APPENDIX S4 for

"Following the blind? Database Policies and the Case of IFRS Noncompliance"

This supplementary appendix presents comparisons of accounting standards coding across four databases: Refinitiv Company Fundamental, Worldscope, Compustat, and Orbis. The objective of this analysis is to assess the consistency and accuracy of databases in evaluating the compliance with accounting standards for more representative samples of EU firms than the replication sample reported in the main paper.

Table S4.1 shows a comparison of the *common* sample covered by all databases. Table S4.2 analyzes common samples between *pairs* of databases. Table S4.3 displays a targeted sample of cases where *discrepancies* occur among databases, evaluating their relative accuracy by comparing their coding with hand-collected data. Table S4.4 contrasts different *classification schemes* for the Worldscope data item "Accounting Standards Followed" (WC07536), as suggested by Pownall and Wieczynska (2018) and Daske et al. (2013).

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TABLE S4.1 Disagreement across major commercial databases on coding accounting standards

Period	Common Sample	Accstd Disagreement		Worldscope Disagreement (PW)		Worldscope Disagreement (DHLV)		Refinitiv (RCF) Disagreement		Compustat Disagreement		Orbis Disagreement	
		N	%	N	%	N	%	N	%	N	%	N	%
2001-2005	15,104	3,750	24.83	84	0.56	403	2.67	118	0.78	298	1.97	2,920	19.34
2006-2010	17,419	1,599	9.18	86	0.49	90	0.52	93	0.53	81	0.47	1182	6.79
2011-2015	17,081	866	5.07	36	0.21	36	0.21	25	0.15	144	0.84	483	2.83
2016-2019	13,535	872	6.44	24	0.18	24	0.18	3	0.02	174	1.29	433	3.2
2001-2019	63,139	7,087	11.22	230	0.36	553	0.88	239	0.38	697	1.10	5,018	7.95

Notes: This table reports the disagreement among commercial providers in coding the corresponding accounting standards items: "Accounting Standards Followed" (WC07536) from Worldscope, "Fundamental Accounting Standard" (TR.F.AccountingStandard (ReportingState=Orig)) from Refinitiv Company Fundamentals (RCF), "Accounting Standard" (ACCTSTD) from Compustat and "Accounting Practice" (accounting_practice) from Orbis for a common sample of 63,139 firm-year observations form the European Union over the period 2001–2019 that are covered by all databases. Worldscope's data is standardized by employing two data collapsing methods, the PW (#02, #06, #23 as IFRS) and the DHLV (#02, #06, #08, #12, #18, #19, #23 as IFRS) classification schemes. RCF and Orbis do not allow for subjective classification. Compustat's data is standardized as follows: "DI" is coded IFRS, while "DD", "DO", "DR", "DS", "DT", "DU", "LJ", "MI", "MU", and "US" are coded Local. *Accstd Disagreement* refers to the number and percentage of firm-year observations when at least *one* of the four classifications differs. "*Database" Disagreement* refers to the number and percentage of observations where a specific individual database *uniquely* diverges from all others.

This table shows that the highest level of disagreement across databases occurred during the pre-mandatory IFRS period 2001–2005, followed by a noticeable decline in divergence in subsequent years. Orbis is the database most frequently associated with divergent information. Overall, the findings suggest that the "database effect"—that is, the extent to which results depend on the choice of database—remains a relevant concern. However, its impact has diminished in more recent years. While the table provides insights into the degree of consensus among databases, it does not allow for evidence-based conclusions regarding the accuracy of the reported data. This issue is addressed in Table S4.3.

TABLE S4.2 Pairwise disagreement between two databases on coding accounting standards

Period	Worldscope vs. RCF					Worldscope vs. Compustat					Worldscope vs. Orbis					Compustat vs. Orbis				
	Common Sample	Accstd Pairwise Disagreement		Worldscope as IFRS		Common Sample	Accstd Pairwise Disagreement		Worldscope as IFRS		Common Sample	Accstd Pairwise Disagreement		Worldscope as IFRS		Common Sample	Accstd Pairwise Disagreement		Compustat as IFRS	
		N	%	N	%		N	%	N	%		N	%	N	%		N	%	N	%
2001-2005	22,882	730	3.19	265	36.30	24,343	1,173	4.82	457	38.96	21,624	4,372	20.22	1,628	37.24	21,245	4,589	21.60	1,962	42.75
2006-2010	25,378	524	2.06	234	44.66	28,295	1,085	3.83	676	62.30	25,570	2,202	8.61	1,038	47.14	24,271	1,967	8.10	838	42.60
2011-2015	23,518	188	0.80	96	51.06	27,477	980	3.57	738	75.31	27,318	1,612	5.90	633	39.27	26,734	1,556	5.82	428	27.51
2016-2019	18,241	91	0.50	33	36.26	21,588	873	4.04	573	65.64	21,766	1,272	5.84	423	33.25	21,347	1,403	6.57	633	45.12
2001-2019	90,019	1,533	1.7	628	40.97	101,703	4,111	4.04	2,444	59.45	96,278	9,458	9.82	3,722	39.35	93,597	9,515	10.17	3,861	40.58

