

## Public consultation on non-financial reporting guidelines

Response from the Spanish Accounting and Business Administration Association (AECA, Asociación Española de Contabilidad y Administración de Empresas), promoted by its special research group in integrated and sustainability reporting ([is.aeca.es/en](http://is.aeca.es/en))

### Q1 What aspects of disclosure of non-financial information do you think that should be addressed by the GUIDELINES?

(9 most important)

Materiality/Relevance	2
Usefulness	3
Comparability	8
Avoiding undue administrative burden	1
Comprehensiveness	5
Fairness and balance	4
Understand-ability	7
Reliability	6
Other, please specify: text	9 Interoperability from digital perspective

### Q2 Who should be considered in your opinion the main audience of the non-financial statement?

All users of information (including consumers, local communities, NGOs, etc.)

#### Q2.1 Would you, please, provide a brief explanation? \*(text – 400 characters)

In modern societies, the role of different actors interacting with special interest firms can be highly interchangeable. Suppliers can become shareholders; those can also be customers or employees; the role of local communities and the public opinion is essential for the sustainability of such entities. So, even though that the firms should be able to respond to particular information needs, it is strongly necessary a general-purpose and high-quality reporting.

### Q3 In your opinion, what features make a piece of information material/relevant for the purposes of the non-financial statement?

Useful for the management/directors of the company	4
Relevant for shareholders or investors' decision-making	6
Necessary to understand the impacts of the company's activity	5
Necessary to understand the company's development, performance and position	7
Necessary to understand how the company manages non-financial risks	3
Other, please specify: text	

**Q3.1 Would you, please, provide a brief explanation?**

In the era of Big Data, and from this type of firms, the priority should be to provide a general, comprehensive, detailed and digitally supported material about all relevant facts related to each corporation. This priority should empower each type of stakeholder to perform its pertinent analyses and actions. Impacts should be understood in the context of the main activity of the firm and its model of operation.

**Q4 Do you think that the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they put forward solutions in a detailed manner, including on specific sectoral issues?**

1	2	3	4	5	No opinion
				x	

**Q4.1 Would you, please, provide a brief explanation?**

After several decades of voluntary and unstructured non-financial reporting, academic and professional evidence point out the lack of efficiency of such flow of information, due to unstructured reports, heterogeneity in formats, impossibility to compare firms or to follow them across time. Concreteness is mandatory at this stage, supported by digital standards.

**Q5 Please, provide a brief description of how you think that the following matters should be treated in the GUIDELINES, including as appropriate how they should be defined and described:**

**a. Business model (text – 400 characters)**

Relevant and concrete descriptions of key aspects as: general environment(economic, socio-technical and political matters) along with specific information on the main forces around the firm (main customers/suppliers, the identification of principal competitors). A typical definition of mission/vision plus current and prospected presence in markets/geographic locations.

**b. Policies (text – 400 characters)**

Some disclosure of key strategic goals and policies regarding economic, social and environmental behaviour, if applicable, to targets.

**c. Due diligence process (text – 400 characters)**

Some information about internal control, specifically if it is externally assured, and the scope of these assurances on non-financial reporting and the responsibility of the corporate governance bodies with it.

**d. Business relationships (text – 400 characters)**

Some information on the detailed structure of the corporate group, along with strategic alliances and joint ventures. Additionally some details on how the corporation engages with professional institutes, corporate associations, etc.

**e. Key performance indicators –KPIs (text – 400 characters)**

Our association proposes a detailed set of KPIs supported by XBRL, a selection of KPIs which an independent industry and national contexts. Our proposal for the guidelines is an authorized list of high-quality KPIs associated with respected international bodies and consortia.

**f. Outcome of policies (text – 400 characters)**

Specific comments strongly connected to the values of KPIs, following the style of notes to financial statements.

**g. Principal risks (text – 400 characters)**

A set of comprehensive KRIs (key risk indicators), in accordance to internationally recognised risk frameworks, with sufficient aggregates values, with relevant thresholds. Accompanying information is strongly required here, in order to guarantee an adequate understanding of these metrics by all stakeholders.

