



**EUROPEAN COMMISSION**

**STATEMENT**

Brussels, 29 September 2014

## **Disclosure of non-financial information: Europe's largest companies to be more transparent on social and environmental issues**

The European Commission welcomes today's adoption by the Council of the Directive on disclosure of non-financial and diversity information by large companies and groups. Companies concerned will disclose information on policies, risks and outcomes as regards environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on boards of directors.

The European Parliament adopted the Directive on 15 April 2014 and following today's adoption by the Council, the Directive will be published in the EU Official Journal and enter into force 20 days later. Member States will have two years to transpose the Directive into national legislation. Therefore, companies concerned will have significant time to adapt to the new requirements, and will start reporting as of their financial year 2017.

The Directive provides for further work by the Commission to develop non-binding guidelines in order to facilitate the disclosure of non-financial information by companies, taking into account current best practice, international developments and related EU initiatives.

Vice-President of the European Commission in charge of Internal Market and Services, Michel Barnier, said: *"I am pleased that the Council has adopted this Directive, which will drive the long-term performance of the EU's largest companies by significantly improving their transparency and, concretely, the disclosure of material non-financial information. Companies, investors and society at large will benefit from this increased transparency. This is important for Europe's competitiveness and the creation of more jobs."*

The new Directive will only apply to some large companies with more than 500 employees. In particular, large public-interest entities with more than 500 employees will be required to disclose certain non-financial information in their management reports. The scope includes approx. 6 000 large companies and groups across the EU. The approach taken ensures that administrative burden is kept to a minimum. Smaller companies will have no new requirements. Companies in the scope of the Directive will disclose relevant, useful information necessary for an understanding of their development, performance, position and impact of their activity, rather than detailed reports. Furthermore, the Directive provides companies with significant flexibility to disclose relevant information in the way that they consider most useful, or in a separate report. Companies may use international, European or national guidelines which they consider appropriate.

As regards diversity on company boards, large listed companies will be required to provide information on their diversity policy, such as, for instance: age, gender, educational and professional background

This Directive is also a first step towards the implementation of the [European Council conclusions of 22 May 2013](#) on the need for further transparency on tax matters and for ensuring country-by-country reporting by large companies and groups.

## **Background**

On 16 April 2013, the Commission adopted a proposal to enhance business transparency on social and environmental matters (IP/13/330). The European Parliament and the Council reached an agreement on 26 February 2014. The European Parliament adopted the Directive on 15 April 2014.

This measure is part of the Commission's efforts to improve corporate governance in Europe, and was announced by the Commission in the Single Market Act communication in April 2011 (IP/11/469), in the communication "A renewed strategy 2011–2014 for Corporate Social Responsibility" issued in October 2011 (IP/11/1238), and in the Action Plan for Company Law and Corporate Governance, adopted in December 2012 (IP/12/1340).

The European Parliament adopted two resolutions on 6 February 2013, ("Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth" and "Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery"), acknowledging the importance of company transparency on environmental and social matters.

See also MEMO/14/301.

## **More information:**

[http://ec.europa.eu/internal\\_market/accounting/non-financial\\_reporting/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/non-financial_reporting/index_en.htm)

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