



PUBLIC CONSULTATION ON THE REVISION OF THE NON- FINANCIAL REPORTING DIRECTIVE

Issued 11 June 2020

ICAEW welcomes the opportunity to comment on the *revision of the Non-Financial Reporting Directive* published by the European Commission (EC) on 20 February 2020.

To accelerate adoption of non-financial reporting and enhance its quality, the EC should:

- consider practical steps to enable the EU to move ahead rapidly while also supporting the end-goal of a global corporate reporting structure;
- ensure European and international actors work together in an inclusive, collaborative and timely manner; and,
- help progress a globally-relevant conceptual framework, work towards rapid identification of standards that can address EU specific legal obligations and policy objectives, and promote the development of a suite of international non-financial reporting standards.

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This response of 11 June 2020 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority, the Faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues. It makes submissions to standard setters and other external bodies on behalf of ICAEW. The Faculty provides a range of services to its members including assistance with common reporting problems.

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Public consultation on the revision of the non- financial reporting directive

1. Quality and scope of non-financial information to be disclosed

Question 1. To what extent do you agree or disagree with the following statements about possible problems with regard to non-financial reporting?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	Don't know/ no opinion/not relevant
The lack of comparability of non-financial information reported by companies pursuant to the NFRD is a significant problem.				X		
The limited reliability of non- financial information reported by companies pursuant to the NFRD is a significant problem.				X		
Companies reporting pursuant to the NFRD do not disclose all relevant non-financial information needed by different user groups.			X			

Question 2. Do you consider that companies reporting pursuant to the NFRD should be required to disclose information about other non-financial matters in addition to those currently set-out in Article 19a?

	Please specify which other non-financial matters (no more than 3):
Other non-financial matter #1	See comments at end of this section.
Other non-financial matter #2	
Other non-financial matter #3	

Question 3. Are there additional categories of non-financial information related to a company's governance and management procedures, including related metrics where relevant, (for example, scenario analyses, targets, more forward-looking information, or how the company aims to contribute to society through its business activities) that companies should disclose in order to enable users of their reports to understand the development, performance, position and impacts of the company?

	Please specify which additional categories of non-financial information (no more than 3):
Additional category of non-financial information #1	See comments at end of this section.
Additional category of non-financial information #2	
Additional category of non-financial information #3	

Question 4. In light of the importance of intangibles in the economy, do you consider that companies should be required to disclose additional non- financial information regarding intangible assets or related factors (e.g. intellectual property, software, customer retention, human capital, etc.)

Yes

No

Don't know / no opinion / not relevant

Question 5. To what extent do you think that the current disclosure requirements of the NFRD ensure that investee companies report the information that financial sector companies will need to meet their new disclosure requirements?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 6. How do you find the interaction between different pieces of legislation?

It works well

There is an overlap

There are gaps

There is a need to streamline

It does not work at all

Don't know / no opinion / not relevant

Question 7. In order to ensure better alignment of reporting obligations of investees and investors, should the legal provisions related to non-financial reporting define environmental matters on the basis of the six objectives set- out in the taxonomy regulation: (1) climate change mitigation; (2) climatechange adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy (5) pollution prevention andcontrol; (6) protection and restoration of biodiversity and ecosystems?

Yes

No

Don't know / no opinion / not relevant

Please provide any comments or explanations to justify your answers toquestions 1 to 7:

Before changes are made to the EU non-financial reporting directive (NFRD) it is important for the EC to clarify the core purpose of the NFRD. We believe that having greater clarity over the policy objective will help determine where and how improvements might be made.

In our view, the core purpose of the NFRD should be to provide users with information on the wider spectrum of non-financial information relevant to the business. While this will clearly include information around environmental matters, it should also cover important information such as the lead indicators driving the business ie, information around customers, business relationships, and the purpose of the business. It may also include information on intangibles (to the extent that they are key drivers to the business). That said, we would not expect the non-financial information statement to try to put a financial value on intangibles, as that is a matter for accounting standards.

2. Standardisation

Question 8. In your opinion, to what extent would a requirement on companies to apply a common standard for non-financial information resolve the problems identified?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 9. In your opinion, is it necessary that a standard applied by a company under the scope of the Non-Financial Reporting Directive should include sector-specific elements?

Yes

No

Don't know / no opinion / not relevant

Question 10. To what extent would the application of one of the following standards or frameworks, applied on its own, resolve the problems identified while also enabling companies to *comprehensively* meet the current disclosure requirements of the Non-Financial Reporting Directive, taking into account the double-materiality perspective (see section 3)?

