

7 March 2018

**Subject: Fitness check on Corporate reporting – ecoDa’s submission**

Dear Madam, dear Sir,

The European Confederation of Directors’ Associations (ecoDa) would like to submit its preliminary reflection on the ongoing Fitness check on Corporate reporting that the commission is currently undertaking.

First an overall reflection regarding the timing of the Commission's initiative. At least parts of the regulation referred to as subject to the fitness check have only recently been implemented in the member states (as this was the case with the Non-financial Reporting Directive, for which 2017 was the first year of application for most companies when their financial year coincides with calendar year - and even later for companies with split financial year). Hence we question if the timing is right for an overall evaluation of the current regulation in this field. In general ecoDa is of the opinion that it takes at least about 3-5 years before the full effects of regulations of these kinds can be assessed with any reasonable degree of certainty.

This said, ecoDa would like to put forward the following brief comments:

1. *Whether the current financial reporting framework meets its objectives and will continue to do so in the digital economy, whether the level of harmonisation and simplification meets the needs of respectively the large cross border groups and the SMEs:*

As an overall consideration, ecoDa would like to underline the importance to avoid any disclosure requirements that may involve:

- listed companies be required to reveal business secrets, and
- unreasonable administrative burdens, especially for SMEs, thus risking to jeopardize the competitiveness of listed companies vs. their unlisted competitors.

2. *Whether the financial and non-financial disclosures in the area of Environmental, Social and Governance (ESG) reporting by companies are fit for purpose, including as regards sustainability disclosures:*

ecoDa considers that this is too early to judge, see introductory comment above.

3. Whether to encourage experimentation with integrated reporting as a way to make the EU reporting framework more effective and efficient and if yes how:

ecoDa questions if it is the Commission's role to "encourage experimentation" among listed companies in this or other respects. ecoDa is of the general opinion that the development of new ideas and practices of corporate governance should primarily be left to the market, with the statutory regulator stepping in if and when such development leads to insufficient or inappropriate results.

4. Whether public corporate reporting does take enough consideration of – and at least is not a hindrance to – technological progress and how to make the best use of these new tools to do more:

It is certainly of great importance that statutory regulation is not a hindrance to the use of modern technology in public corporate reporting, but ecoDa fails to see any major problems with current regulation in this respect. And again ecoDa generally think it should be left to the market to develop adequate ways and means to comply with the regulation, including the use of modern technology for this purpose.

We hope these viewpoints may be of some value for the continued discussion of these matters. ecoDa intends to contribute even further to your more detailed upcoming consultation.

With best regards,



Per Lekvall  
Member of ecoDa's  
Policy Committee

Béatrice Richez-Baum, DG



FOR: Michel de Fabiani  
Chair of the Policy Committee

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#### **About the European Confederation of Directors Associations (ecoDa)**

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organisations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

#### **ecoDa full members:**

- The British "Institute of Directors" (IoD)
- The Belgian "GUBERNA"
- The French "IFA"
- The Luxembourg "ILA"

- “Directors' Institute Finland”
- The Spanish institute "Instituto de Consejeros – Administradores"
- The “Slovenian Directors' Association”
- The Dutch “Nederlandse vereniging van Commissarissen en Directeuren”
- The Italian Directors’ Association, “Nedcommunity”
- The “Polish Institute of Directors”
- The “Norwegian Institute of Directors”
- The Swedish “StyrelseAkademien”
- “Vereinigung der Aufsichtsräte in Deutschland” e.V., VARD
- The Portuguese “Forum de Administradores Empresas »

**ecoDa affiliated members (national institutes of directors):**

- The “Croatian Institute of Directors”
- The “Macedonian Institute of Directors”, MIoD
- “Corporate Governance Institute Albania” (CGIA)

**Corporate Associates (national institutes of directors):**

- The “Danish Board Network”

**Correspondents:**

- Cyprus IoD Branch
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