



EUROPEAN PARLIAMENT

2009 - 2014

---

*Plenary sitting*

---

**A7-0006/2014**

08.01.2014

**\*\*\*I**  
**REPORT**

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  
(COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Committee on Legal Affairs

Rapporteur: Raffaele Baldassarre

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the ■ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT.....	40
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS .....	44
OPINION OF THE COMMITTEE ON DEVELOPMENT .....	55
OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS .....	82
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS.....	120
OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY .....	136
OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION .....	148
OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY .....	170
PROCEDURE.....	187



## DRAFT EUROPEAN PARLIAMENT 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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2013)0207),
  - having regard to Article 294(2) and Article 50(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0103/2013),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the reasoned opinion submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Estonian Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,
  - having regard to the opinion of the European Economic and Social Committee of 11 July 2013<sup>1</sup>,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Legal Affairs and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy, the Committee on the Internal Market and Consumer Protection and the Committee on Women's Rights and Gender Equality (A7-0006/2014),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

---

<sup>1</sup> OJ C 327, 12.11.2013, p. 47.

## Amendment 1

### Proposal for a directive Title

*Text proposed by the Commission*

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  
(Text with EEA relevance)

*Amendment*

Proposal for a  
DIRECTIVE OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL  
amending *Directive 2013/34/EU* as regards  
disclosure of non-financial, *specific  
financial* and diversity information by  
certain large *undertakings* and groups  
(Text with EEA relevance)

## Amendment 2

### Proposal for a directive Recital 1

*Text proposed by the Commission*

(1) In its Communication to the European  
Parliament, the Council, the Economic and  
Social Committee and the Committee of  
the Regions entitled 'Single Market Act  
Twelve levers to boost growth and  
strengthen confidence "Working together  
to create new growth"<sup>9</sup>, adopted on 13  
April 2011, the Commission identifies the  
need to *improve* the transparency of the  
social and environmental information  
provided by *companies* in all sectors, in  
order to ensure a level playing field.

---

<sup>9</sup> *COM(2011) 206 final*, 13 April 2011.

*Amendment*

(1) In its Communication to the European  
Parliament, the Council, the *European*  
Economic and Social Committee and the  
Committee of the Regions entitled 'Single  
Market Act Twelve levers to boost growth  
and strengthen confidence "Working  
together to create new growth"<sup>9</sup>, adopted  
on 13 April 2011, the Commission  
identifies the need to *raise to a similarly  
high level* the transparency of the social  
and environmental information provided  
by *undertakings* in all sectors *across all  
Member States*, in order to ensure a level  
playing field.

---

<sup>9</sup> *COM(2011)0206*.

## Amendment 3

### Proposal for a directive Recital 2

PE521.714v03-00

6/187

RR\521714EN.doc

*Text proposed by the Commission*

(2) The **necessity** to improve **company** disclosure of social and environmental information, by presenting a legislative proposal in this field, was reiterated in the Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled ‘A renewed EU strategy 2011-14 for Corporate Social Responsibility’<sup>10</sup> adopted on 25 October 2011.

---

<sup>10</sup> *COM(2011) 681 final* of 25 October 2011.

*Amendment*

(2) The **need** to improve **undertakings'** disclosure of social and environmental information, by presenting a legislative proposal in this field, was reiterated in the Communication from the Commission to the European Parliament, the Council, the **European** Economic and Social Committee and the Committee of the Regions entitled ‘A renewed EU strategy 2011-14 for Corporate Social Responsibility’<sup>10</sup>, adopted on 25 October 2011.

---

<sup>10</sup> *COM(2011)0681*.

#### **Amendment 4**

##### **Proposal for a directive** **Recital 3**

*Text proposed by the Commission*

(3) The European Parliament **has**, in its resolutions of 6 February 2013 on, respectively, ‘Corporate **Social Responsibility**: accountable, transparent and responsible business behaviour and sustainable growth’<sup>11</sup> and ‘Corporate **Social Responsibility**: promoting society's interests and a **tour** to sustainable and inclusive recovery’<sup>12</sup>, 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, **and** called the Commission to bring forward a proposal on **non-financial** disclosure **by companies**.

