GES

Directorate-General for Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
Belgium
fisma-public-reporting-by-companies@ec.europa.eu

21 July 2018

Dear Sirs,

**Fitness Check on the EU Framework for Public Reporting by Companies**

GES is a leading service provider of engagement services to institutional investors globally. Representing more than EUR 1.5 trillion of investments worldwide, GES acts as an owner advocate by assessing and engaging with clients' portfolio companies and reporting and providing related recommendations to investors.

GES is dedicated to good stewardship. We take seriously our clients' responsibility to exercise their ownership rights globally, particularly through voting their shares at all the general meetings at companies in their portfolios and engaging with companies.

We welcome the opportunity to respond to the consultation on the EU's Fitness Check on the EU Framework for Public Reporting by Companies. Below are our responses to the specific questions.

## I. Assessing the fitness of the EU Public Reporting Framework Overall

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Ensuring stakeholder protection | | | | ✓ | | |
| Developing the internal market | | | | ✓ | | |
| Promoting integrated EU capital markets | | | | ✓ | | |
| Ensuring financial stability | | | | ✓ | | |
| Promoting sustainability | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

Overall, we believe that the EU public reporting requirements for companies are fit for purpose and meet the objectives.

In terms of promoting sustainability, we believe that it is too early to establish whether or not this has been achieved. The Non-Financial Reporting Directive only has been in effect in Member States for the last year. Nonetheless, anecdotally, we believe that the Directive has at least resulted in companies thinking more about their environmental, social and governance (ESG) policies and activities. It is unclear whether this has translated to better reporting on ESG

| |
|---|
| issues and ultimately the further integration of ESG issues into companies' business models, as it was the first year. |

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Ensuring stakeholder protection | | | | ✓ | | |
| Developing the internal market | | | | ✓ | | |
| Promoting integrated EU capital markets | | | | ✓ | | |
| Ensuring financial stability | | | | ✓ | | |
| Promoting sustainability | | | | | | ✓ |

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

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

| |
|---|
| As mentioned in our response to Question 1, we believe it is too early to evaluate the effectiveness and relevance of the Non-Financial Reporting Directive in achieving the intended objective (ie Promoting sustainability), as companies have only just completed one reporting cycle where it was in effect. We do believe, however, that it is not entirely helpful to have the label of 'non-financial' reporting. In our experience as providers of ESG services to institutional investors and analysts of companies ESG policies, material ESG or 'non-financial' issues are often not separate from 'financial' issues and have an impact on company's financial results – either directly or indirectly. Therefore, we would encourage more integrated thinking about how companies report on material ESG issues and risks. |

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.

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| 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)

Please explain your response and substantiate it with evidence or concrete examples of requirements that you consider most burdensome.

| |
|---|
| We believe that the current level of reporting seems adequate in terms of providing information needed by investors and their representatives. However, as we are not preparers, it is difficult for us to evaluate the cost of reporting. |

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:

[GES is not a preparer company and, therefore, will not be responding to this question.]

| Total amount in Euros |
| --- |
| € ... |

| Amount as a % of total operating costs |
| --- |
| ... % |

**Coherence**

As a preparer, user, or person with interest in financial reporting, you may have noticed possible incoherence due to overlaps, repetitions, redundant items, loopholes or inconsistencies in relation with the preparation, publication, access to or use of public reporting by companies.

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 | 2 | 3 | 4 | 5 | Don't know |
| --- | --- | --- | --- | --- | --- | --- |
| Financial statements (preparation, audit and publication) | | | | ✓ | | |
| Management report (preparation, consistency check by a statutory auditor, publication)<br>Please do not consider corporate governance statement or non-financial information | | | | ✓ | | |
| Non-financial information (preparation, auditor's check and publication) | | | | ✓ | | |
| Country-by-country reporting by extractive / logging industries (preparation, publication) | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

Overall, we believe that the intrinsic coherence of the EU public reporting framework is fine. Preparers are probably in a better position to highlight any areas of overlap and repetition.

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 EU[1], 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.

[1] 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.

We believe it is too early to evaluate the impact of the recent amendments to the Shareholders' Right Directive – this has not yet fully been transposed in Member States.

