

European Commission
DG for Financial Stability, Financial Services
and Capital Markets Union (Financial Markets:
Corporate reporting, audit and credit rating
agencies)



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Re. Consultation Document strengthening of the
quality of corporate reporting and its enforcement
(online/by email)

Our ref: RJ-Div. 6037
Direct dial: Tel.: (+31) 20 301 039
Date: Amsterdam, February 4, 2021
Re: Consultation Document strengthening of the quality of corporate reporting and its enforcement

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to express its views on the Consultation Document as well as call for evidence regarding strengthening of the quality of corporate reporting and its enforcement, as issued by the European Commission on 12 November 2021. Being the Dutch standard setter for corporate reporting the DASB will limit this response to the corporate reporting aspects of the consultation document, mainly incorporated in question 6 of the Consultation Document, and only respond to main points. Also considering the recent Fitness Check, the DASB is hesitant whether any additional European legislative initiatives would substantially strengthen the EU corporate reporting framework.

In the Netherlands the annual financial statements of approximately 20.000 entities require a statutory audit.¹ The DASB has no indication of any systematic shortcomings of corporate reporting in the Netherlands. This may be underlined by the absence of specific legal procedures against corporate reports in the Netherlands.²

In 2020 the public oversight on corporate reporting by the Dutch Authority for the Financial Markets (AFM), 25 reviews resulted in two enforcement measures requiring a correction in future financial statements.³

Similar to your consultation and call for evidence there are currently (legislative) developments in the Netherlands which primarily focus on improving the quality and reliability of corporate reporting by looking at the reporting chain, including the reporting entity, external auditor and related public authority. Considering a recent corporate scandal in one EU member state, the DASB understands your sense of urgency. However, the DASB believes that caution should be exercised with new or simultaneous legislative adjustments in

¹ <https://www.nba.nl/dashboard/markt/de-nederlandse-markt-voor-wettelijke-accountantscontroles/#Aantalcontroles>

² <https://www.rechtspraak.nl/Organisatie-en-contact/Organisatie/Gerechtshoven/Gerechtshof-Amsterdam/Over-het-gerechtshof/Organisatie/Ondernemingskamer/Paginas/jaarverslag-2020.aspx#30e8085d-0738-4704-8652-0f8e84d8d7edb1b2a8d6-ce2d-4958-b31e-99040aa30eb716>

³ ESMA Report Enforcement and regulatory activities of European enforcers in 2020, p.79. The AFM examined 25 financial statements (p.77 ESMA Report Enforcement and regulatory activities of European enforcers in 2020).

the field of corporate reporting, also considering the significant consequences for all stakeholders involved.

The DASB emphasizes the risk of juridification or stacking of supervision, resulting in additional administrative burden while not necessarily improving the quality of corporate reports. Regarding the objectives mentioned in question 6 of the Consultation Document, the DASB does not feel the need to further modify the EU framework for corporate reporting since all these objectives are embedded in current European legislative developments. The rules regarding corporate reporting are subject to change as a result of the EU (and international) initiatives regarding sustainability reporting. Moreover, corporate reporting is developing, in order to meet the information needs of stakeholders, through sustainability information which is increasingly intertwined with financial information. This facilitates both the green transition as well as better corporate social responsibility. The upcoming European sustainability reporting standards will also address social and governance issues. Furthermore, the digital transition is stimulated by developments on the European Single Access Point, while facilitating doing businesses with SMEs is included in the Listing Act and in the upcoming sustainability reporting standards. Last but not least, tax transparency is enhanced by the new reporting requirements of Directive 2021/2101.

The DASB is positive about these developments and notices that sustainability reporting covers a broad range of topics, including corporate governance information. This will be more prominently incorporated in the near future in the EU corporate reporting framework (e.g. Corporate Sustainability Reporting Directive as well as Sustainable Corporate Governance Directive). However, the DASB has some concerns that the very ambitious timeframe of implementing sustainability reporting (standards/taxonomy) poses a risk to the quality of such reporting in the short term.

We will be pleased to provide any further information that you may require.

Yours sincerely,

Gerard van Santen
Chairman Dutch Accounting Standards Board