*Amendment*

(3) The European Parliament, in its resolutions of 6 February 2013 on, respectively, ‘Corporate **social responsibility**: accountable, transparent and responsible business behaviour and sustainable growth’<sup>11</sup> and ‘Corporate **social responsibility**: promoting society's interests and a **route** to sustainable and inclusive recovery’<sup>12</sup>, 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. **Indeed, sustainability reporting is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection. In this context, sustainability reporting helps measuring, monitoring and managing undertakings'**

*performance and their impact on society. Thus, the European Parliament 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 multi-dimensional nature of corporate social responsibility (CSR) and the diversity of the CSR policies implemented by businesses matched by a sufficient level of comparability to meet the needs of investors and other stakeholders as well as the need to provide consumers with easy access to information on businesses' impact on society.*

---

<sup>11</sup> Report on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth (2012/2098(INI)); Committee on Legal Affairs.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0017+0+DOC+PDF+V0//EN&language=EN>

<sup>12</sup> Report on Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery (2012/2097(INI)); Committee on Employment and Social Affairs.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0023+0+DOC+PDF+V0//EN&language=EN>

---

<sup>11</sup> Report on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth (2012/2098(INI)); Committee on Legal Affairs.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0017+0+DOC+PDF+V0//EN&language=EN>

<sup>12</sup> Report on Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery (2012/2097(INI)); Committee on Employment and Social Affairs.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0023+0+DOC+PDF+V0//EN&language=EN>

## **Amendment 5**

### **Proposal for a directive Recital 3 a (new)**



*(3a) Evidence shows that disclosure of non-financial information improves undertakings' management systems and internal policies, thereby reducing the negative social, environmental and human rights impacts caused by their activities. Evidence also shows that undertakings which conduct a proper analysis and disclose non-financial information increase their competitiveness and benefit from cost savings, easier access to capital and improved performance on financial markets, as well as improving their stability in the market and reducing possibilities of harm.*

## **Amendment 6**

### **Proposal for a directive**

#### **Recital 4**

*Text proposed by the Commission*

(4) The coordination of national provisions concerning the disclosure of non-financial information in respect of large undertakings with limited liability is of importance for the interests of **companies**, shareholders and other stakeholders alike. Coordination is necessary in those fields because most of these undertakings operate in more than one Member State.

*Amendment*

(4) The coordination of national provisions concerning the disclosure of non-financial information in respect of large **listed** undertakings with limited liability is of importance for the interests of **undertakings**, shareholders and other stakeholders alike. Coordination is necessary in those fields because most of these undertakings operate in more than one Member State.

## **Amendment 7**

### **Proposal for a directive**

#### **Recital 5**

*Text proposed by the Commission*

(5) It is also **necessary** to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public by undertakings across the Union. **Annual** reports should give a fair and comprehensive view of an undertaking's policies, results, and risks.

*Amendment*

(5) It is also **desirable** to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public **and authorities** by undertakings across the Union. **Management** reports should give a fair and comprehensive view of an undertaking's policies, results and risks, **with the greater transparency in respect of non-financial aspects helping undertakings to manage risk more effectively and enhance their competitiveness.**

## **Amendment 8**

### **Proposal for a directive Recital 6**

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, **companies** should be required to include in their **annual** report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery **matters**. Such statement should include a description of the policies, results, and the risks related to those matters.

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, **undertakings** should be required to include in their **management** report a non-financial statement containing information **on the impact of the activities of the undertaking concerned** relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery. Such statement should include a description of the policies, results, **significant incidents which occurred during the reporting period** and the risks related to those matters. **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.*

## **Amendment 9**

### **Proposal for a directive**

#### **Recital 6 a (new)**

*Text proposed by the Commission*

*Amendment*

*(6a) With regard to environmental matters, 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. As regards social and employee-related matters, the information provided in the statement should concern, in particular, 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 at work and the dialogue with local communities, as well as the actions taken to ensure the protection and the development of those communities. Social matters should also include responsible behaviour on tax planning to ensure that a fair share of tax is paid correctly and tax avoidance is averted. With regard to 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.*

## Amendment 10

### Proposal for a directive Recital 6 b (new)

*Text proposed by the Commission*

*Amendment*

***(6b) Undertakings should provide adequate information in relation to matters that stand out as being most likely to bring about the materialisation of risks of severe impacts, along with those that have already materialised. The severity of such impacts should be judged by their scale and gravity. The risks of adverse impact may stem from the undertaking's own activities or may be linked to its operations, products, services or business relationships, including with supply and subcontracting chains and other business partners.***