We believe that there is value in looking at whether additional sector reporting requirements, particularly in the financial services sector, overlap with general company reporting requirements – and whether these can be simplified to ensure that companies are not having to report the same information in two different locations or slightly different information in order to fulfil two similar, but ultimately different reporting requirements.

**EU Added value**

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** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| Ensuring stakeholder protection | | | | ✓ | | |
| Developing the internal market | | | | ✓ | | |
| Promoting integrated EU capital markets | | | | ✓ | | |
| Ensuring financial stability | | | | ✓ | | |
| Promoting sustainability | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

We believe that the EU has an important role to play in ensuring that there is an adequate standard and level of company reporting available to investors and other stakeholders. This is vital to facilitate the flow of capital throughout the EU and ensure that companies have access to capital in order to grow.

## II. The financial reporting framework applicable to all EU companies

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

Please explain your response and substantiate it with evidence or concrete examples.

In our conversations with companies, companies do express a concern about the volume of different reporting requirements that they have to adhere to both at a Member State and national level. However, it is unclear whether the solution to this would be further harmonisation of rules at an EU level or whether it would be more effective for the EU to specifically explore duplicate reporting requirements contained within its various pieces of EU legislation. We believe that it is important for Member States to retain a certain level of flexibility when implementing EU-level rules to ensure that market differences and different legal regimes are accounted for.

| |
|---|
| One area that we believe could be improved is access to information. Further facilitation of cross-border investment could be improved if it was easier to access EU company information. For example, in the US, the SEC provides a centralised information depository for public companies called EDGAR, which includes the regulatory filings for all public companies. We discuss this further in our responses to the questions on digitalisation below. |

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?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| **Areas covered by EU requirements** | | | | | | |
| Differences and lacunas in accounting standards or principles | | | | | | ✓ |
| Differences in corporate governance standards | | | | | | ✓ |
| Differences and overlaps arising from the presentation of the financial statements (balance sheet, etc.) | | | | | | ✓ |
| Differences arising from publication rules / filing with business registers (publication deadlines, publication channels, specifications) | | | | | | ✓ |
| Differences arising from audit requirements | | | | | | ✓ |
| Differences arising from dividends distribution rules or capital maintenance rules | | | | | | ✓ |
| **Areas not covered by EU requirements** | | | | | | |
| Differences arising from specific bookkeeping requirements such as charts of accounts, audit trail requirements, data storage and accessibility | | | | | | ✓ |
| Differences arising from language requirements (Bookkeeping documentation, publication of financial statements) | | | | | | ✓ |
| Differences arising from the determination of taxable profit | | | | | | ✓ |
| Differences arising from digital filing requirements (for instance taxonomies used) | | | | | | ✓ |
| Differences arising from software specifications | | | | | | ✓ |
| **Other (please specify)** | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| |

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.

| | 1 | 2 | 3 | 4 | 5 | Don' t know |
|---|---|---|---|---|---|---|
| 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)

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| As the Common Corporate Tax Base is not finalised, it seems premature to be evaluating additional actions to be brought in after this legislation takes effect. |

12. As regards the <u>preparation of consolidated and individual financial statements</u> how do you assess the ability of the following approaches to reduce barriers to doing business crossborders?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| 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 | | ✓ | | | | |
| 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 | | ✓ | | | | |
| 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.) | | ✓ | | | | |
| 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. | | ✓ | | | | |
| Do nothing (status quo) | | | | | ✓ | |
| Other (please specify) | | | | | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We are not convinced that this is a significant problem for listed public companies, which are the companies that we interact with on a regular basis. Therefore, we believe the status quo seems adequate. |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| As mentioned in our response to Question 12, we are not aware of a strong argument for moving away from the status quo in this regard. |

**SMEs**

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** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| Medium-sized | | | | | | ✓ |
| Small | | | | | | ✓ |
| Micro | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We believe that the current level of reporting seems adequate in terms of providing information needed by investors and their representatives. However, as we are not preparers, it is difficult for us to evaluate the cost of reporting. |