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent.

	1	2	3	4	n/a
Global Reporting Initiative					
Sustainability Accounting Standards Board					
International Integrated Reporting Framework					

10.1 Do you consider that other standard(s) or framework(s), applied on their own, would resolve the problems identified while also enabling companies to *comprehensively* meet the current disclosure requirements of the NFRD?

Yes

No

Don't know / no opinion / not relevant

10.2 Please specify which other standard(s) or framework(s) you consider, applied on their own, would resolve the problems identified while also enabling companies to comprehensively meet the current disclosure requirements of the NFRD, and to what extent:

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent.

	Name of other standard or framework (no more than 3):	Please rate from 1 to 4 as explained above (please use digits only)
Other standard or framework #1	See comments at end of this section	
Other standard or framework #2		
Other standard or framework #3		

Question 11. If there were to be a common European non-financial reporting standard applied by companies under the scope of the NFRD, to what extent do you think it would be important that such a standard should incorporate the principles and content of the following existing standards and frameworks?

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent.

	1	2	3	4	n/a
Global Reporting Initiative					
Sustainability Accounting Standards Board					
International Integrated Reporting Framework					
Task Force on Climate-related Financial Disclosures (TCFD)					
UN Guiding Principles Reporting Framework (human rights)					
CDP					
Carbon Disclosure Standards Board (CDSB)					
Organisation Environmental Footprint (OEF)					

Eco-Management and Audit Scheme (EMAS)					
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11.1 Do you consider that the principles and content of other existing standard(s) or framework(s) should be incorporated in a potential common European non-financial reporting standard?

Yes

No

Don't know / no opinion / not relevant

11.2 Please specify the existing standard(s) or framework(s), whose principles and content should be incorporated in a potential common European non-financial reporting standard, and to what extent:

	Name of other existing standard or framework (no more than 3):	Please rate from 1 to 4 as explained above (please use digits only)
Other existing standard or framework #1	See comments at end of this section	
Other existing standard or framework #2		
Other existing standard or framework #3		

Question 12. If your organization fully applies any non-financial reporting standard or framework when reporting under the provisions of the NFRD, please indicate the recurring annual cost of applying that standard or framework (including costs of retrieving, analysing and reporting the information):

	Name of standard or framework (no more than 3):	Estimated cost of application per year, excluding any one-off start-up costs
Standard or framework #1	n/a	
Standard or framework #2		
Standard or framework #3		

Question 13. In your opinion, would it be useful for there to be a simplified standard and/or reporting format for SMEs?

Yes

No

Don't know / no opinion / not relevant

Question 14. To what extent do you think that a simplified standard for SMEs would be an effective means of limiting the burden on SMEs arising from information demands they may receive from other companies, including financial institutions?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 15. If the EU were to develop a simplified standard for SMEs, do you think that the use of such a simplified standard by SMEs should be mandatory or voluntary?

Mandatory

Voluntary

Don't know / no opinion / not relevant

Question 16. In light of these responses, to what extent do you agree that the body responsible for developing a European non-financial reporting standard should also have expertise in the field of financial reporting in order to ensure “connectivity” or integration between financial and non-financial information?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 17. The key stakeholder groups with an interest in and contributing to the elaboration of financial reporting standards have historically been investors, preparers of financial reports (companies) and auditors/accountants. To what extent do you think that these groups should also be involved in the process of developing a European non-financial reporting standard?

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent.

	1	2	3	4	n/a
Investors				X	<input type="radio"/>
Preparers				X	<input type="radio"/>
Auditors/accountants				X	<input type="radio"/>

Question 18. In addition to the stakeholders referred to in the previous question, to what extent do you consider that the following stakeholders should be involved in the process of developing a European non-financial reporting standard?

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent.

	1	2	3	4	n/a
Civil society representatives/NGOs		X			
Academics			X		

18.1 Do you consider that other stakeholder(s) should be involved in the process of developing a European non-financial reporting standard?

Yes

No

Don't know / no opinion / not relevant

18.2 Please specify which other stakeholder(s) you consider should be involved in the process of developing a European non-financial reporting standard and to what extent:

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent

	Name of other stakeholder (no more than 3):	Please rate from 1 to 4
Other stakeholder #1	International Standard Setters for financial reporting	4
Other stakeholder #2	National standard setters, including relevant bodies more widely, such as the UK Financial Reporting Council.	4
Other stakeholder #3		

Question 19. To what extent should the following European public bodies or authorities be involved in the process of developing a European non- financial reporting standard?