## Amendment 11

### Proposal for a directive Recital 6 c (new)

*Text proposed by the Commission*

*Amendment*

***(6c) The disclosure of information on impending developments or matters in the course of negotiation may lead to the disclosure of sensitive business information and, as a consequence, interfere with the business model and, ultimately, distort competition. For this reason, the members of the administrative, management, and supervisory bodies of undertakings should be given the possibility to decide whether to disclose such information if disclosure would be seriously prejudicial to the commercial position of the undertaking concerned and where, in the reasonable and duly justified opinion of the members of its administrative, management, and supervisory bodies, non-disclosure of that information would not be likely to mislead***

*the public.*

## Amendment 12

### Proposal for a directive Recital 7

*Text proposed by the Commission*

(7) In providing this information, ***companies may rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.***

*Amendment*

(7) In providing this information, ***undertakings should rely on the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, the United Nations (UN) Global Compact, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy. Undertakings may also rely on national frameworks, Union-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the International Organisation for Standardisation (ISO) 26000, the Global Reporting Initiative, the Carbon Disclosure Project (CDP) and the Climate Disclosure Standards Board (CDSB). In their statement, undertakings should specify which framework(s) they have relied upon. In order to enhance consistency and comparability of non-financial information provided by undertakings, the Commission should develop, with the involvement of all relevant stakeholders, guidelines on methodology and the use of international standards.***

## Amendment 13

### Proposal for a directive Recital 7 a (new)

***(7a) Member States should ensure that adequate and effective means exist to guarantee disclosure of non-financial information by undertakings in compliance with the provisions of this Directive. To that end, Member States should ensure that effective national procedures are in place to enforce compliance with the obligations of this Directive and that those procedures are available for all persons and legal entities having a legitimate interest, in accordance with national law, in ensuring that the provisions of this Directive are respected.***

#### **Amendment 14**

##### **Proposal for a directive Recital 8**

(8) Paragraph 47 of the final declaration of the United Nations Rio +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages **companies**, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.

(8) Paragraph 47 of the final declaration of the United Nations Rio +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages **undertakings**, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.  
***Consequently, Union undertakings should, under this Directive, be required to publish their non-financial statement as part of their financial statement.***

---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

## Amendment 15

### Proposal for a directive Recital 9

#### *Text proposed by the Commission*

(9) Investors' access to non-financial information is a step towards reaching the milestone of having in place by 2020 market and policy incentives rewarding business investments in efficiency under the Roadmap to a Resource Efficient Europe<sup>14</sup>.

#### *Amendment*

(9) Investors' access to non-financial information is a step towards reaching the milestone of having in place by 2020 market and policy incentives rewarding business investments in efficiency under the Roadmap to a Resource Efficient Europe<sup>14</sup>. ***Non-financial reporting can also help the Union to reach additional milestones under that Roadmap, in particular that of halving food waste by 2020.***

---

<sup>14</sup> COM(2011) 571 final of 20 September 2011

---

<sup>14</sup> COM(2011)0571.

#### *Justification*

*About 90 million tonnes of food are wasted annually in Europe. Considering such waste occurs across the entire food supply chain and there are fundamental information gaps as a very limited number of EU companies currently publish food waste data, reporting is essential to help achieve the EU 2020 target of halving disposal of edible food set up in the Roadmap for a Resource Efficient Europe. In order to ensure transparency, companies should report on food waste as an example of the kind of environmental and social impacts generated by the activities of the company.*

## Amendment 16

### Proposal for a directive Recital 9 a (new)

*Text proposed by the Commission*

*Amendment*

***(9a) Access by investors to non-financial information should also help to channel investment into undertakings with high social standards.***

## **Amendment 17**

### **Proposal for a directive Recital 9 b (new)**

*Text proposed by the Commission*

*Amendment*

***(9b) In addition to non-financial reporting encouraged at Union level, international efforts to improve transparency in financial reporting have been noted. Country-by-country reporting in the extractives sector has been legislated for by both the European Union and the United States, while within the context of the G8 and the G20, which includes four Member States and involves the European Commission, the OECD has been asked to draw up a standardised reporting template for multi-national undertakings to report to tax authorities where they make their profits and pay taxes around the world. Such developments improving transparency in financial reporting complement the proposals contained in this Directive, as appropriate measures for their respective purposes, be they national, pan-European or international in scale and possible risk.***

## **Amendment 18**

### **Proposal for a directive Recital 10**



*Text proposed by the Commission*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ('SMEs'), to be reduced at both European and national levels and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the 'think-small-first' principle, the disclosure requirements under Directive **78/660/EEC and Directive 83/349/EEC** should **only** apply to certain large undertakings and groups.