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| In general, should the EU strive to use a single definition and unified metrics to identify SMEs across all the EU policy areas? | | | ✓ | | | |
| In particular, should the EU strive to align the SME definition metrics in the Accounting Directive with those in Recommendation 2003/361/EC? | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

We believe that it would be helpful for EU legislation to use one definition of SME rather than the proliferation of definitions that exist in different pieces of legislation. It would help both companies and investors be able to more clearly and easily identify the reporting regimes applicable to a specific company. However, we are aware of market differences in terms of company size – for example, a mid-sized company in the UK could be a large company in Croatia. We believe that any attempt to define a SME uniformly at EU level would need to somehow account for market differences in company size.

**Relevance of the content of financial reporting**

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| A company's or group's <u>strategy, business model, value creation</u> | | | ✓ | | | |
| A company's or group's <u>intangible assets</u>, including goodwill, irrespective of whether these appear on the balance sheet or not | | | ✓ | | | |
| A company's or group's <u>policies and risks on dividends</u>, including amounts available for distribution | | | ✓ | | | |
| A company's or group's <u>cash flows</u> | | | ✓ | | | |

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

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

We believe that these are all areas where companies could improve their financial reporting. Often when companies report on these issues, they only provide boilerplate disclosure, which is not specific to their circumstances. In particular, we encourage companies to provide more

| |
|---|
| meaningful and detailed disclosure on their strategy and business model, as we believe this is vital for investors and other stakeholders in contextualising the financial statements. However, it is not clear if this is a consequence of a poor framework. |

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

✓ Yes
❍ No
❍ Don't know

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

| |
|---|
| We believe that it would be helpful for companies to provide disclosure in their Corporate Governance statements outlining which directors they consider to be independent and why, along with individual attendance records. We note that many EU Member States either have these as requirements of national law or national governance codes, but practice varies. We do not believe that this would add significant additional burden on companies and it would ensure that there is a common level of governance disclosure about board members across the EU. |

Financial statements often contain alternative performance measures[2] such as the EBITDA.

| | **1** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| 18. 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)

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We believe that companies should clearly explain how alternative performance measures (APMs) are calculated and used, and that APMs should be aligned with GAAP/IFRS reporting. However, we believe that it could be difficult for the EU to define the 'most commonly used' measures, as they vary across each industry and sector. Furthermore, we note that ESMA has already published Guidelines on the Alternative Performance Measures for listed issuers. |

## III. The EU financial reporting framework for listed companies

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.

[2] 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.

- ❍ 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

If you answered "No, due to other reasons ", please specify.

| |
|---|
| |

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

If you answered "No", please explain your position:

| |
|---|
| |

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, please specify
- ❍ Don't know

22. The True and Fair view principle should be understood in the light of the general accounting principles set out in the Accounting Directive[3]. By requiring that, in order to be endorsed, any IFRS should not to 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

---

[3] According to the Accounting Regulatory Committee (ARC), its application nonetheless should be guided by the general accounting principles set out in the Accounting Directive (https://ec.europa.eu/info/system/files/2016-06-27-true-and-fair-view_en.pdf)

If you answered "No", please explain your position:

| |
|---|
| We do not believe that the EU should create its own Conceptual Framework. We believe that this would be overly complex and runs the risk of not aligning with the IASB Conceptual Framework. |

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** | **2** | **3** | **4** ✓ | **5** | **Don't know** |
|---|---|---|---|---|---|---|

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We believe that it could be helpful for preparers for the EU to endorse the IASB Conceptual Framework, as the IASB is using the framework in setting various IFRSs. |

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[4].

Do you agree with the following statement?

| Prescribed (minimum) layouts enhance comparability of financial statements for users and should therefore be introduced for companies using IFRS. | **1** | **2** | **3** | **4** ✓ | **5** | **Don't know** |
|---|---|---|---|---|---|---|

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We believe that this would help to enhance comparability of financial statements. |

**Transparency Directive**

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?

| **Objectives** | **1** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| Protect investors | | | | ✓ | | |
| Contribute to integrated EU capital markets | | | | ✓ | | |
| Facilitate cross border investments | | | | ✓ | | |

[4] 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.