1= not at all, 2 = to some extent but not much, 3 = to a very reasonable extent, 4 = to a very great extent

	1	2	3	4	n/a
European Securities Markets Authority (ESMA)					
European Banking Authority (EBA)					
European Insurance and Occupational Pensions Authority (EIOPA)					
European Central Bank (ECB)					

European Environment Agency (EEA)					
Platform on Sustainable Finance					

19.1 Do you consider that other European public body/ies or authority/ies should be involved in the process of developing a European non-financial reporting standard?

Yes

No

Don't know / no opinion / not relevant

19.1 Please specify which other European public body/ies or authority/ies you consider should be involved in the process of developing a European non-financial reporting standard and to what extent:

Please rate as follows:

1= not at all, 2= to some extent but not much, 3= to a reasonable extent, 4= to a very great extent

	Name authority	Please rate from 1 to 4
Other European public body or authority #1	Please see our comments at the end of this section	
Other European public body or authority #2		
Other European public body or authority #3		

Question 20. To what extent do you consider that the following national authorities or bodies should be involved in the process of developing European non-financial reporting standards?

1= not at all, 2= to some extent but not much, 3= to a reasonable extent, 4= to a very great extent

	1	2	3	4	n/a
National accounting standards-setters			X		
Environmental authorities		X			

20.1 Do you consider that other type of national authorities or bodies should be involved in the process of developing a European non-financial reporting standard?

Yes

No

Don't know / no opinion / not relevant

20.2 Please specify which other type of national authorities or bodies you consider should be involved in the process of developing a European non- financial reporting standard and to what extent:

1= not at all, 2= to some extent but not much, 3= to a reasonable extent, 4= to a very great extent

	Name	Please rate from 1 to 4
Other national authority or body #1	Please see our comments at the end of this section	
Other national authority or body #2		
Other national authority or body #3		

20.3 Please provide any comments or explanations to justify your answers to questions 8 to 20:

5000 character(s) maximum

We have submitted with this online questionnaire a position paper, non-financial reporting: ensuring a sustainable global recovery. In that paper we make the recommendations below:

ICAEW seeks to provide a constructive contribution to the important debate on non-financial reporting taking place in Europe and elsewhere, prompted in no small part by the ongoing legislative review of the EU's 2014 Non-Financial Reporting Directive (NFRD). While any future revisions to the NFRD will be of interest first and foremost to EU countries, corporates and stakeholders, the issues addressed are of keen international concern. EU legislative change will provide an important point of reference for other jurisdictions too.

Experience tells us that the EU can be a real motor for global change, providing regional regulatory coherence while also generating momentum towards the identification and application of common solutions to address shared challenges.

To achieve this:

- We strongly encourage all efforts to move towards the establishment of a single principles-based and internationally recognised global framework providing comparability and consistency for non-financial reporting.*
- We believe in the longer-term goal of a global corporate reporting structure, encompassing both financial and non-financial reporting.*
- Current moves to consolidate existing standards, guidelines and frameworks need to be accelerated and made more open and transparent.*
- High quality standards need to be based on a shared understanding of the goals and purposes of reporting. Next steps must also address the urgent need to define and agree a solid conceptual framework for non-financial reporting.*
- We recognise the particular momentum in Europe in this area and believe that the EU can act as a global leader to catalyse international alignment and the establishment of a new corporate reporting framework.*
- Concurrently, steps can be taken at European level to work towards the rapid identification of standards that can address specific EU policy objectives and regulatory needs.*
- This could lead to a more direct role for the European Financial Reporting Advisory Group (EFRAG) in helping to elaborate a new conceptual framework and in assuming some standard-setting functions where there is a pressing need for action at European level.*
- An enhanced way of working could be envisaged between the EU/EFRAG and an eventual International Non-Financial Standards Board (INSB) which is open to the collaborative development of standards.*

Further details are set out in the position paper non-financial reporting: ensuring a sustainable global recovery.

3. Application of the principle of materiality

Question 21. Do you think that the definition of materiality set-out in Article 2 (16) of the Accounting Directive is relevant for the purposes of determining which information is necessary to understand a company's development, performance and position?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 22. Do you think that the definition of materiality set-out in Article 2 (16) of the Accounting Directive is relevant for the purposes of determining which information is necessary to understand a company's impacts on society and the environment?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 23. Is there is a need to clarify the concept of 'material' non- financial information?

