



## Non-Financial Reporting consultation response form

The consultation is available at: <https://www.gov.uk/government/consultations/non-financial-reporting-directive-uk-implementation>

The closing date for responses is 15 April 2016

Please return completed forms to:

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Please be aware that we intend to publish all responses to this consultation.

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes. Please see page 9 of the consultation for further information.

If you want information, including personal data, that you provide to be treated in confidence, please explain to us what information you would like to be treated as confidential and why you regard the information as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

I want my response to be treated as confidential

Comments: [Click here](#) to enter text.

## Questions

Name: **Roger Lawson**

Organisation (if applicable): **ShareSoc (UK Individual Shareholders Society Ltd)**

Address: **PO Box 62, Chislehurst, BR7 5YB**

Please tick which best describes your organisation.

	<b>Respondent type</b>
<b>x</b>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe)

**Q1) Flexibility on where to provide the non-financial statement:**

What is your view on permitting companies flexibility to place information where they feel most appropriate within the boundaries laid out by the EU NFR Directive? Please explain your reasons.

Comments: We believe that non-financial information should continue to be placed only in the Annual Reports of UK companies so that it is always obvious where that information can be found and so that it cannot be overlooked by investors.

**Q2) Information that could be placed in a Separate Report:**

We would welcome suggestions for information, currently required by law that could be placed in the separate report

Comments: No suggestions because of our answer to the previous question.

**Q3) Advantages and Disadvantages of a separate non-financial statement:**

What do you see as the advantages and disadvantages, for your organisation of the separate statement?

Comments: There are no advantages for the consumers of such information to have it in a separate statement. In general we are opposed to the idea of delivering non-financial information separately, or at a separate time to the Annual Report.

**Q4) Advantages and disadvantages of the Implementation Options.**

What do you see as the advantages and disadvantages of the various implementation options?

Comments: Option 1 is preferable as it would reduce the information available to investors if some quoted companies were no longer required to produce non-financial information.

**Q5): Preferred option relating to scope**

Considering the possible advantages and disadvantages provided by the flexibilities contained within the EU NFR Directive, which would be your preferred option in terms of

<p>which companies should be required to disclose non-financial information?</p>
<p>Comments: <b>We prefer Option 1.</b></p>
<p><b>Q6) Alternative Options</b></p> <p>Are there any other options for implementing the EU NFR Directive the Government should consider?</p>
<p>Comments: <b>It would certainly be unfortunate if compliance with the regulations was made more complex which Option 1 tends to suggest would be the case if chosen. It would seem wise to try and harmonise or simplify these regulations so they were the same for all companies within the scope of these regulations but it is beyond our abilities to advise how that might be done.</b></p>
<p><b>Q7) Assurance of Non-Financial Information</b></p> <p>Should the Government require that the non-financial statement be verified by an independent assurance service provider'?</p>
<p>Comments: <b>No because we think this would be expensive and also be a rather difficult task for any third party to undertake. We are not in favour of expanding the role of the audit profession.</b></p>
<p><b>Q8) Advantages and Disadvantages of third-party validation</b></p> <p>What do you see as the advantages and disadvantages of requesting third party assurance?</p>
<p>Comments: <b>We see very little advantage in such validation and hence we are opposed to having it done.</b></p>
<p><b>Q9) Other Options</b></p> <p>Are there any other options the Government should consider for Third Party Verification?</p>
<p>Comments: <b>No.</b></p>

**Q10) Advantages and Disadvantages**

What do you see as the advantages and disadvantages of preparing or receiving the non-financial statement electronically via a company's website?

Comments: We do not support the idea of solely delivering non-financial information via a web site. If the information is included in an Annual Report, as we would prefer it to be, then that can be delivered for most people electronically and be present on the company's web site as the Annual Report is.

**Q11) Additional Protections**

Considering your response to Q7, are there any additional protections that the government should consider?

Comments: None.