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

Please explain your response and substantiate it with evidence or concrete examples.

We believe that the Transparency Directive has been effective with all the objectives listed above.

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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Reducing administrative burden, notably for SMEs | | | | ✓ | | |
| Promoting long-term investment (i.e. discouraging the culture of short-termism on financial markets). | | | | ✓ | | |
| Promoting long-term and sustainable value creation and corporate strategies | | | | ✓ | | |
| Maintaining an adequate level of transparency in the market and investors' protection | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

We are very supportive of the 2013 amendments that abolished the need for quarterly reporting. However, we still see a significant number of companies reporting on a quarterly basis – either because there is a perceived need to (ie peer, sector or investor pressure) and/or because certain Member States have not adopted the exemption. We would like to see more companies abolishing their quarterly reporting cycles and instead focusing on the long-term strategy and growth of the business.

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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Strengthening investor protection | | | | ✓ | | |
| Preventing possible market abuse situations | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

We are not aware of any significant problems with the notifications of major holdings of voting rights and so believe that the current regime seems sound.

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Coherent with EU company law | | | | | | ✓ |

| | | | | | | |
|---|---|---|---|---|---|---|
| Coherent with the shareholders' rights directive | | | | | | ✓ |
| Coherent with the obligation to disclose managers' transactions under Article 19 of the Market Abuse Regulation[5] | | | | | | ✓ |
| Coherent with other EU legislation – please specify | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or examples.

While we are not aware of any significant problems with the notification of major holdings and voting rights, we are not able to comment specifically on the interaction between the Transparency Directive requirement and other directives/regulations.

29. As regards the following areas, did you identify a lack of coherence of legislation from one Member State to another that could jeopardize 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

Please explain your response and substantiate it with evidence or concrete examples.

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

Throughout our response to the various other questions in this consultation, we make suggestions for improvement.

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

GES does not have any specific comments on the financial reporting framework for banks and insurance companies and therefore has not provided individual answers to the questions in this section.

## V. Non-financial reporting framework

40. The impact assessment for the NFI Directive identified the quality and quantity of nonfinancial 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**?

[5] 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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| The quality and quantity of non-financial information disclosed by companies remain relevant issues. | | | | | ✓ | |
| The diversity of boards, and boards' willingness and ability to challenge to senior management decisions, remain relevant issues. | | | | | ✓ | |

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

Please explain your response and substantiate it with evidence or concrete examples.

As the European Commission aptly points out in its Guidelines on non-financial reporting, non-financial and financial reporting will increasingly inform each other, as ESG integrated frameworks are developed to interpret both in tandem. As there has traditionally been a bias in financial reporting to overlook potentially material ESG risks, any move to rectify this should be a positive.

The diversity of boards is tantamount to long-term prosperity and includes moving the lens expands beyond gender. Board diversity will most effective if: a) diversity is implemented and reported throughout the company, b) the supply chain is evaluated on diversity, and c) the nomination committee (which influences board selection) equally meet diversity requirements. Board independence is likely to be more successful if a) there is periodic rotation of board members, b) board member responsibilities and compensation are tied to material ESG-related outcomes (as is contemplated in the TCFD for energy companies), and c) the chairman of the board is independent from the company's executive management. Several surveys have also indicated that the presence of women on boards has encouraged a risk-conscious approach that has contributed to better long-term financial performance.

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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Enhancing companies' performance through better assessment and greater integration of non-financial risks and opportunities into their business strategies and operations. | | | | ✓ | | |
| Enhancing companies' accountability, for example with respect to the social and environmental impact of their operations. | | | ✓ | | | |
| Enhancing the efficiency of capital markets by helping investors to integrate material non-financial information into their investment decisions. | | | ✓ | | | |
| Increasing diversity on companies' boards and countering insufficient challenge to senior management decisions | | | | ✓ | | |
| Improving the gender balance of company boards | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| The "4" ratings in this question reflect the fact that the concepts have only been tested on a limited basis, as 2018 is the first reporting year. Further definition surrounding third-party verification will aid the effectiveness accountability, as will board-level accountability.<br><br>Capital markets will increasingly benefit from ESG-integrated information. But, as the Directive has only come into force recently, we do not believe that it has yet fully enhanced company's accountability or helped investors to integrate material non-financial information into their investment decisions. Reporting practices are still developing and so both companies and investors need time to adjust to the new requirements. Further revisions may be required to the NFI Directive as these practices are developed, but it seems premature to suggest any revisions at the moment. |