Yes

No

Don't know / no opinion / not relevant

Question 23.1 If you do think there is a need to clarify the concept of 'material' non-financial information, how would you suggest to do so?

5000 character(s) maximum

See our comments below.

Question 24. Should companies reporting under the NFRD be required to disclose their materiality assessment process?

Yes

No

Don't know / no opinion / not relevant

Please provide any comments or explanations to justify your answers to questions 21 to 24:

5000 character(s) maximum

We believe that the current definition of materiality (set out in the Accounting Directive) is appropriate and relevant for the purpose of determining what non-financial information should be included in the non-financial information statement.

Non-statutory guidelines could helpfully explore how an entity is expected to determine the primary users of non-financial information ‘as a collective group’ and how to assess the materiality from their perspective of the impact caused by a business’ activities. It might also be helpful to make clear in non-statutory guidelines (possibly with some examples) that when applying the current definition, something can be material either as a result of how it impacts on the business, or as a result of how the business affects the external environment, which may result in a dependency/risk that in turn impacts the business in the long-run.

In addition, it is important to reiterate how the concept of materiality should be considered in the context of the reporting entity ie, for group reports it should be in the context of the entire group’s activities.

4. Assurance

Question 25. Given that non-financial information is increasingly important to investors and other users, are the current differences in the assurance requirements between financial and non-financial information justifiable and appropriate?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don’t know / no opinion / not relevant

Question 26. Should EU law impose stronger assurance requirements for non-financial information reported by companies falling within the scope of the NFRD?

Yes

No

Don’t know / no opinion / not relevant

There are two types of assurance engagement a practitioner can perform:

- Reasonable assurance reduces the risk of the engagement to an acceptably low level in the given circumstances. The conclusion is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria.
- Limited assurance engagements provide a lower level of assurance than the reasonable assurance engagements. The conclusion is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated.

Question 27. If EU law were to require assurance of non-financial information published pursuant to the NFRD, do you think that it should require a reasonable or limited assurance engagement on the non-financial information published?

Reasonable

Limited

Don’t know / no opinion / not relevant

Question 28. If EU law were to require assurance of non-financial information published pursuant to the NFRD, should the assurance provider assess the reporting company’s materiality assessment process?

Yes

No

Don’t know / no opinion / not relevant

Question 29. If assurance of non-financial information was required by EU law, should the

assurance provider be required to identify and publish the key engagement risks, their response to these risks and any related key observations (if applicable)?

Yes

No

Don't know / no opinion / not relevant

Question 30. If assurance of non-financial information was required by EU law, do you think that assurance engagements should be performed based on a common assurance standard?

Yes

No

Don't know / no opinion / not relevant

Question 30.1 If you answered yes in reply to the previous question, please explain whether there is an existing assurance standard that could be used for this purpose or whether a new standard would need to be developed:

International Standard on Assurance Engagements (ISAE) 3000 should be used. However, supplementary guidance may need to be developed for its application to the NFRD.

Question 31. Do you think that an assurance requirement for non-financial information is dependent on companies reporting against a specific non-financial reporting standard?

Yes

No

Don't know / no opinion / not relevant

Question 32. Do you publish non-financial information that is assured?

Yes

No

Don't know / no opinion / not relevant

Question 32.1 If you do publish non-financial information and that information is assured, please indicate the annual costs of such assurance:

5000 character(s) maximum

Question 32.2 If you provided an answer to the previous question, please describe the scope of the assurance services provided (issues covered, reasonable/limited, etc.):

5000 character(s) maximum

Please provide any comments or explanations to justify your answers to questions 25 to 32:

Q26: The primary benefit of mandating assurance is to enhance the credibility of information for non-financial reporting users. To achieve this, it will be important for users to have trust in those providing assurance services. It is therefore critical that the assurance provider performs the work to a professional standard and complies with fundamental principles of professional behaviour.

The fundamental principles referred to above encompass integrity, professional competence and due care, confidentiality and professional behaviour and objectivity. Key to the principle of objectivity is the need for the assurance provider to be independent from the party responsible for preparing the non-financial reporting information. It will be important to address any conflicts of interest that threaten the assurance provider's independence so that users trust and have confidence in the assurance process.

There are many ways in which such conflicts may arise and to address this clear ethical expectations and robust regulation are crucial. One example is that a close relationship between the assurance provider and the party responsible for preparing the information may create a familiarity threat. In this case there is a risk that the assurance provider may put the interests of the preparer over that of intended users, due to their personal relationship.