**h. Impact of the activity (text – 400 characters)**

A map of KPIs versus key stakeholders

**i. Adverse impacts (text – 400 characters)**

Connected to the previous section, but providing mitigation plans or actions and their corresponding results

**j. Information omitted in exceptional cases where disclosure would be seriously prejudicial (text – 400 characters)**

A clear statement regarding why each specific section or KPI is not disclosure, clarifying in each case which information is not available due to materiality, technical measurements issues or actual competitive reasons.

Q6 How do you think that the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

Please, indicate your two preferred approaches (1 Best option, 2 Second preferred option).

The GUIDELINES should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable	2
The GUIDELINES should make reference to KPIs proposed by other frameworks where addressing concrete matters or issues	1

The GUIDELINES should include a comprehensive list of KPIs, general and sectoral	
The GUIDELINES should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures	
Other, please specify: text	

**Q6.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?**

The lack of effectiveness of unstructured non-financial reporting lead us now to require more concrete frameworks. Comparability, along with the application of digital formats, involves a certain degree of standardisation. In the other hand, there should be some acknowledgement of previous good practices and existing high-quality frameworks for KPIs.

**Q7 Do you think that the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?**

1	2	3	4	5	No opinion
				x	

**Q7.1 Would you, please, provide a brief explanation? \*(text – 400 characters)**

To be sustainable, a corporation must ensure, to a reasonable extent, that its precedents in the value chain are all under certain principles of respect to human rights and to the environment. Due to their gravitational position, these firms are destined to play a key role in that task, expanding sustainability all along the supply chain.

**Q8. How do you think that the GUIDELINES should relate to existing national, international or other EU-based frameworks (such as UN Global Compact, the UN Guiding Principles on Business and Human Rights, OECD guidelines for multinational enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, EMAS, etc.)?**

The GUIDELINES should include detailed solutions and be an exhaustive document in a way that could make unnecessary for companies the use of other guidelines	2
The GUIDELINES should be complementary to other frameworks	3
The GUIDELINES should make reference to other frameworks where addressing concrete matters or	5

specific issues	
The GUIDELINES should get general inspiration from other frameworks	4
The GUIDELINES should explain how content produced in the context of other frameworks could be used in the non-financial statement	6 (most in line)
Other	1 (least in line)

**Q8.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should relate to existing national, international or other EU-based frameworks?**

There are several other international and sectorial frameworks, along with the before mentioned ones, from which the non-financial statement can benefit. The guidelines should explain to what extent a given framework is suitable for that document.

**Q9 Do you think that when preparing the GUIDELINES only the companies included in the scope of the DIRECTIVE should be considered, or that the interests, characteristics and/or requirements of other companies that prepare management reports should be taken into account as well?**

Specific to the requirements of the companies under scope of the DIRECTIVE	
Consider all large companies	
Consider all companies	X
Focus on the requirements of the companies under the scope of the DIRECTIVE, but also propose best practice for other companies that prepare management reports	

**Q9.1 Accordingly, do you think that the content of the guidelines should be different according to the targeted companies? Would you please, provide a brief explanation?**  
Yes, the content should be more detailed for big corporations, as it occurs in the financial reporting arena.

**Q10 [only for respondents that are companies]**

**Does your company disclose annually relevant non-financial information?**

Yes x

No

**If so, does your company use any existing reporting framework(s)?**

Yes x

No

If so, would you, please, indicate which one(s)?

(text – 100 characters)

Global Reporting Initiative v3,1 plus our proposed Integrated Scoreboard (is.aeca.es/en)

**Q11 Should the GUIDELINES provide more clarity on what companies should disclose as regards their board diversity? \***

Yes x

No

No position

**Q11.1 Would you, please, provide a brief explanation? \*(text – 400 characters)**

This is a key issue in modern corporations, due to the fact that diversity in boards is relevant for the ethics of the firm and also for its efficiency, according to both academic and professional evidence; hence, that aspect should be well detailed, in particular, by citing relevant examples of high-quality KPIs on that matter.

**V. Final**

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