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

| | **1** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| Material | | | | ✓ | | |
| Balanced | | | | ✓ | | |
| Accurate | | | | ✓ | | |
| Timely | | | | ✓ | | |
| Comparable between companies | | | ✓ | | | |
| Comparable over time | | | | ✓ | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| The European Commission is to be commended for the care taken to consult and condense the intent of a multitude of EU-based and international frameworks. The intention to work towards these six aspects is very clear and illustrated with examples. The "4s" in this question reflect the fact that the concepts have only been tested on a limited basis, as 2018 is the first reporting year.<br><br>To encourage comparability between companies, it would be helpful if the companies were to list: a) which reporting frameworks they have adopted, b) (if possible) industry groups adopting similar frameworks, and c) reasons for adopting these frameworks, as needed.<br><br>For cost effectiveness, building this reporting onto existing mechanisms will be the most helpful. A resource site sharing best practice (or links to existing sites of this nature) might accelerate the adoption process.<br><br>Nonetheless, we recognise that these are new reporting requirements for most companies and that there is a certain period that both companies and investors need to adjust. |

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** | **2** | **3** | **4** | **5** | **Don't know** ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| The framework is sufficiently broad to allow for implementation within national requirements. How the two will intersect in practice remains to be seen, as it has only been in effect for a year.<br><br>The framework permits companies to report to varying standards (national, OECD or otherwise), which could lead to a disparity in the information being disclosed by different companies, and having some companies potentially selecting the easiest reporting option. However, we would caution against making significant changes to the framework at this time, as it is a new reporting regime. |

44. Do you agree with the following statement?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| 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)

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We do not think that this can be evaluated at this time, as this was only the first reporting year under the NFI Directive. |

45. Do you agree with the following statement?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| The scope of application of the NFI Directive (i.e. limited to large public interest entities[6]) is appropriate | | | ✓ | | | |

(1= Far too narrow, 2= Too narrow, 3= about right, 4= too broad, 5 = way too broad)

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| We believe that the scope is about right. We note that the size of the company, i.e. the potential materiality of impact, is likely a more appropriate measure than whether it is a private or public company, and avoids at-risk companies going private as a tactic to avoid ESG disclosure. More work may need to be done to determine what can be asked of private companies to disclose, which may eventually require further regulatory changes. Nonetheless, it seems to be too early to evaluate this, as this is the first year of reporting under the NFI Directive. |

[6] "Public-interest entities" means listed companies, banks, insurance companies and companies designated by Member States as public-interest entities.

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.

| | **1** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| 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)

Please explain your response and substantiate it with evidence or concrete examples.

We are uncertain as to whether the NFI Directive has had this impact. We note that this was the first reporting year and so it is difficult to evaluate if this is a long-term problem or only a year-one implementation issue.

47. Do you agree with the following statement?

| | **1** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| 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)

Please explain your response and substantiate it with evidence or concrete examples.

The European Commission is to be commended for the care taken to consult and condense the intent of a multitude of EU-based and international frameworks. The "4" rating reflects the fact that the concepts have only been tested on a limited basis, as 2018 is the first reporting year.

Please note that there is sufficient conceptional overlap in the Guidelines that they can be condensed into one summary page, in a manner consistent with the Final Report of the TCFD Recommendations (e.g. Tables 1 and 2: "Examples of Climate-Related Risks and Potential Financial Impacts", or Figure 4: "Recommendations and Supporting Recommended Disclosures").

In tandem with Question 48, which does not have a specific answer box, resource procurement and stewardship should be addressed (e.g. water, which can be sensitive in times of drought and where agreements are often very long-term instruments).

