

## **EU non-financial reporting Directive – Proposed responses to EU Commission online consultation**

### **Q1**

Materiality/relevance -9

Usefulness -8

Comparability -2

Avoiding undue administrative burden -6

Comprehensiveness -3

Fairness and balance -5

Understandability -7

Reliability -4

### **Q2**

The shareholders.

#### **Q2.1**

The report is of most interest to shareholders, as they have the power to influence to change things if they are not satisfied with them, or even to change management or their own shareholding. Other stakeholders, including market analysts and prospective shareholders, will also have an interest in it. Management and other employees will have their own internal information and communications.

### **Q3**

Useful for the management/directors of the company -3

Relevance for shareholders or investors' decision-making-7

Necessary to understand the impacts of the company's activity -4

Necessary to understand the company's development, performance and position-6

Necessary to understand how the company manages non-financial risks- 5

Relevant for stakeholders in general -2

Other – useful for prospective employees – 1

**Q3.1**

Directors and managers will have other sources of information available to them, and in real-time, owing to their involvement in these issues. It is their responsibility to communicate such information to employees as and when appropriate.

**Q4**

Score of 1.

**Q4.1**

The Commission is producing 'non-binding Guidelines' and therefore consider a high level of detail to be inappropriate. We believe detailed prescription would turn the Guidelines into a checklist and lead to box-ticking. Our view is that 'one size does not fit all' and that reporting will be informed by the size and structure of the organisation and its sector, as well as by shareholders' requests.

**Q5**

Different member states may have their own guidelines or rules in any of these areas and regard should be had first to these. The UK, for example, has statutory requirements for the content of the annual Strategic Report.

In general, we regard the description of the business model and the principal risks as the most important of the items listed.

We think it is important that all reporting is clear and understandable and highlights the key aspects.

**Q6**

Our 2 preferred options are, in order of preference:

- 1- The guidelines should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures
- 2- The guidelines should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable

**Q6.1**

We believe that flexibility is very important and that 'one size does not fit all'.

**Q7**

Score of 1, ie general principles only.

**Q7.1**

We believe that flexibility is very important and that 'one size does not fit all'. Furthermore, specific sectoral issues may be dealt with by regulators in individual member states.

**Q8**

Working down the list – 1,6,4,5,3,2 ('other'–the Guidelines should not impose a higher standard of disclosure or more onerous requirements.)

**Q8.1**

We believe that flexibility is very important and do not think the Guidelines should be prescribing detailed requirements.

**Q9**

We think that the Guidelines should be specific to the companies which are within the scope of the Directive.

**Q9.1**

N/A

**Q10**

N/A

**Q11**

No.

**Q11.1**

We consider that the Directive is sufficiently specific on this and does not require further clarification.