In the race to combat the climate emergency it is essential that where government legislates to increase the quality of non-financial information by requiring assurance, that this assurance is reliable. Many years could be lost if the opportunity is missed at this stage to put in place a robust framework for assurance.

Q27: Assurance should be at least 'limited'; reasonable assurance will be necessary to provide all the comfort that investors need. Therefore, initially the NFRD might require limited assurance while enabling investors to request or require reasonable assurance. As capacity for high quality reporting grows over time it may be beneficial to increase the level of assurance required by the NFRD to reasonable and there should be a commitment to keeping this under review.

5. Digitisation

33. To what extent do you agree or disagree with the following statements regarding digitalisation of non-financial information?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	Don't know/ no opinion/not relevant
It would be useful to require the tagging of reports containing non- financial information to make them machine- readable.			x			
The tagging of non- financial information would only be possible if reporting is done against standards.				x		

All reports containing non-financial information should be available through a single access point.				x		
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Question 34. Do you think that the costs of introducing tagging of non- financial information would be proportionate to the benefits this would produce?

Not at all

To some extent but not much

To a reasonable extent

To a very great extent

Don't know / no opinion / not relevant

Question 35. Please provide any other comments you may have regarding the digitalisation of sustainability information:

5000 character(s) maximum

See our comments below

Please provide any comments or explanations to justify your answers to questions 33 to 35:

5000 character(s) maximum

We do not believe that now is the right time to introduce requirements for non-financial information to be tagged. Clearly non-financial information poses particular challenges for tagging. Where narrative is broken into 'boxes' for tagging that could affect the 'flow' of the information. Carefully consideration will need to be given to how tagging can be achieved while preserving meaning.

ESEF has only just come into effect and it is not clear yet what the real costs/benefits will be from this initiative. In our view, it would be better to wait until the ESEF requirements have bedded down and then to assess what the successes/challenges have been before expanding the scope of tagging to include other information, including non-financial information.

It is important to consider what is the purpose of tagging information. If it is to allow aggregation of data, then it may be more appropriate to require information to be submitted to a central depository outside of the annual report.

6. Structure and location of non-financial information

Question 36. Other consequences may arise from the publication of the non- financial statement as part of a separate report. To what extent do you agree with the following statements:

1= not at all, 2= to some extent but not much, 3= to a reasonable extent, 4= to a very great extent

	1	2	3	4	n/a
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<p>The option to publish the non-financial statement as part of a separate report creates a significant problem because the non-financial information reported by companies is hard to find (e.g. it may increase search costs for investors, analysts, ratings agencies and data aggregators).</p>				x	
<p>The publication of financial and non-financial information in different reports creates the perception that the information reported in the separate report is of secondary importance and does not necessarily have implications in the performance of the company.</p>				x	

Question 37. Do you believe that companies should be required to disclose all necessary non-financial information in the management report?

Yes

No

Don't know / no opinion / not relevant

Question 38. If companies are allowed to publish the required non-financial information in a report that is separate from the management report, to what extent do you agree with the following approaches?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	Don't know/ no opinion/not relevant
<p>Legislation should be amended to ensure proper supervision of information published in separate reports.</p>				x		
<p>Legislation should be amended to require companies to file the separate report with Officially Appointed Mechanisms (OAMs).</p>				x		

Legislation should be amended to ensure the same publication date for management report and the separate report.				x		
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Question 38.1 Please provide any comments regarding the location of reported non-financial information:

5000 character(s) maximum

No further comments

Question 39. Do you consider that the current segregation of non-financial information in separate non-financial and corporate governance statements within the management report provides for effective communication with users of company reports?

- Not at all
- To some extent but not much
- To a reasonable extent**
- To a very great extent
- Don't know / no opinion / not relevant

Please provide any comments or explanations to justify your answers to questions 36 to 39:

We agree that the non-financial information statement should be required to be published as part of the mainstream management report ie, alongside the financial statements rather than in a separate sustainability report. When provided as part of the management report, it is important to keep in mind who is the primary user of the information and that it is clear to them both how materiality is applied in each part of the document and the scope of audit/assurance that applies in each case. Information presented in the non-financial report should be material to the intended users of that report.

Providing the information required by the EU NFRD as part of the management report, does not mean that companies cannot choose to supplement this information with additional information elsewhere.