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 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| Environment (in addition to climate change already included in the Action Plan) | | | | | ✓ | |
| Social and Employee matters | | | | | ✓ | |
| Respect for human rights | | | | | ✓ | |
| Anti-corruption and bribery | | | | | ✓ | |

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

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?

| | Total amount in Euros | Amount as a % of total operating costs |
|---|---|---|
| One-off costs of reporting for the first time | N/A – Not a preparer | N/A – Not a preparer |
| Estimated recurring costs | N/A – Not a preparer | N/A – Not a preparer |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| While it is still early to say conclusively, there is increasing research tying company returns to ESG integration. At a minimum, material reporting reflects greater control within the company, which often reflects better overall performance. Again, reporting requirements and costs need to be differentiated further, based on company size. |

**Country-by-country reporting by extractive and logging industries**

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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| effective (successful in achieving its objectives) | | | | | | ✓ |
| efficient (costs are proportionate to the benefits it has generated) | | | | | | ✓ |
| relevant (necessary and appropriate) | | | | | | ✓ |
| coherent (with other EU requirements) | | | | | | ✓ |
| designed at the appropriate level (EU level) in order to add the highest value (as compared to actions at Member State level) | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| Mining companies have been reporting on country-by-country payments for several years either in response to the enactment of the US FCPA or, through the Extractive Industries Transparency Initiative, so there is highly unlikely to be any significant impact on the mining companies for implementation of the additional country-by-country reporting requirements under the Directive. |

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 | Amount as a % of total operating costs |
|---|---|---|
| One-off costs of reporting for the first time | N/A – Not a preparer | N/A – Not a preparer |
| Estimated recurring costs | N/A – Not a preparer | N/A – Not a preparer |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| |

**Integrated reporting**

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

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| More efficient allocation of capital, through improved quality of information to capital providers | | | | | ✓ | |
| Improved decision-making and better risk management in companies as a result of integrated thinking and better understanding of the value-creation process | | | | | ✓ | |
| Costs savings for preparers | | | | | ✓ | |
| Cost savings for users | | | | | ✓ | |
| Other, please specify……………. | | | | | | ✓ |

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

Please explain your response and substantiate it with evidence or concrete examples.

If undertaken correctly, integrated reporting can be used as a process optimisation and a risk management tool for both preparers and users. We fully support companies adopting a more integrated approach to their reporting, as we believe that ESG issues are rooted to the financial performance and long-term sustainability of any company.

55. Do you agree with the following statement?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| A move towards more integrated reporting in the EU should be encouraged | | | | | ✓ | |
| The costs of a more integrated reporting would be proportionate to the benefits it generates (would be efficient) | | | ✓ | | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

If done correctly, the benefits to integrated reporting should outweigh the costs. However, success depends on further differentiation relative to company size, including development of multiple levels of acceptable verification, as is the case for financial audits, and potentially utilising supplier ratings provided by larger companies.

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

If you answered "Yes", please clarify your response and substantiate it with evidence or concrete examples.

| |
|---|
| N/A |

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| The EU framework is sufficiently broad that it should dovetail well with ongoing company efforts towards integrated reporting. That said, a mechanism for reporting conflicts or practical obstacles would allow the European Commission to collect information on a rolling basis, that can be integrated into future questionnaires or guideline modifications. This mechanism could be as simple as an email site, with staff compiling information. It could also be more elaborate by having contributors select topics first, which would make the sorting or categorisation of responses more efficient. |

**The digitalisation challenge**

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

If you answered "yes", please explain your response and substantiate it with evidence or concrete examples

| |
|---|
| |

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

If you answered "yes", please explain your response and substantiate it with evidence or concrete examples

| |
|---|
| |

**The impact of electronic structured reporting**

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** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| Improve transparency for investors and the public | | | | ✓ | | |
| Improve the relevance of company reporting | | | ✓ | | | |
| Reduce preparation and filing costs for companies | | | ✓ | | | |
| Reduce costs of access for investors and the public | | | ✓ | | | |
| 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) | | | ✓ | | | |

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

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...):

As the costs associated with implementing the ESEF will fall on companies in full, the benefits such as maximising the utility of the data, which in a structured form could be later re-used, should be clearly explained and communicated. In general, we are supportive of efforts to further improve electronic reporting and believe that it could enhance comparability and the flow of capital.