*Amendment*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ('SMEs'), to be reduced at both European and national levels, **welcomed the intention of the Commission to propose ways of exempting micro-enterprises from certain regulations**, and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the 'think-small-first' principle, the disclosure requirements under Directive **2013/34/EU** should apply **only** to certain large undertakings and groups.

**Amendment 19**

**Proposal for a directive  
Recital 10 a (new)**

*Text proposed by the Commission*

*Amendment*

***(10a) Small and medium-sized enterprises should under no circumstances be required to deliver non-financial statements regarding their voluntary social activities, since this would give rise to excessive administrative costs, destroy jobs and undermine rather than promote corporate social engagement.***

**Amendment 20**

**Proposal for a directive  
Recital 10 b (new)**

*Text proposed by the Commission*

*Amendment*

***(10b) The requirement to disclose non-financial information includes striking a balance between environmental results and social results, in order to ensure that such disclosure is in keeping with CSR principles and is not confined solely to environmental data.***

## **Amendment 21**

### **Proposal for a directive Recital 11**

*Text proposed by the Commission*

*Amendment*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total ***assets and*** turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the ***annual*** report should only apply to those ***companies*** whose average number of employees exceeds 500, ***and exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.***

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, ***balance-sheet total and net*** turnover. ***Microenterprises and*** SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the ***management*** report should only apply to those ***large undertakings and groups*** whose average number of employees exceeds 500.

## **Amendment 22**

### **Proposal for a directive Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) For the purposes of adopting the criteria for determining which bodies are to be covered by the obligation to disclose non-financial information, differences in the levels of economic development in the individual Member States should be taken into account, and regard should be had to***

*the fact that, in order to achieve the same outcome from economic activity, undertakings in different countries will require a different average number of employees. Therefore, in the selection of criteria for determining which bodies are to be covered by these new reporting requirements, greater emphasis should be placed on the balance-sheet amount or on net turnover.*

## Amendment 23

### Proposal for a directive

#### Recital 12

*Text proposed by the Commission*

(12) Some of the *companies* and groups falling under the scope of Directive **78/660/EEC and Directive 83/349/EEC** already prepare non-financial reports on a voluntary basis. Those *companies* should not be subject to the obligation to provide a non-financial statement in the *annual* report, provided that the report corresponds to the same financial year, covers at least the same content required by this Directive, and is annexed to the *annual* report.

*Amendment*

(12) Some of the *undertakings* and groups falling under the scope of Directive **2013/34/EU** already prepare non-financial reports on a voluntary basis. Those *undertakings* should not be subject to the obligation to provide a non-financial statement in the *management* report, provided that the report corresponds to the same financial year, covers at least the same content *as* required by this Directive, and is annexed to the *management* report.

## Amendment 24

### Proposal for a directive

#### Recital 13

*Text proposed by the Commission*

(13) Many of the undertakings which fall under the scope of Directive **78/660/EEC** are members of groups of undertakings. Consolidated *annual* reports should be drawn up so that the information concerning such groups of undertakings may be conveyed to members and third parties. National law governing consolidated *annual* reports should therefore be coordinated in order to

*Amendment*

(13) Many of the undertakings which fall under the scope of Directive **2013/34/EU** are members of groups of undertakings. Consolidated *management* reports should be drawn up so that the information concerning such groups of undertakings may be conveyed to members and third parties. National law governing consolidated *management* reports should therefore be coordinated in order to

achieve the objectives of comparability and consistency of the information which undertakings should publish within the Union.

achieve the objectives of comparability and consistency of the information which undertakings should publish within the Union.

## **Amendment 25**

### **Proposal for a directive**

#### **Recital 15**

##### *Text proposed by the Commission*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of **companies** facilitates a good understanding of the business organisation and affairs. It enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, the ‘group-think’ phenomenon. It contributes thus to effective oversight of the management and a successful governance of the **company**. It would therefore be important to enhance transparency regarding the diversity policy **companies** have in place. This would inform the market of corporate governance practices and thus put indirect pressure on **companies** to have more diversified boards.

