with respect to the completeness of financial statements and whether the information referred to is audited. Such matters need to be resolved first before links and references can be permitted.

Question 58. Do you consider that increased digitalisation taking place in the field diminishes the relevance of the EU laws on public reporting by companies (for instance, by making paper based formats or certain provisions contained in the law irrelevant)?

- Yes
- No
- Don't know / no opinion / not relevant

The impact of electronic structured reporting

Question 59. Do you think that, as regards public reporting by listed companies, the use of electronic structured reporting based on a defined taxonomy (ESEF) and a single access point (EEAP) will meet the following intended objectives:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
improve transparency for investors and the public	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
improve the relevance of company reporting	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
reduce preparation and filing costs for companies	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
reduce costs of access for investors and the public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

reduce other reporting costs through the re-use of companies' public reporting of electronic structured data for other reporting purposes (e.g. tax authorities, national statistics, other public authorities)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Please provide an estimated order of magnitude or qualitative comments for such cost reductions (e.g. % of preparation costs or % of costs of accessing and analysing data...):

Digitalization and Electronic structured data for (Non-)Financial Information (= #9 cover letter)

We acknowledge the growing importance of the use of technology and digitalisation in the communication between companies and their stakeholders. Digitalization of (non-)financial information is a development that cannot and must not be ignored.

We do not think that current EU legislation provides an obstacle for developments in this area, but we also do not see that it stimulates innovation. Governments could provide incentives for best practices to develop further, for instance by providing subsidies or supporting an EU financial reporting Lab.

Standardisation in this area has advantages for efficiency and comparability but these advantages need to be compared with a possible loss of entity-specific information and differentiation.

When digitalization is accompanied by mandatory structured data formats, we have the following concerns:

- a. Structured formats do often not allow for providing entity specific information, which could in the end lead to less relevant information for stakeholders. For example, management discussions and analyses on the strategy and performance of the company, are very entity and industry specific which can hardly be captured in structured data formats.
- b. We do not support structured formats for financial reporting if these formats will not contribute to the true and fair view principle of financial reporting, for example when the (im)possibilities of the underlying technique is considered more relevant than the true and fair view of financial statements. Or if entity specific important information can only be added by making a lot of efforts or costs, such as the need for building preparer extensions at the costs of the preparers.
- c. Structured formats may have the tendency to focus on 'numbers only', because one of the benefits is that all data structured in the same format can be gathered and accumulated for analyzing or decision making purposes. Not allowing enough prominence/attention to the specific accompanying disclosures and clarifications can lead to incorrect interpretations or decisions.
- d. Structured data formats could force companies to disclose non-financial information that actually is not or less relevant for stakeholders. It could eventually lead to an increased number of reporting requirements and higher costs for companies, without any clear benefits for investors and other stakeholders. In our view the format should be flexible enough to not require all datafields to be filled in.
- e. Due to its wide scope and nature, non-financial information is very difficult to translate into standardized data formats. If the data formats are not adequate or lack clarity, this could lead to confusion or misinterpretation among companies and consequently to impaired quality and comparability of non-financial information.
- f. Companies could consider presenting two separate reports for non-financial information: one based on the mandatory structured data formats for compliance purposes and a separate report containing only the relevant non-financial information for 'stakeholder relations' purposes. This inevitably leads to double costs for companies and would confuse stakeholders in obtaining the information they need.

g. Although we can see the benefits of digitalization and electronic structured data, in our opinion a well thought-out position on the most appropriate framework and the most effective underlying technique for digital financial reporting needs to be developed further. Because of the rapid developments in this area we would suggest the EC to closely follow the FRC initiative on a framework for digital reporting, see the report 'Digital Future (A framework for future digital reporting)'. This report includes interesting concepts from a production, distribution and consumption perspective to be taken into account to make digital reporting a success.

Question 60. In your opinion, on top of the financial statements, do you think that the following documents prepared by listed companies should contain electronic structured data?

Financial reporting

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Half-yearly interim financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management report	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate governance statement	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other disclosure or statements requirements under the Transparency Directive such as information about major holdings	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Non-financial reporting and other reports

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Non-financial information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country-by-country report on payments to governments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other documents (please rate here and specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 61. Once the ESEF is fully developed and in place for listed companies, would this EU language add value as a basis to structure the financial statements, management reports etc. published by any limited liability company in the EU?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your response to question 61 and substantiate it with evidence or concrete examples:

As a standard-setter the DASB is not able to express an opinion on this.

Question 62. As regards the non-financial information that listed companies, banks and insurance companies must publish, do you think that digitalisation of this information could bring about the following benefits?

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
Facilitate access to information by users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the granularity of information disclosed	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the reporting costs of preparers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response to question 62 and substantiate it with evidence or concrete examples:

Reference is made to question 59.

Question 63. Digitalisation facilitates the widespread dissemination and circulation of information. Besides, the same corporate reporting information may be available from different sources, such as a company's web site, an OAM, a business register, a data aggregator or other sources. In a digitalised economy, do you consider that electronic reporting should be secured by the reporting company with electronic signatures, electronic seals and/or other trust services?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your response to question 63 and substantiate it with evidence or concrete examples:

Data storage mechanisms – data repositories

Today, the self-standing national databases maintained by each Officially Appointed Mechanisms (OAMs) are not interconnected to each other, or to a central platform.

