



# Targeted consultation on the update of the non-binding guidelines on non-financial reporting

Fields marked with \* are mandatory.

## Introduction

### Disclaimer:

Nothing in this document commits the European Commission or prejudices any decision by the Commission regarding the update of the the non-binding guidelines on non-financial reporting.

The [non-financial reporting Directive \(2014/95/EU\)](#) requires large public interest entities with over 500 employees (listed companies, banks, and insurance companies) to disclose certain non-financial information. As required by the directive, the Commission has published [non-binding guidelines](#) to help companies disclose relevant non-financial information in a more consistent and more comparable manner.

In March 2018 the Commission published the [action plan on financing for sustainable growth](#), with the aim of reorienting capital towards sustainable investment, managing financial risks that arise from climate change and other environmental and social problems, and fostering transparency and long-termism in financial and economic activity.

As part of that action plan the Commission committed to updating the non-binding guidelines on non-financial reporting, specifically with regard to the reporting of climate-related information. In practice, it is expected that the update will consist of a new supplement to the existing guidelines. The Commission expects to publish the new supplement on the reporting of climate-related information in June 2019.

In June 2018, the European Commission set up a [technical expert group on sustainable finance \(TEG\)](#) to assist in four key areas of the action plan through the development of

1. a unified classification system for sustainable economic activities (taxonomy),
2. an EU green bond standard,
3. benchmarks for low-carbon investment strategies,
4. new guidelines on the reporting of climate-related information.

In January 2019 the TEG published its [report on climate-related disclosures](#). The TEG invited feedback on its report by 1 February 2019, and approximately 70 organisations and individuals submitted comments. The TEG has published a [summary of these comments](#).

The Commission has taken into account the TEG report and the feedback received from stakeholders on that report and is now consulting stakeholders on the update of the non-binding guidelines before their planned adoption in June 2019. Stakeholders are invited to provide written comments by 20 March.

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The [consultation document](#) takes account of the TEG report and of stakeholder feedback on that report. This document has been drafted by the services of the European Commission to facilitate a targeted consultation with interested stakeholders on the possible content of the new supplement to the non-binding guidelines. Comments on this document should be submitted by the end of Wednesday 20 March 2019, through this online facility created for this purpose. Comments submitted after that date, and comments not submitted through the online facility, will not necessarily be taken into consideration.

Nothing in this document commits the European Commission or prejudices any decision by the Commission regarding the update of the the non-binding guidelines on non-financial reporting.

More information:

- [consultation document on the update of the non-binding guidelines on non-financial reporting](#)
- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#)

## 1. Information about you

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\* Are you replying as:

- a private individual
- an organisation or a company

a public authority or an international organisation

\* Name of your organisation:

European Federation of Accountants and Auditors for SMEs

Contact email address:

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

secretariat@efaa.com

\* Is your organisation included in the Transparency Register?

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

- Yes  
 No

\* If so, please indicate your Register ID number:

002077217226-17

\* Type of organisation:

- |                                                                   |                                                     |
|-------------------------------------------------------------------|-----------------------------------------------------|
| <input type="radio"/> Academic institution                        | <input type="radio"/> Media                         |
| <input type="radio"/> Company, SME, micro-enterprise, sole trader | <input type="radio"/> Non-governmental organisation |
| <input type="radio"/> Consultancy, law firm                       | <input type="radio"/> Think tank                    |
| <input type="radio"/> Consumer organisation                       | <input type="radio"/> Trade union                   |
| <input checked="" type="radio"/> Industry association             | <input type="radio"/> Other                         |

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

Belgium

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

at least 1 choice(s)

- Accounting  
 Auditing  
 Banking  
 Credit rating agencies  
 Insurance  
 Pension provision  
 Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)  
 Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)  
 Social entrepreneurship  
 Other  
 Not applicable



## Important notice on the publication of responses

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

([see specific privacy statement](#) )

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

## 2. Your opinion

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### 1. Do you have any comments on [Chapter 2 “How to use these guidelines”](#) of the report?

