

European Commission public consultation on strengthening the quality of corporate reporting and its enforcement

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1.- Target participants

This paper is mainly of interest to: (i) companies; (ii) auditors; (iii) public authorities and supervisors; (iv) asset managers; and (v) retail investors and civil society but other interested stakeholders are welcome to send their comments.

2. - Information Note

The EU corporate reporting framework should ensure that companies publish the right quantity and quality of relevant information allowing investors and other interested stakeholders to assess the company's performance and governance and to take decisions based on this information. High quality reporting is also indispensable for cross-border investments and the development of the capital markets union. In the context of this consultation, corporate reporting comprises the financial statements, the management report, which includes the non-financial and corporate governance statements, and country-by-country reporting. It would also include sustainability information pursuant to the proposed Corporate Sustainability Reporting Directive.

The consultation takes into account the outcomes of the 2018 consultation on the EU framework for public reporting by companies and the 2021 Fitness Check on the EU framework for public reporting by companies. This consultation, however, focuses on companies listed on EU regulated markets.

This paper does not seek the views of stakeholders on the applicable international accounting standards, the standards in the Accounting Directive, the views of stakeholders on public country-by-country reporting or on the draft Corporate Sustainability Reporting Directive. The 2018 consultation did not cover the areas of corporate governance or statutory audit. Therefore, this paper contains questions to assess aspects of Audit Regulation 537/2014, Audit Directive 2006/43/EC and Accounting Directive 2013/34/EU. However, it covers the EU framework on corporate governance only to the extent relevant for corporate reporting by listed companies and the statutory audit of the so-called public interest entities. Listed companies, credit institutions, insurance companies and entities designated as such by Member States are public interest entities.

This paper is divided into five parts:

- 1) Part one seeks stakeholders' views on the overall impact of the EU framework on the three pillars of high quality and reliable corporate reporting: corporate

governance, statutory audit and supervision. It also seeks stakeholders' opinion on the interaction between the three pillars.

- 2) Part two of the questionnaire focuses on the corporate governance pillar, as far as relevant for corporate reporting. It aims to obtain feedback, in particular, on the functioning of company boards, audit committees and stakeholders' opinion on how to improve their functioning.
- 3) Part three focuses on the statutory audit pillar. The first questions in this part seek stakeholders' views on the effectiveness, efficiency and coherence of the EU audit framework. It focuses in particular on the changes brought by the 2014 audit reform. Therefore, the questions aim to seek views on how to improve the functioning of statutory audit.
- 4) Part four contains questions on the supervision of statutory auditors and audit firms of public interest entities.
- 5) Part five contains questions about the supervision of corporate reporting and how to improve it.

The information gathered from this consultation will be used in an impact assessment that the European Commission will prepare in 2022 with a view to possibly amend and strengthen the current EU rules.

3.- Submission of comments

The deadline for submitting comments is **4 February 2022**.

Stakeholders should send their contributions through an online questionnaire available on the [European Commission](#) website (place the cursor over the word to obtain the link).

The forms are available in several official languages and replies can be sent in any official language. If you are unable to access the questionnaire, you may write to the following email address: fisma-corporate-reporting@ec.europa.eu

The CNMV would also appreciate it if stakeholders could send a copy of their responses to the consultation to the following address: documentosinternacional@cnmv.es

Dirección de Asuntos Internacionales

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