

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

2013/0110(COD) - 15/04/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 599 votes to 55 with 21 abstentions, a legislative resolution 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.

Parliament adopted its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise between Parliament and Council. They amend the Commission's proposal as follows:

**Amendment of the Accounting Directive:** as suggested by Parliament, the directive 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

It was recalled that the **European Parliament called on the Commission to bring forward a legislative proposal** on the disclosure of non-financial information by undertakings, in order to take account of the multi-dimensional nature of corporate social responsibility (CSR) matched by a sufficient level of comparability to meet the needs of investors as well to provide consumers with easy access to information on businesses' impact on society.

**Non-financial statement:** the amended text provided that **large undertakings** which were public-interest entities exceeding on their balance-sheet dates the criterion of average number of employees during the financial year of 500, should **include in the management** report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance and position and of the impact of its activity, including:

- **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 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 at work and the dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities;
- **Human rights, anti-corruption and bribery:** the non-financial statement should include information on the prevention of human rights abuses and instruments in place in order to fight corruption.

The non-financial statement should also include information on:

- a brief description of the undertaking's business model;
- the **due diligence policies** implemented by the undertaking;
- the **principal risks** related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;
- non-financial **key performance indicators** relevant to the particular business.

Where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a **clear and reasoned explanation** for not doing so.

An undertaking should be **exempted** from the obligation to provide a non-financial statement if it provided the information required for the financial year in a separate report.

Member States may **allow information** relating to impending developments or matters in the course of negotiation to be **omitted in exceptional cases** where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking.

**Guidelines:** the Commission should prepare within two years of entry into force of the legislation, non-binding guidelines on methodology for reporting non-financial information, with a view to facilitating relevant, useful and comparable disclosure of non-financial information by Union undertakings.

**Revision:** at the latest four years after the entry into force of the Directive, the Commission should submit a report, with legislative proposals if appropriate, on the implementation of the Directive, including, among other aspects, its scope, particularly as regards large non-listed undertakings, its effectiveness and the level of guidance and methods provided.