##### *Amendment*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of **undertakings** facilitates a good understanding of the business organisation and affairs. It enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, the ‘group-think’ phenomenon. It contributes thus to effective oversight of the management and a successful governance of the **undertaking**. It would therefore be important to enhance transparency regarding the diversity policy **which undertakings** have in place. This would inform the market of corporate governance practices and thus put indirect pressure on **undertakings** to have more diversified boards. ***In this context, employee representation in management bodies could be seen as a positive way of enhancing diversity.***

## **Amendment 26**

### **Proposal for a directive**

#### **Recital 16**

##### *Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with

##### *Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with

regard to aspects such as age, **gender**, **geographical diversity**, educational and professional background should **only** apply to large listed **companies**. **Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation**. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article **46a** of Directive **78/660/EEC**. **Companies** not having **a** such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

## **Amendment 27**

### **Proposal for a directive Recital 17**

#### *Text proposed by the Commission*

(17) Since the objective of this Directive, namely to increase the relevance, consistency and comparability of information disclosed by **companies** across the Union, cannot be sufficiently achieved by the Member States, and can therefore by reason of its effect be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary to achieve the pursued objective.

## **Amendment 28**

### **Proposal for a directive Recital 19**

regard to **gender and other** aspects such as age, **ethnic origin**, **disability**, educational and professional background should apply **only** to large listed **undertakings**. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article **20** of Directive **2013/34/EU**. **Undertakings** not having such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

#### *Amendment*

(17) Since the objective of this Directive, namely to increase the relevance, consistency, **transparency** and comparability of information disclosed by **undertakings** across the Union, cannot be sufficiently achieved by the Member States, and can therefore by reason of its effect be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary to achieve the pursued objective.

*Text proposed by the Commission*

*Amendment*

(19) **Directives 78/660/EEC and 83/349/EEC** should therefore be amended accordingly,

(19) **Directive 2013/34/EU** should therefore be amended accordingly,

## **Amendment 29**

### **Proposal for a directive Article 1 – title**

*Text proposed by the Commission*

*Amendment*

Amendments to Directive **78/660/EEC**

Amendments to Directive **2013/34/EU**

## **Amendment 30**

### **Proposal for a directive Article 1 – introductory part**

*Text proposed by the Commission*

*Amendment*

Directive **78/660/EEC** is amended as follows:

Directive **2013/34/EU** is amended as follows:

## **Amendment 31**

### **Proposal for a directive Article 1 – point 1 Directive 78/660/EEC Article 46**

*Text proposed by the Commission*

*Amendment*

(1) **Article 46** is amended as follows:

*deleted*

(a) **Paragraph 1** is replaced by the following:

**'1. (a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces.'**

***The review shall be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business.***

***(b) For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:***

***(i) a description of the policy pursued by the company in relation to these matters;***

***(ii) the results of these policies;***

***(iii) the risks related to these matters and how the company manages those risks.***

***Where a company does not pursue policies in relation to one or more of these matters, it shall provide an explanation for not doing so.***

***In providing such information the company may rely on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.***

***(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.***

***(d) In providing its analysis, the annual report shall, where appropriate, include references to and additional explanations of amounts reported in the annual accounts.'***

***(b) Paragraph 4 is replaced by the following:***

***'4. Where a company prepares a comprehensive report corresponding to the same financial year relying on national, EU-based or international frameworks and which covers the information provided for in paragraph 1(b), it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report.'***

***(c) The following paragraph 5 is added:***

***'5. A company which is a subsidiary company shall be exempt from the obligations set out in paragraph 1(b), if the company and its subsidiaries are consolidated in the financial statements and annual report of another company and that consolidated annual report is drawn up in accordance with Article 36(1) of Directive 83/349/EEC.'***

*See amendment to Article 19 of Directive 2013/34/EU.*

## **Amendment 32**

### **Proposal for a directive**

#### **Article 1 – point 2**

Directive 78/660/EEC

Article 46a

*Text proposed by the Commission*

*Amendment*

***(2) Article 46a is amended as follows:*** ***deleted***

***(a) In paragraph 1, the following point (g) is added:***

***'(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why***



*this is the case. '*

*(b) The following paragraph 4 is added:*

*'4. Point (g) of paragraph 1 does not apply to companies within the meaning of Article 27. '*