*3000 character(s) maximum*

We welcome the reference at the foot of page 6 to companies that fall outside of the scope of the NFRD. That said, we support application of the proportionality principle since SMEs will find it difficult to supply the same level of disclosures as large ones, and indeed, even if they could the benefits would outweigh the costs. We believe that SMEs should be encouraged to disclose such information but they are clamoring for guidance on where to start. Hence, we encourage consideration of these guidelines designed on a think small first basis, with a core set of disclosures for all companies irrespective of size and then additional disclosures for larger companies, or else separate guidelines indicating the form and nature of a core set of disclosures by SMEs. Type 1 disclosures might form the basis for this core set of disclosures for SMEs.

In our response the Call for Feedback we said: "There is no reference to small and medium-sized enterprises (SMEs). We wonder whether there is merit in suggesting how the principles and rationale might be applied to SMEs. If so then in Chapter 1 the report might briefly mention in section 1.3 the benefits of voluntary disclosure by SMEs to owners / owner managers and section 1.5 clarify that SMEs are encouraged to voluntarily disclose and should use the guidance as a basis for such disclosure. Further one might wish to suggest that disclosures by SMEs extend to Type 1 per the table in section 1.6 or else a truncated set of Type 1 disclosures. One might even go further and specify a certain minimum set of information for SMEs such as Type 1 disclosure or else a truncated set of Type 1 disclosures."

### 2. Do you have any comments on [Chapter 3.1 “Business Model”](#) of the report?

*3000 character(s) maximum*

Please see our response to question 1 re. SMEs being encouraged to disclose and using the guidance as a basis for such disclosure. SMEs might be encouraged to disclose Type 1 or a truncated set of Type 1 disclosures.

**3. Do you have any comments on [Chapter 3.2 “Policies and Due Diligence Processes”](#) of the report?**

*3000 character(s) maximum*

Please see our response to question 1 re. SMEs being encouraged to disclose and using the guidance as a basis for such disclosure. SMEs might be encouraged to disclose Type 1 or a truncated set of Type 1 disclosures.

**4. Do you have any comments on [Chapter 3.3 “Outcomes”](#) of the report?**

*3000 character(s) maximum*

Please see our response to question 1 re. SMEs being encouraged to disclose and using the guidance as a basis for such disclosure. SMEs might be encouraged to disclose Type 1 or a truncated set of Type 1 disclosures.

**5. Do you have any comments on [Chapter 3.4 “Principal Risks and Their Management”](#) of the report?**

*3000 character(s) maximum*

Please see our response to question 1 re. SMEs being encouraged to disclose and using the guidance as a basis for such disclosure. SMEs might be encouraged to disclose Type 1 or a truncated set of Type 1 disclosures.

**6. Do you have any comments on [Chapter 3.5 “KPIs”](#) of the report?**

*3000 character(s) maximum*

Please see our response to question 1 re. SMEs being encouraged to disclose and using the guidance as a basis for such disclosure. SMEs might be encouraged to disclose Type 1 or a truncated set of Type 1 disclosures.

**7. Do you have any comments on [Annex I “Proposed disclosures for Banks and Insurance companies”](#) to the report?**

*3000 character(s) maximum*

No comments

**8. Do you have any comments on [Annex II “Mapping of NFRD requirements and TCFD recommended disclosures”](#) to the report?**

*3000 character(s) maximum*

No comments

## 9. Do you have any additional comments on the report as a whole?

*3000 character(s) maximum*

Please see our response to question 1 above.

### Useful links

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

[More on this consultation \(https://ec.europa.eu/info/consultations/finance-2019-non-financial-reporting-guidelines\\_en\)](https://ec.europa.eu/info/consultations/finance-2019-non-financial-reporting-guidelines_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2019-non-financial-reporting-guidelines-specific-privacy-statement\\_en\)](https://ec.europa.eu/info/files/2019-non-financial-reporting-guidelines-specific-privacy-statement_en)

[Consultation document \(https://ec.europa.eu/info/files/2019-non-financial-reporting-guidelines-consultation-document\\_en\)](https://ec.europa.eu/info/files/2019-non-financial-reporting-guidelines-consultation-document_en)

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### Contact

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