In relation to the single access point, we think that the creation of a centralised point of access has the potential to significantly improve the overall access to the relevant information for the investors and for the public.

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?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| *Financial reporting* | | | | | | |
| Half-yearly interim financial statements | | | | | ✓ | |
| Management report | | | | ✓ | | |
| Corporate governance statement | | | | ✓ | | |
| Other disclosure or statements requirements under the Transparency Directive such as information about major holdings | | | | ✓ | | |
| *Non-financial reporting and other reports* | | | | | | |
| Non-financial information | | | | ✓ | | |
| Country-by-country report on payments to governments | | | | ✓ | | |

| *Other, please specify:…………….* | | | | | | |
|---|---|---|---|---|---|---|

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

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| At this stage, when ESEF has not come into force yet, it is difficult to fully evaluate extending the scope. |

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** | **2** | **3** | **4** | **5** | **Don't know** |
|---|---|---|---|---|---|---|
| Facilitate access to information by users | | | | ✓ | | |
| Increase the granularity of information disclosed | | | | ✓ | | |
| Reduce the reporting costs of preparers | | | ✓ | | | |

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

Please explain your response and substantiate it with evidence or concrete examples.

| |
|---|
| Digitalisation of information, both financial and non-financial, in general, facilitates the access for users and provides more granularity. It is the lack of standardisation of the non-financial information that seems to be an ongoing obstacle in assessing and utilising the non-financial data. The data can be difficult to access (ie most of the information is available on companies' websites only rather than in one centralised location).<br><br>In addition, the structured format appears to have the potential to add value to the European companies by making their data more understandable and coherent to the investors used to the structured reporting. The costs to preparers will probably increase initially after implementing the format, but it is likely that the benefits could outweigh them over time. |

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 website, 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

Please explain your response and substantiate it with evidence or concrete examples.

In general, securing the relevant commercial information should always be of key importance to the companies. However, we do not think that the specific means such as electronic signatures, seals or trust services are necessary to secure the reporting information. Given that one of the purposes of digitalisation is to provide wide access to the data, the information should not be secured in an enhanced manner if that would hinder access or add additional barriers of access. The information should be published with an open licence, so it is possible to maximise its utility. Access to the company information should be protected, but more importantly it should be open, distributed widely and available for re-use in order to enhance transparency.

**Data storage mechanisms – data repositories**

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?

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| A pan-EU digital access to databases based on modern technologies would improve investor protection | | | | | ✓ | |
| A pan-EU digital access to databases based on modern technologies would promote cross border investments and efficient capital markets | | | | | ✓ | |
| The EU should take advantage of a pan-EU digital access to make information available for free to any user | | | | | ✓ | |

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

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

Please explain your response and substantiate it with evidence or concrete examples.

Any move that aims at lowering the unnecessary reporting requirements for the companies and at the same time easing the access to the relevant information for investors and the public is a

| |
|---|
| positive. We think that, the “file once” principle together with the single access point, if properly implemented, have the potential to realise this goal, and we strongly support the re-use of data for the purpose of increasing the access to the company information to all stakeholders. We think that it is important to lower the overall costs of reporting, so reducing the burdens of filing the same information multiple times is very much welcome. |

**Coherence with other Commission initiatives in the field of digitalisation**

| | 1 | 2 | 3 | 4 | 5 | Don't know |
|---|---|---|---|---|---|---|
| 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)

| |
|---|
| We agree that labels and concepts should be standardised and aligned with those for supervisory purposes if only to enhance efficiency and understanding of the labels and concepts. However, full harmonisation is most likely not achievable as different Member States have different reporting requirements and legal regimes. Therefore, the EU should aim for standardisation of concepts, recognising that full harmonisation is unlikely to be achieved. |

**Other comments**

66. Do you have any other comments or suggestions?

| |
|---|
| We have no further comments. |

If you have any further queries about our responses, please do not hesitate to contact us.

Yours faithfully,

Kate Jalbert
Head of Corporate Governance
GES International AB