

Corporate governance: disclosure of non-financial and diversity information by certain large companies and groups

2013/0110(COD) - 10/01/2014 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Legal Affairs adopted the report by Raffaele BALDASSARRE (EPP, IT) on the proposal for a directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups.

The committee recommended that Parliament's position in first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

Amendment of the Accounting Directive: Members considered that the proposal should aim to amend the new Accounting Directive (2013/34/EU) as regards disclosure of non-financial, specific financial and diversity information by certain large undertakings and groups

Matters relating to reporting: a new recital set out the main issues which should be covered in the non-financial statement included in the management report.

- **Environmental questions:** the statement should contain details of the current and foreseeable impacts of an undertaking's operations on the environment, health and safety, the use of renewable and non-renewable energy, greenhouse gas emissions, water use and air pollution.
- **Social and staff issues:** the information provided in the statement should concern, the relationships maintained by the undertaking with its supply and subcontracting chains, the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation (ILO), working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety as well as responsible behaviour on tax planning
- **Human rights, anti-corruption and bribery:** the non-financial statement should include, as a minimum, information on the prevention of human rights abuses and instruments in place in order to fight corruption and bribery.

The non-financial statement should also include information on the **due diligence policies** implemented by the undertaking, in particular regarding the undertakings' supply and subcontracting chains, in order to identify, prevent and mitigate existing and potential adverse impacts.

Report on risks: the management report shall include a fair review of the development and performance of the undertaking's business and of its position, together with a description of the management of the principal risks and uncertainties that it faces.

Members proposed **limiting the disclosure of information only to risks that were deemed to be 'principal'**, whilst giving the decision-making or supervisory bodies of an undertaking the option of not disclosing information relating to risks or to negotiations under way, where such disclosure would seriously jeopardise the interests of the undertaking.

Guidelines: the Commission shall develop, with the involvement of all relevant stakeholders, guidelines on the methodology and use of international standards and non-financial performance indicators in order to assist undertakings in their reporting. It should publish the guidelines 12 months after the entry into force of the Directive.

Revision: no later than three years after the entry into force of the Directive, the Commission should submit a report, accompanied, if appropriate, by legislative proposals concerning: (i) the non-financial information disclosed and its scope, **including the coverage of the supply and subcontracting chains;** (ii) the transparency and comparability of the non-financial information provided by the undertakings and whether the aims of the legislation are being fulfilled; (iii) the judicial and/or administrative procedures for the enforcement of obligations under this Directive, including procedures available to interested third parties, within the Member States; (iv) the progress with non-financial reporting throughout the world.