



Fédération des Experts-comptables Européens - Federation of European Accountants (FEE)

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Submitted electronically

Subject: Eumedion's response to FEE's consultation document 'The Future of Corporate Reporting - creating the dynamics for change'

Ref: B16.11

The Hague, 29 June 2016

Dear Sir/Madam,

Eumedion appreciates the opportunity to respond to your consultation document 'The Future of Corporate Reporting - creating the dynamics for change'. We very much appreciate that the FEE endeavours to explore how the interests of users of corporate reporting can be served better. We hope our response will help set the direction for your ambition to shape the future of corporate reporting.

Eumedion represents the interests of over 70 institutional investors, all of whom are committed to a long term investment horizon. Eumedion aims to promote good corporate governance and sustainability in the companies our participants invest in. We regard reporting frameworks as a critical part of a global financial infrastructure, especially since investors are dependent on the quality of reporting for allocating their own and entrusted capital. Together our participants invest over € 4 trillion of capital in equity and corporate non-equity instruments.

With regard to the consultation document, we confine our response to describing our main views.

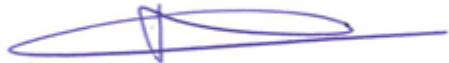
Main views

- Eumedion has a clear preference for identifying the providers of financial capital as the primary user of the statutory report and the integrated report¹. Broadening the primary audience causes insurmountable problems for applying materiality.
- Eumedion strongly advocates the continued inclusion of the full and unabbreviated annual accounts as part of the statutory report. The full and unabbreviated annual accounts are of critical importance to the providers of financial capital. It should always remain part of the statutory report. We therefore disagree with the thought that financial statements are losing relevance. We do observe a continued increase in the quality of management reports, helped by the creation and increasing adoption of the Integrated Reporting Framework. High quality management reports help satisfy the valid non-financial information needs of investors.
- We see no merit in creating more customised satellite documents with relevant information for the primary users, as the described ‘building block approach’ will lead to more reports with a high degree of duplication. More separate documents actually reduce the ability to find information as all documents first need to be found, and sequentially searched through. However, investors are served by the already increased usage of intra-document hyperlinks.
- We do not object to corporates creating multiple documents for different audiences, for example a dedicated sustainability report. Insofar there is duplication between the statutory report and a sustainability report, it is not so harmful for stakeholders, as these documents should be targeted for, and are read by, those different stakeholder audiences.
- The consultation document explores the thought of documents that are dynamically updated. Setting aside the technological challenges, we can imagine that innovations in that direction could be helpful for investors. However, it should not aim to replace the current practice of filing unchangeable statutory annual reports and annual accounts as the primary purpose of these documents – at least from a legal perspective – is accountability, particularly to shareholders gathered in the annual general meeting of shareholders. In many jurisdictions, the annual accounts need approval of the annual general meeting of shareholders before any dividend can be paid.

¹ Eumedion response to draft IIRC Integrated Reporting Framework, page 5:
http://www.eumedion.nl/en/public/knowledgenetwork/consultations/2013-07_response_iirc_integrated_reporting_framework.pdf

If the FEE would like to discuss our views in further detail, please do not hesitate to contact us. Our contact person is Martijn Bos (martijn.bos@eumedion.nl, +31 70 2040 304).

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Rients Abma".

Rients Abma
Executive Director

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