7. Personal scope (which companies should disclose)

Question 40. If the scope of the NFRD were to be broadened to other categories of PIEs, to what extent would you agree with the following approaches?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	Don't know/ no opinion/not relevant
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Expand scope to include all EU companies with securities listed in regulated markets, regardless of their size.				X		
Expand scope to include all large public interest entities (aligning the size criteria with the definition of large undertakings set out in the Accounting Directive: 250 instead of 500 employee threshold).				X		
Expand scope to include all public interest entities, regardless of size.			X			

Question 41. If the scope of the NFRD were to be broadened to non-PIEs, to what extent would you agree with the following approaches?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	Don't know/ no opinion/ not relevant
Expand the scope to include large non-listed companies.			X			
Remove the exemption for companies that are subsidiaries of a parent company that reports non-financial information at group level in accordance with the NFRD.		X				
Expand the scope to include large companies established in the EU but listed outside the EU.						X
Expand the scope to include large companies not established in the EU that are listed in EU regulated markets.						X
Expand scope to include all limited liability companies regardless of their size.	X					

Question 42. If *non-listed* companies were required to disclose non-financial information, do you consider that there should be a specific competent authority in charge of supervising their compliance with that obligation.

Yes

No

Don't know / no opinion / not relevant

Question 42.1 If you consider that there should be a specific competent authority in charge of supervising non-listed companies' compliance with the obligation of disclosing non-financial information, please specify who in your opinion should carry out this task (National Competent Authorities, European Supervisory Authorities, other...) and how:

5000 character(s) maximum

We believe it should be the responsibility of national competent authorities to supervise non-listed companies' compliance with the obligation of disclosing non-financial information.

Question 43. To what extent do you agree with the following statements relating to possible changes of the personal scope of the NFRD for financial institutions?

1= totally disagree, 2= mostly disagree, 3= partially disagree and partially disagree, 4= mostly agree, 5 = totally agree

	1	2	3	4	5	n/a
The threshold criteria for determining which banks have to comply with the NFRD provisions should be different from those used by Non-Financial Corporates.	X					
The threshold criteria for determining which insurance undertakings have to comply with the NFRD provisions should be different from those used by Non-Financial Corporates.	X					

Please provide any comments or explanations to justify your answers to questions 40 to 43:

5000 character(s) maximum

If the EC is considering expanding the scope to include a wider range of companies, then using the existing size criteria might not always be the most appropriate measure. For example, it might be more appropriate to consider staff numbers to capture very large private companies. This is the approach recently adopted by the UK to capture the appropriate type of company for the purpose of reporting on corporate governance arrangements. That said, a balance is needed to make sure there isn't a proliferation of different types of company being defined in the regulations. Proportionality is key.

We have not expressed an opinion on application of the NFRD to cross-border listings including a third country outside the EU as this will depend on factors such as the international consistency of EU standards and the equivalence of corresponding regimes in the third country. Clearly it would be undesirable for equivalent reporting to be duplicated.

8. Simplification and reduction of administrative burdens for companies

Question 44. Does your company publish non-financial information pursuant to the NFRD?

Yes

No

Not relevant

Question 41.1 If your company publishes non-financial information pursuant to the NFRD, please state how much time the employees of your company spend per year carrying out this task, including time of retrieving, analysing and reporting the information? Please provide your answer in terms of full-time-equivalents (FTEs, 1 FTE = 1 employee working 40h a week during 250 working days per year). Please provide your answer for reports published in 2019, covering financial year 2018.

Not relevant

Question 44.2 Please state the total cost per year of any external services,excluding the cost of any assurance or audit services, that you contracted to assist your company to comply with the requirements of the Non-Financial Reporting Directive. Please provide your answer for reports published in 2019, covering financial year 2018.

Not relevant

The majority of Member States have transposed the NFRD requirements into national legislation making very few changes to the wording of the legal provisions. Therefore, in the majority of the national legal frameworks, companies are required to comply with national legislation that is quite high level, not very prescriptive and do not require the use of any particular reporting standard.

Question 45. To what extent 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

	1	2	3	4	5	Don't know/ no opinion/ not relevant
Companies reporting pursuant to the NFRD face uncertainty and complexity when deciding what non-financial information to report, and how and where to report such information.				X		
Companies are under pressure to respond to individual demands for non- financial information from sustainability rating agencies, data providers and civil society, irrespective of the information that they publish as a result of the NFRD.					X	
Companies reporting pursuant to the NFRD have difficulty in getting the information they need from business partners, including suppliers, in order to meet their disclosure requirements.				X		

Please provide any comments or explanations to justify your answers to questions 44 to 45:

5000 character(s) maximum

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: