



**CHAMBERS
IRELAND**
IN BUSINESS FOR BUSINESS

Chambers Ireland Submission to the European Commission on Non Binding Guidelines or Methodology for reporting Non-Financial Information

April 2016

Chambers Ireland represents the largest network of businesses in the State. With almost 50 Chambers located in every major town and city in the country, we are uniquely positioned to understand the needs of the business community and to represent their views. We welcome the opportunity to feed into this consultation. Our views set out in this submission have been structured in accordance with the areas we feel are most relevant to the needs and interests of the Irish business community.

Q1. What aspects of disclosure of non-financial information do you think that should be addressed by the GUIDELINES? (in order of importance)

Materiality/relevance, usefulness, avoiding undue administrative burden, comparability, reliability, fairness and balance

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

Shareholders

Q2.1 Could you please provide a brief explanation on your answer regarding who should be considered the main audience of the non-financial statement?

It is our view that the primary audience should be shareholders. It is our view the intended audience for Non Financial Reports as provided for under the Directive will primarily be shareholders of the company. Secondary consideration could also be made for other groups with a genuine interest in the activities of the company (broader investment community and users with an economic interest.)

Q3. In your opinion, what features make a piece of information relevant (or material) for the purposes of the non-financial statement? (in order of importance)

Relevance for shareholders or investors' decision making; necessary to understand how the company manages non-financial risks; useful for the management of the company; necessary the company's development performance and position; relevant for stakeholders in general

Q3.1 Could you please provide a brief explanation on your answer regarding the features which make a piece of information relevant (or material) for the purposes of the non-financial statement?

As noted in Q2.1 it is our view that the features which make information relevant for the purposes of a non-financial statement will be information that is relevant to for shareholders and investors decision making, particularly when it comes to getting a clearer picture of how a company manages non-financial risks.

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?

A mixture of general principle and specific detail would be most relevant

Q4.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they prescribe solutions in a detailed manner, including on specific sectoral issues?

It is our view that guidelines will be most useful for companies if they include a combination of general user-friendly principle and detail on examples of best practice. This approach will allow companies a degree of flexibility, as was envisaged in the Directive. The objective is first and foremost to "guide" the company, rather than to introduce additional areas of policy to be covered in detail

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

Preferred Option:

The GUIDELINES should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable

Second Preferred Option

The GUIDELINES should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures

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 focus of the Guidelines should be to act as a broad resource including many different examples and interpretations of KPIs that are available for companies to use when documenting their activity as part of their non-financial report. It is our option that companies should not be restricted or over-burdened in how and what they report on as part of their Non Financial Report.

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

3. Some information should be included for the sake of being thorough, but sector-specific issues like supply chain management of conflict minerals should not be the primary focus of the Guidelines

Q7.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

It is our view that some information should be provided. However, guidance on specific sectoral issues will only be of interest to relevant sectors, as opposed to all companies who fall under the scope of the directive. Therefore, some information would be welcome as it will help reduce administrative burden for the companies with a sectoral interest. High levels of detail will not be necessary.

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.)? (in order of preference)

1. The GUIDELINES should be complementary to other frameworks
2. The GUIDELINES should make reference to other frameworks where addressing concrete matters or specific issues
3. The GUIDELINES should explain how content produced in the context of other frameworks could be used in the non-financial statement
4. The GUIDELINES should get general inspiration from other frameworks
5. 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

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?

The Guidelines should compliment other reporting frameworks and make reference to these frameworks when possible. Some companies already report under the Global Compact etc, therefore the new Guidelines should not be a huge departure from existing frameworks in place. That being said, the Commission should be mindful of not confusing companies with too many references to other frameworks

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?

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