Notes: This table presents pairwise comparisons between two databases on their coding of accounting standards. In each comparison, the number of observations in the common sample of two providers is listed in the column *Common Sample*. The number (N) and percentage (%) of cases where the two databases differ in their accounting standards classification are listed in column *Accstd Pairwise Disagreement*. Additionally, we specify the number and percentage of cases classified according to IFRS by the first database mentioned in the comparison in the column *Database as IFRS*, both as an absolute number (N) and a percentage (%) to identify trends toward IFRS classification over time. Worldscope's data is standardized by employing the PW classification (#02, #06, #23 as IFRS). RCF and Orbis do not allow for subjective classification. Compustat's data is standardized as follows: "DI" is coded IFRS, while "DD", "DO", "DR", "DS", "DT", "DU", "LJ", "MI", "MU", and "US" are coded Local. For brevity, we omit the comparison of Refinitiv with Orbis and Compustat, as Refinitiv and Worldscope provide nearly identical data.

This table shows that while Worldscope and RCF exhibited moderate discrepancies in the early period 2001–2005, their classifications converge in later years, reflecting the fact that RCF integrates data from both Worldscope and Refinitiv Financials. The disagreement between Worldscope and Compustat remains moderate (approximately 4%) and relatively stable across all sub-periods. After 2005, Worldscope increasingly assigns IFRS status. Orbis stands out with the highest level of disagreement in the early period, exceeding 20% before 2005. This disagreement declines substantially in later years, dropping to less than 7% in the most recent period.

TABLE S4.3 Accuracy of databases in reporting about accounting standards

	Worldscope_PW	Worldscope_DHLV	Refinitiv	Compustat	Orbis
Observations	**1,306**	**1,306**	**1,306**	**1,306**	**1,306**
Match (Hand=Database)	1,144	1,145	1,125	1,150	385
Mismatch (Hand≠ Database)	162	161	181	156	921
IFRS (Hand) vs. Local (Database)	92	92	101	78	433
Local (Hand) vs. IFRS (Database)	70	69	80	78	488
Mismatch rate (%)	**12.40**	**12.33**	**13.86**	**11.94**	**70.52**
IFRS (Hand) vs. Local (Database) (%)	7.04	7.04	7.73	5.97	33.15
Local (Hand) vs. IFRS (Database) (%)	5.36	5.28	6.13	5.97	37.37

Note: This table compares the accuracy of accounting standard classifications for a sample of 1,306 firms, selected from cases of disagreement across databases identified in the previous analysis (see Table S4.1) and for which annual reports were available for the period 2005–2019. Worldscope's "Accounting standards followed" (WC07536) is standardized employing the classification schemes of PW (#02, #06, #23 as IFRS) and DHLV (#02, #06, #08, #12, #18, #19, #23 as IFRS). "Fundamental Accounting Standard" (TR.F.AccountingStandard) from RCF, and "accountingpractice" from Orbis do not allow for subjective classification. Compustat's "Accounting Standard" (ACCTSTD) is standardized as follows: "DI" is considered IFRS while, "DD", "DO", "DR", "DS", "DT", "DU", "LJ", "MI", "MU", and "US" are considered Local.

The table shows that Orbis exhibits a substantially higher rate of classification errors. In contrast, Compustat, Worldscope, and Refinitiv display low and balanced error rates, suggesting that discrepancies in these databases are largely random.

TABLE S4.4 Comparison between PW and DHLV classification schemes

Worldscope original classification	N	Hand		PW		DHLV	
		IFRS	Local	IFRS	Local	IFRS	Local
[8] local standards with EEC and IASC guidelines	48	3	45	0	48	48	0
[16] international standards and some EEC guidelines	23	20	3	0	23	23	0
[18] local standards with some IASC guidelines	429	4	425	0	429	429	0
Total	500	27	473	0	500	500	0

Note: This table compares the accuracy of the PW and DHLV schemes for classifying the raw values of Worldscope data item "Accounting Standards Followed" (WC07536) into a binary category: *IFRS* vs. *Local*. DHLV classify the codes [8], [12], [16], [18], [19] as *IFRS*, whereas PW classify them all as *Local*. We identify 4,129 firm-year observations in Worldscope between 1989 and 2019 that fall into these categories. Of these, 500 observations from 1998 to 2007 could be matched to annual reports available in the Perfect Information database, providing the accounting data for verification. Among the five codes, only [8], [16], and [18] appear in the matched set.

This table shows that in the hand-coded sample, 27 firms follow IFRS and 473 follow local standards. The PW classification aligns more closely with the hand-coded data, as 473 out of 500 observations match. Note, however, that the significance of this discrepancy has diminished, as only 59 firm-year observations are assigned to one of the five Worldscope classifications that create this discrepancy during 2005–2012. Beginning 2013, Worldscope ceased to assign these classifications to EU firms.