

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

2013/0110(COD) - 22/10/2014 - Final act

PURPOSE: to increase the relevance, consistency, and comparability of non-financial information published by undertakings across the Union, with a view to increasing transparent and responsible business behaviour.

LEGISLATIVE ACT: Directive 2014/95/EU of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

CONTENT: the Directive amends [Directive 2013/34/EU](#) of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings. It concerns the **disclosure of non-financial and diversity information by certain large undertakings and groups**.

In its [resolutions of 6 February 2013](#), the European Parliament acknowledged the importance of businesses divulging information on sustainability such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust. It called on the Commission to bring forward a legislative proposal on the disclosure of non-financial information by undertakings allowing for high flexibility of action, in order to take account of the multidimensional nature of corporate social responsibility (CSR).

The main elements of the Directive are as follows:

Non-financial statement: under the new provisions, large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of **500 employees** during the financial year shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. This statement shall include a description of policies, results and risks related to those matters.

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.

Therefore small and medium-sized companies will be exempted from the new reporting obligation.

Diversity policy: the description of the diversity policy applied for the undertaking's administrative, management and supervisory bodies with regard to aspects such as **age, gender, educational and professional background**, will be added in the corporate governance statement (provided for in article 20 of directive 2013/34/EU).

Guidelines: the Commission shall publish, by 6 December 2016, non-binding guidelines on methodology for reporting non-financial information, including non-financial key performance indicators, general and sectoral, with a view to facilitating relevant, useful and comparable disclosure of non-financial information by undertakings.

Country by country reporting on taxes: in a report to be delivered by 21 July 2018 by the Commission, it will have to be considered the possibility of introducing an obligation requiring large undertakings to produce, on an annual basis, a **country-by-country report for each Member State and third country in which they operate**, containing information on profits made, taxes paid on profits and public subsidies received.

Review: the Commission shall submit, by 6 December 2018 and shall be accompanied, if appropriate, by legislative proposals, a report to the European Parliament and to the Council on the implementation of this Directive, including, among other aspects, its scope, particularly as regards large non-listed undertakings, its effectiveness and the level of guidance and methods provided.

ENTRY INTO FORCE: 5.12.2014.

TRANSPOSITION: 6.12.2016. Provisions are to apply to all undertakings for the financial year starting on 1 January 2017 or during the calendar year 2017.