



# Implementation of the EU Directive on the disclosure of non- financial information

*Croatian 8th CSR Conference  
Zagreb, December 1st 2016*

## Headlines

- I. The Directive on disclosure of non-financial information*
- II. The non-binding guidelines*
- III. Other Commission and international initiatives*



# I. The Directive on Non-Financial Reporting

## I.a Highlights

*Amendment to the Accounting Directive*

*This is about providing **concise, useful information** for companies, investors and society at large.*

*The Directive leaves **significant flexibility** for companies to disclose relevant information in the way that they consider most useful, using the framework of their choice.*

***Audit requirements** are limited to checking that the information has been provided*

## I.b Scope

*Large public interest entities with more than 500 employees:*

- *Companies listed in EU markets*
- *Some unlisted companies:*
  - ❖ Credit institutions
  - ❖ Insurance companies
  - ❖ Other companies designated by Member States

**→ *Approximately 6000 companies covered***

## I.c Disclosure requirements

*Companies will include a non-financial statement in their **management report**.*

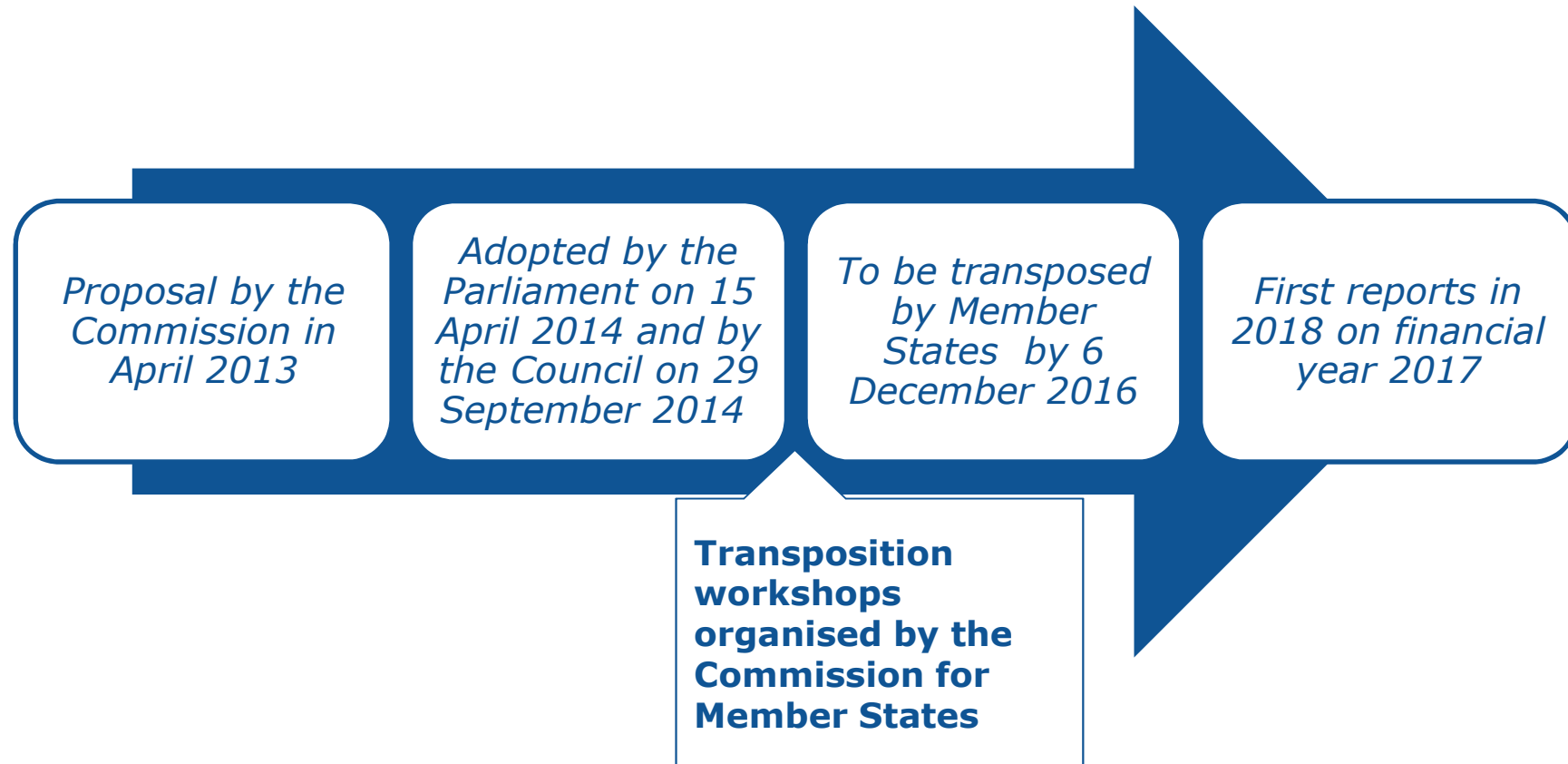
*Companies are required to disclose **material information** including:*

- Environmental,*
- Social and employee matters,*
- Respect of human rights,*
- Corruption and bribery matters, and*
- Diversity in the boards of directors.*

## I.d Disclosure framework

- Brief description of the **business model**,
- Description of the **policies** pursued by the company, including **due diligence process** implemented,
- **Outcomes** of the policies,
- Principal **risks** (including where relevant and proportionate its **business relationships**, products or services) and how the company manages them,
- Non-financial **key performance indicators**.

## I.e Timeline for the Directive



## II. Non-binding guidelines (1/2)

*The Directive requires the Commission to **prepare non-binding guidelines on methodology for reporting non-financial information***

*The Commission has undertaken extensive consultations*

- Public consultation in the spring 2016: 355 answers*
- Meeting with Member States*
- 16 Expert Interviews*
- 2 Stakeholders Workshops*

*Guidelines to be published by end 2016*



## II. Non-binding guidelines (2/2)

### Outcomes of the public consultation

*The public consultation process shows significant support for an approach oriented towards **general principles**,*

*A key feature of this approach according to stakeholders is that it allows **flexibility** for companies so that they can exercise judgement in their disclosures.*

*According to many stakeholders, a key pillar of the guidelines should be the **materiality** (relevance) of non-financial information.*

### III. Other related EU and international initiatives

1. *European Commission **High-Level Expert Group on sustainable finance** with the objective to develop a comprehensive **European strategy on sustainable finance.***

*This strategy aims both to **support investment in green technology** and to ensure that the financial system can **finance growth in a way that is sustainable.***

2. *At the request of the G20, the Financial Stability Board (FSB) established in December 2015 an **industry-led Task Force on Climate-related financial risk disclosures.** The final report of the Task Force is expected to be delivered to the G20 Summit in July 2017.*