*See amendment to Article 20 of Directive 2013/34/EU.*

### **Amendment 33**

#### **Proposal for a directive**

#### **Article 1 – point 3**

Directive 78/660/EEC

Article 53a

*Text proposed by the Commission*

*Amendment*

*(3) Article 53a is replaced by the following:*

*deleted*

*'Article 53a*

*Member States shall not make available the exemptions set out in Article 1a, 11, Article 27, points (7a) and (7b) of Article 43(1), Article 46(3), Article 47 and Article 51 of this Directive in the case of companies whose securities are admitted to trading on a regulated market within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC.'*

### **Amendment 34**

#### **Proposal for a directive**

#### **Article 1 – point 3 a (new) – introductory wording**

Directive 2013/34/EU

Article 19

*Text proposed by the Commission*

*Amendment*

*(3a) Article 19 is amended as follows:*

## **Amendment 35**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 2013/34/EU

Article 19 – paragraph 1 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

**'1. 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.**

## **Amendment 36**

### **Proposal for a directive**

#### **Article 1 – point 3 a (new) – point a**

Directive 2013/34/EU

Article 19 – paragraph 1 – subparagraph 3

*Text proposed by the Commission*

*Amendment*

**(a) The third subparagraph of paragraph 1 is deleted;**

## **Amendment 37**

### **Proposal for a directive**

#### **Article 1 – point 3 a (new) – point b**

Directive 2013/34/EU

Article 19 – paragraphs 1 a to 1 d (new)

*Text proposed by the Commission*

*Amendment*

**(b) The following paragraphs are inserted:**

**'1a. For large undertakings whose average number of employees during the financial year exceeds 500, the review shall also include a non-financial statement containing information on the impact of the undertaking's activities relating to, as a minimum, environmental,**

*social and employee matters, including social dialogue, and respect for human rights, the fight against corruption and bribery, including:*

*(a) a description of the policy pursued by the undertaking in relation to those matters, including due diligence policies which have been implemented, in particular with regard to its supply and subcontracting chains;*

*(b) the results of those policies;*

*(c) significant incidents which occurred during the reporting period in relation to those matters;*

*(d) the principal risks related to those matters linked to the undertaking's activities, operations, products, services or business relationships which are likely to cause adverse impacts in those areas and the way in which the undertaking manages those risks.*

*To the extent necessary for an understanding of the undertaking's development, performance or position, the review shall also include:*

*(a) a description of the undertaking's commercial strategy,*

*(b) a description of the undertaking's business model.*

*Where the undertaking does not pursue policies in relation to one or more of those matters, the review shall provide a clear and duly justified explanation for not doing so.*

*Information relating to impending developments or matters in the course of negotiation need not be disclosed where, in the reasonable and duly justified opinion of the members of the administrative, management, and supervisory bodies:*

*(a) the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking;*

*(b) the non-disclosure of this information would not be likely to mislead the public.*

*Where, pursuant to this paragraph, the undertaking has not disclosed information, it shall provide a duly justified statement to this effect.*

*In providing the information required by the first subparagraph, the undertaking shall rely as minimum on the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework, the United Nations (UN) Global Compact, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy. The undertaking may additionally rely on other national, Union-wide or international frameworks, and, if so, it shall clearly specify which frameworks it has relied upon.*

*Ib. To the extent necessary for an understanding of the current and future development of the undertaking, its performance or position, or of the impact of its activity relating to the matters defined in paragraph 1, and for the transparency and comparability of the review, the analysis referred to in paragraph 1 shall include both financial and non-financial key performance indicators relevant to the particular business.*

*Ic. In providing the analysis referred to in paragraph 1, the management report shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.*

*Id. 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 as referred to in paragraphs 1a and 1b in order to assist undertakings in their reporting.*

*The guidelines shall contain sectoral key performance indicators (KPIs) relating to the matters on which information has to be provided. The KPIs developed in relation to environmental matters shall cover, as a minimum, land use, water use, greenhouse gas emissions and use of materials.*

*The Commission shall publish the guidelines 12 months after the entry into force of this Directive. It shall submit a report to the European Parliament and the Council on the development of the guidance, at the latest 24 months after the entry into force of this Directive.*

