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## **Consultation on Fitness check of the EU framework for public reporting by companies – section 1 and section 5**

On 21 March 2018, the European Commission presented a hearing on quality control of the EU rules for public reporting by companies. The purpose of the consultation is to assess whether the EU's rules are still suitable for the purpose, relevant, create added value, are internally consistent and not unnecessarily burdensome and to review certain aspects of existing legislation according to clauses. In addition, the connection with new challenges in the form of special sustainability and digitization is revised. The Danish Chamber of Commerce supports that Corporate Social Responsibility (CSR) reporting is based on the NFI Directive, as this contributes to a common playing field for companies across the EU, but at the same time stresses the importance of a uniform implementation of the directive across the EU, to ensure that the level playing field works in practise. The Danish Chamber of Commerce has the following comments.

### **General comments**

The Danish Chamber of Commerce does not find that stricter, more particular or pre-defined reporting requirements for Danish companies are needed. It must be the companies themselves who assess how they can best work with and report on CSR within the given international and national frameworks and regulation. The reporting should be done tailored to the reality of the company to allow for the optimal usage of the company's internal resources and the relevance of the reported data to the company's stakeholders. There is no one-size-fits-all in CSR reporting, as material issues to report on necessarily depend on the industry, the company's market presence etc. The Danish Chamber of Commerce recommends public authorities to also work to improve its own demand after responsibly produced goods and services in support of a market pull, as this will also advance CSR and CSR transparency among Danish and European companies.

### **Specific comments**

#### Section 1, question 1

In a Danish context, approximately 60 companies have been subject to the directive since the reporting year 2016. This has been extended to include approximately 1100+ companies from the reporting year 2018. Therefore, it is still too early to say if the EU public reporting requirements for companies taken as a whole have been effective. However, a uniform implementation of the NFI Directive for non-financial data across the EU is essential to create the desired level playing field for companies across the EU, and the EU plays a vital role to this end.

Section 1, question 2

The EU public reporting requirements for companies are relevant, in so far that they streamline public expectations to corporate non-financial disclosure. On the other hand, it is important to strike a balance, so it is the companies themselves, which assess how they best can work with CSR within the framework of the NFI Directive. There is no one-size-fits-all in CSR reporting, as the material issues relevant to report on depend on the industry, the company's market presence etc.

Section 1, question 3

Regarding the question if the EU legislation on public reporting is efficient (i.e. if costs are proportionate to the benefits generated), especially small and mediums sized enterprises (SMEs) need better tools and guidance to assist them, when they confront new sustainability requirements from international or European customers. The increased focus on CSR inspired by the NFI Directive may result in new requirements on for instance suppliers through a code of conduct. It is a complex task to ensure the environment and working conditions of suppliers in global value chains. At the Danish Chamber of Commerce, we see a need and opportunity to strengthen small and medium sized companies through for instance industry-specific guidelines and initiatives to support and guide these companies, when they encounter CSR demands in their value chains.

Section 5, question 40

It is a long-term effort for companies to find the adequate reporting format and -level that support their business objectives, and it takes time to ensure and build up the right talent pool to ensure the diversity of board members. This suggests that the issues pointed at in the impact assessment for the NFI Directive are still relevant.

Section 5, question 45

The scope of the application of the NFI Directive is about right. Most Danish companies covered by the directive already reported on parts of the content covered by the directive. Nevertheless, differences in national legislation can become a burden for companies operating across boundaries within the EU. The Danish Chamber of Commerce does not support stricter requirements for Danish companies than for the rest of the EU. With the directive, the requirements become more consistent across the EU, particularly if a uniform implementation of the directive is carried out. Thereby, it strikes the required balance between adequate range of the regulation and burdens placed on companies.

Yours sincerely



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