The [European Financial Transparency Gateway \(EFTG\)](#) is a pilot project funded by the European Parliament that aims to virtually connect the databases using the distributed ledger technology in order to provide a single European point of access to investors searching for investment opportunities on a pan-EU basis. The European Financial Transparency Gateway could be used as a basis for achieving a single European Electronic Access Point (EEAP).

Question 64. Considering the modern technologies at hand to interconnect databases on information filed by listed companies with the OAMs, do you agree with the following statements?

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	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know / no opinion / not relevant
A pan-EU digital access to databases based on modern technologies would improve investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
A pan-EU digital access to databases based on modern technologies would promote cross border investments and efficient capital markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The EU should take advantage of a pan-EU digital access to make information available for free to any user	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 65. Public reporting data in the form of structured electronic data submitted by listed companies could potentially be re-used for different purposes by different authorities. For instance, by filing a report once with an OAMs and re-using it for filing purposes with a business register. In your opinion, should the EU foster the re-use of data and the “file only once” principle?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your response to question 65 and substantiate it with evidence or concrete examples:

In general, we support the re-use of data and file only once principle. Note however that different regulators /stakeholders will have different information needs. It will be quite difficult to converge all required information into a single, unified dataset that serves the needs of all different stakeholders.

Structured formats may have the tendency to focus on ‘numbers only’, because one of the benefits is that all data structured in the same format can be gathered and accumulated for analyzing or decision making purposes. Not allowing enough prominence/attention to the specific accompanying disclosures and clarifications can lead to incorrect interpretations or decisions.

Coherence with other Commission initiatives in the field of digitalisation

On 1 December 2017, the Commission launched a [Fitness Check on the supervisory reporting frameworks](#). In parallel, the financial data standardisation (FDS) project, launched in 2016, aims for a 'common financial data language' across the board for supervisory purposes. The Commission will report by summer 2019 (for more details, see [Commission report on the follow up to the call for evidence - EU regulatory framework for financial services](#), December 2017 section 3.3).

Question 66. Should the EU strive to ensure that labels and concepts contained in public reporting by companies are standardised and aligned with those used for supervisory purposes?

- 1 - totally disagree
- 2 - mostly disagree
- 3 - partially disagree and partially agree
- 4 - mostly agree
- 5 - totally agree
- Don't know / no opinion / not relevant

Other comments

Question 67. Do you have any other comments or suggestions?

Although we answered 'no' to question 57 we would like to point out that we see an increasing habit of making use - within the financial statements - of links to other information (for instance to information on the company or other websites or other sources).

This can lead to un-clarity for users with respect to the completeness of financial statements and whether the information referred to is audited. Such matters need to be resolved first before links and references can be permitted.

Acronyms and Abbreviations

AD	Accounting Directive
BAD	Bank Accounts Directive
CEP	Centre for European Studies
CBCR	Country by Country Reporting
CLD	Company Law Directive
CMD	Capital Maintenance Directive
CMU	Capital Markets Union
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DG FISMA	Directorate General Financial Stability, Financial Services and Capital Markets Union
DLT& API	Distributed Ledger Technology & Application Programme Interface
EC	European Commission
EFRAG	European Financial Reporting Advisory Group
EFTG	European Financial Transparency Gateway
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social & Governance factors

ESMA
European Securities and Markets Authority

ESRB
European Systemic Risk Board

FSB
Financial Stability Board

GAAPs
General Accepted Accounting Principles

HLEG
High-Level Expert Group

IAD
Insurance Accounts Directive

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS 4
International Financial Reporting Standards on Insurance contracts

IFRS 9
International Financial Reporting Standards on Financial Instruments

IFRS 17
will replace IFRS 4 as of 1 January 2021

IIRC
International Integrated Reporting Council

KPIs
Key Performance Indicators

NFR
Non-Financial Reporting Directive (also called NFI for Non-Financial Information)

NGOs
Non-governmental Organisation

OAMs
Officially Appointed Mechanisms

OECD
Organization for Economic Co-operation and Development

PIE	Public Interest Entities
P&L	Profit and Loss account
SMEs	Small and Medium Enterprises
SRB	Single Resolution Board
SSM	Single Supervisory Mechanism
TCFD	Task Force on Climate-related Financial Disclosures
TD	Transparency Directive

3. Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

67c4ef3f-7ef2-4aee-866e-592a72d5a2a9/CL_EC_Fitnesscheck_RJ_v7_def_wijz_geacc.docx

Useful links

[Consultation details \(http://ec.europa.eu/info/consultations/finance-2018-companies-public-reporting_en\)](http://ec.europa.eu/info/consultations/finance-2018-companies-public-reporting_en)

[Specific privacy statement \(http://ec.europa.eu/info/files/2018-companies-public-reporting-consultation-document_en\)](http://ec.europa.eu/info/files/2018-companies-public-reporting-consultation-document_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

fisma-public-reporting-by-companies@ec.europa.eu