## **Amendment 38**

### **Proposal for a directive**

#### **Article 1 – point 3 a (new) – point c (new)**

Directive 2013/34/EU

Article 19 – paragraph 4

*Text proposed by the Commission*

*Amendment*

*(c) Paragraph 4 is replaced by the following:*

*'4. Where an undertaking prepares a comprehensive report corresponding to the same financial year which relies on national, Union-based or international frameworks and which covers the information provided for in paragraphs 1a, 1b or 1c in accordance with the specific rules laid down therein, it shall be exempt from the obligation to prepare the non-financial statement provided for in paragraph 1a, provided that such report forms part of the management report.'*

## **Amendment 39**

### **Proposal for a directive**

#### **Article 1 – point 3 a (new) – point d (new)**

Directive 2013/34/EU

Article 19 – paragraphs 4 a and 4 c (new)

*Text proposed by the Commission*

*Amendment*

*(d) The following paragraphs are added:*

*'4a. Member States may exempt public-interest entities from the obligation set out in the second subparagraph of Article 34(1) in so far as it relates to paragraph 1a.*

*4b. Member States may exempt small and medium-sized undertakings from the obligations set out in paragraph 1b and 1c in so far as they relate to non-financial information.*

*4c. An undertaking which is a subsidiary undertaking shall be exempt from the obligations laid down in paragraph 1a if that undertaking and its subsidiary undertakings are included in the consolidated financial statements and consolidated management report of another undertaking and that consolidated management report is drawn up in accordance with Article 29.*

*The persons conducting the audit shall check only whether the information referred to in paragraph 1(a) has been given.'*

## **Amendment 40**

### **Proposal for a directive**

#### **Article 1 – point 3 b (new) – introductory wording**

Directive 2013/34/EU

Article 20

*Text proposed by the Commission*

*Amendment*

*(3b) Article 20 is amended as follows:*

## Amendment 41

### Proposal for a directive

Article 1 – point 3 b (new) – point a

Directive 2013/34/EU

Article 20 – paragraph 1 – point f a (new)

*Text proposed by the Commission*

*Amendment*

***(a) In paragraph 1, the following point is added:***

***'(fa) a description of the undertaking's diversity policy for its administrative, management and supervisory bodies with regard to gender and other aspects such as age, disability, ethnic origin, educational and professional background, the objectives of the diversity policy, the way in which it has been implemented and the results in the reporting period. If the undertaking has no such policy, the statement shall contain an explanation as to why this is the case.'***

## Amendment 42

### Proposal for a directive

Article 1 – point 3 b (new) – point b

Directive 2013/34/EU

Article 20 – paragraph 3

*Text proposed by the Commission*

*Amendment*

***(b) Paragraph 3 is replaced by the following:***

***'3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f) and (fa) of paragraph 1 of this Article has been provided.'***

## **Amendment 43**

### **Proposal for a directive**

#### **Article 1 – point 3 b (new) – point c**

Directive 2013/34/EU

Article 20 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***(c) The following paragraph is added:***

***'4a. Notwithstanding Article 40, point (fa) of paragraph 1 of this Article shall not apply to small and medium-sized undertakings.'***

## **Amendment 44**

### **Proposal for a directive**

#### **Article 1 – point 3 c (new) – introductory wording**

Directive 2013/34/EU

Article 29

*Text proposed by the Commission*

*Amendment*

***(3c) Article 29 is amended as follows:***

## **Amendment 45**

### **Proposal for a directive**

#### **Article 1 – point 3 c (new) – point a**

Directive 2013/34/EU

Article 29 – paragraph 1a (new)

*Text proposed by the Commission*

*Amendment*

***(a) The following paragraphs are inserted:***

***'1a. For the purposes of paragraph 1, the review of the parent undertaking of a large group whose average number of employees during the financial year exceeds 500 shall also include a non-financial statement containing information on the impact of the undertaking's activities relating to, as a minimum, environmental, social and***



*employee matters, including social dialogue, and respect for human rights, the fight against corruption and bribery, including:*

*(a) a description of the policy pursued by the group in relation to those matters, including due diligence policies which have been implemented, in particular with regard to its supply and subcontracting chains;*

*(b) the results of those policies;*

*(ba) significant incidents which occurred during the reporting period in relation to those matters;*

*(c) the principal risks related to those matters linked to the group's activities, operations, products, services or business relationships which are likely to cause adverse impacts in those areas and how the group manages those risks.*