**Q12) Number of Companies Providing an Electronic Report**

We are interested in the number of companies that currently send their annual report electronically. Considering your shareholders, how many, as a percentage, opt to receive their annual report as a printed copy?

Comments: This may be a question for issuing companies to answer, but as an organisation we are keen that our Members retain the right to receive an annual report on paper. Paper is sometimes more convenient, particularly for our older members with poor eyesight. But even our younger members sometimes find a paper copy useful. The existing UK arrangement where companies can choose to default to electronic delivery is the ideal solution.

**Q13) Definition of Senior Manager**

BIS would welcome suggestions as to how this definition may be improved to reflect better the intention of this requirement.

Comments: A simple definition of "senior manager" is someone who is one level below the level of a board director, i.e. does not sit on the board and reports to a board director.

**Q14) Other Comments on this requirement**

BIS would also welcome other comments on this regulation including views on the approach suggested

Comments: **It needs to be simple!**

### Q15) Reporting Regulations

What other reporting regulations would you suggest that could be repealed?

Comments: **No comment.**

### Q16) Other Information

Is there any information that could be moved outside the Annual Report?

Comments: **No comment.**

### Q17) Analysis of the Costs and Benefits of implementing the NFR Directive

Type of Organisation: **Not a relevant question for us.**

**Q17a) Are you a company (not a PIE), a company which is a PIE (as described in para 2.6), an NGO, institutional investor or other type of organisation? If you are a PIE please specify whether you are a parent company or a subsidiary company.**

PIE (Parent)	
PIE (Subsidiary)	
Non-Governmental Organisation	
Institutional Investor	
Other (please specify)	

When considering your answers, we would very much appreciate information on any costs you will incur as a result of the proposals for implementing the EU NFR Directive, both in terms of money and time (e.g. describe which type of staff will be involved, for how

long). We would appreciate any information on new systems or practices your organisation may adopt, or existing processes that may change, because of the Directive.

**Q17b ) Do you expect to incur any “one off “or “ongoing costs” as a result of having to comply with the requirements of the EU NFR Directive over and above what you incur currently on your non-financial reporting obligations? Please describe these costs. (One off costs could include staff time to familiarise your organisation with the regulations or updating of internal guidance for staff; on-going costs could include additional time to review non-financial data in each year subsequent to first year). No**

**Q18c) How would your costs change if you were allowed to provide your non-financial statement separately within six months of the balance sheet date on your financial report?’ Our members would incur personal time costs if non-financial information was reported separately. It is difficult to estimate how much that might be.**

**Q18d) How would your costs change if you were allowed to provide this report electronically on your website and did not have the obligation to provide hard copies except in exceptional circumstances?’ Again there would be personal time costs associated with such a change.**

**Q18e) What additional costs would you expect if the government required that an independent assurance services provider verify the non-financial statement? This may be in terms of money or resources costs such as staff time.’ Not a relevant question for us.**

Benefits to your company of the EU NFR Directive?

**Q18f) Please describe any benefits to your company you expect will arise because of the EU NFR Directive (to your organisation or more widely).**

If you are happy for BIS officials contact you with further questions about the impact of the EU NFR directive, please provide your contact details.

Comments: **There would be quite minimal benefits to our members or our organisation from implementation of this Directive.**

**Q18g) Any Other Comments**

Do you have any other comments about the costs and benefits that will result from the EU NFR Directive?

Comments: Might add significant costs to companies which as investors in companies we never like to see unless there is a very good reason for the change which there is not in this case.

Q19) Additional Comments

Do you have any additional comments on this directive

Comments: No.

## Workshops

BIS also intends to hold a series of workshops to discuss the issues in this consultation in more depth. We anticipate holding these in Spring 2016. If you would like to send a representative, please tick the box below and we will contact you in due course with further details.

Yes, I would like to register interest to attend the BIS NFR Workshops

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes

No



**BIS/16/35/RF**