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Mr Alain Deckers
Head of Unit
DG FISMA
European Commission

Dear Sirs,

In response to the consultation process of the draft non-binding guidelines on non-financial reporting and following the consultation workshop on 16 February 2017 we would like to provide you with additional comments to the issue fiches discussed:

1. Regarding fiche 11 (Principal risks and their management)

We propose to delete all references to likelihood of risks.

Calculation of likelihood, i.e. probability of risks is an extremely complex, time consuming and costly process. The guidelines should not impose on issuers any additional obligations than those already imposed by the Directive. Art. 19a, 1, d states "(...) principal risks related to those matters (...)"; therefore we don't see any obligation to calculate exact probability (likelihood) of risks.

What's more, disclosure of the calculated likelihood of risks may expose issuers to hostile activities either by some stakeholders (sueing companies for risks that occurred while having been previously estimated at lower than 100% probability) or by some shareholders (sueing companies for having been misled through disclosure of risks that have not occurred later or for unreasonable increase of costs relating to mitigation of risks that have not occurred later).

2. Regarding fiche 13 (Thematic aspects), point e (Supply chain aspects)

In that point there is an explanation concerning what a company can do in case detailed information is considered to be prejudicial. Yet it concerns only the case of ongoing negotiations.

There is however a much more important issue regarding information about the supply chain. We must be aware that gathering detailed information

from the company's supply chain means in fact that a large portion of obligations from the Directive will be imposed indirectly by reporting companies on all their suppliers and subcontractors in the supply chain. And those are, in clear majority, medium, small and micro enterprises.

The EU and the European Commission should be doing their best to promote development of medium, small and micro enterprises. While working on the non-binding guidelines you should not only consider obligations directly imposed on large companies, but you should investigate and analyse the impact on those medium, small and micro firms that will be indirectly exposed to new obligations. Imposing any new obligations on them will result in deterioration of their ability to grow, and will in fact result in increase of unemployment across Europe.

That is why we propose to include in point 13 e. an additional paragraph:

“Companies requesting and gathering information from their suppliers and subcontractors across the supply chain must not to cause burdens that may be difficult to bear by those enterprises. The question whether provision of specific data and information is or is not a burden must be considered by the supplier or subcontractor, not by the company.”

3. Regarding fiche 1 (Disclose material information) and 5 (Stakeholder oriented)

We fully agree with the fact that non-financial reports should be stakeholder oriented. It is important to stress that point, as companies are used to consider mainly investors and shareholders in their reporting processes.

The companies may have difficulties in defining who are their key stakeholder groups, as for now it is not stressed enough in the fiches. Identification of stakeholder groups is a process inseparably connected with the process of identification of material aspects.

In order to facilitate the companies to open up for other stakeholder groups in their reporting processes, we propose to add a paragraph in fiche 1:

“Assessment of materiality exercised by the company should be done in an organized process that includes identification of key stakeholders and can be done through a materiality study or using other assessment tools proposed by several reporting frameworks.”

4. Introduction

As it was stated during the workshop by several participants, an introduction to the guidelines is needed. In the introduction, we would like to ask you to stress explicitly that the guidelines are non-binding and that it is ok for

companies not to comply fully with the guidelines as long as their reports comply fully with the provisions of the Directive and, respectively, with provisions of national regulations.

5. Examples of reporting frameworks

We fully agree with the European Commission not favouring any existing reporting framework and to maintain a level playing field in this area.

We are also in favour of the idea mentioned during the workshop to provide the guidelines with an annex that would consist of a comprehensive, but non-exhaustive list of different reporting frameworks that may be used by companies in reporting non-financial information. In case the European Commission decides to include this annex, we would like you to include SIN (Standard Informacji Niefinansowych – Non-financial Information Standard). SIN was developed by representatives off all stakeholder groups in Poland in response to the Directive. It's development was initiated by the Polish Association of Listed Companies working with associations and chambers representing all participants of the financial market and other stakeholders (including i.a. individual investors, institutional investors, investment firms, auditors, compliance and reporting professionals, sustainability oriented NGOs), as well as with the Ministry of Finance, Ministry of Development, Polish Financial Supervisory Authority and others. The standard was well received by 150+ companies listed on the Warsaw Stock Exchange that are obliged to report non-financial information and a large group of them want to use SIN as a tool that will help them to start reporting non-financial issues.

Additionally, we would like to stress our positive opinion of the comprehensive consultation process that the European Commission applied in the works on the guidelines. Especially, we welcomed very much possibility not only to express our opinion through a survey or in writing, but that there were opportunities in September 2016 and in February 2017 to discuss the issues in person during the workshops.

Yours sincerely,