*Where the group does not pursue policies in relation to one or more of those matters, the review shall provide a clear and duly justified explanation for not doing so.*

*In providing the information required by the first subparagraph, the parent undertaking shall rely as minimum on the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework, the United Nations (UN) Global Compact, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy. The parent undertaking may additionally rely on other national, Union-wide or international frameworks and, if so, it shall clearly specify which frameworks it has relied upon.*

*1b. 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 as referred to in Article 19(1a) and (1b) in order to assist undertakings in their reporting.*

*The guidelines shall contain sectoral key performance indicators (KPIs) relating to the matters on which information has to be provided. The KPIs developed in relation to environmental matters shall cover, as a minimum, land use, water use, greenhouse gas emissions and use of materials.*

*The Commission shall publish the guidelines 12 months after the entry into force of this Directive. It shall submit a report to the European Parliament and the Council on the development of the guidance, at the latest 24 months after the entry into force of this Directive.*

#### **Amendment 46**

##### **Proposal for a directive**

**Article 1 – point 3 c (new) – point b**

Directive 2013/34/EU

Article 29 – paragraphs 3a and 3b (new)

*Text proposed by the Commission*

*Amendment*

*(b) The following paragraphs are added:*

*‘3a. For the purposes of paragraph 1, where a parent undertaking prepares a comprehensive report corresponding to the same financial year and referring to the entire group, relying on national, Union-based or international frameworks and covering the information provided for in paragraph 1a in accordance with the specific rules laid down therein, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement provided for in paragraphs 1a, 1b and 1c provided that such comprehensive report forms part of the consolidated management report.*

*3b. For the purposes of paragraph 1 of this Article, a parent undertaking which is also a subsidiary undertaking shall be exempt from the obligations laid down in paragraph 1a if the exempted undertaking and its subsidiaries are included in the consolidated financial statements and consolidated management report of another undertaking and that consolidated management report is drawn up in accordance with this Article.';*

#### **Amendment 47**

##### **Proposal for a directive**

##### **Article 1 – point 3 d (new)**

Directive 2013/34/EU

Article 48 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

*(3a) In Article 48, the following paragraph is inserted:*

*'The report shall consider the introduction of an obligation requiring large undertakings and all public-interest entities to publicly disclose, on an annual basis, a country-by-country report for each Member State and third country in which they operate, containing information on, as a minimum, profits made, taxes paid on profits and public subsidies received.'*

#### **Amendment 48**

##### **Proposal for a directive**

##### **Article 2**

Directive 83/349/EEC

Article 36

*Text proposed by the Commission*

*Amendment*

*Article 2*

*deleted*

*Amendments to Directive 83/349/EEC*

*Directive 83/349/EEC is amended as follows:*

*(1) Article 36 is amended as follows:*

*(a) Paragraph 1 is replaced by the following:*

*'1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.*

*The review shall analyse in a balanced manner the development and performance of the business and the position of the undertakings included in the consolidation taken as a whole, consistent with the size and complexity of the business.*

*For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including the following:*

- (i) a description of the policy pursued by the company in relation to these matters;*
- (ii) the results of these policies;*
- (iii) the risks related to these matters and how the company manages those risks.*

*Where the undertakings included in the consolidation taken as a whole do not pursue policies in relation to one or more of these matters, the company shall provide an explanation for not doing so.*

*In providing such information the consolidated annual report may rely on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.*

*To the extent necessary for an understanding of such development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.*

*In providing its analysis, the consolidated annual report shall, where appropriate, provide references to and additional explanations of amounts reported in the consolidated accounts. '*

*(b) The following paragraphs 4 and 5 are added:*

*'4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on national, EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report.*

*5. A parent undertaking which is also a subsidiary undertaking shall be exempt from the obligations set out in the third subparagraph of paragraph 1, if the exempted undertaking and its subsidiaries are consolidated in the financial statements and annual report of another undertaking, and that consolidated annual report is drawn up in accordance with the third subparagraph of paragraph 1. '*

*See amendments to Article 29 of Directive 2013/34/EU.*

## Amendment 49

### Proposal for a directive

#### Article 2 a (new) – point 1

Directive 2013/34/EU

Article 53 a (new)

*Text proposed by the Commission*

*Amendment*

**(1) The following Article 53a is inserted:**

**'Article 53a**

**Revision**

***No later than three years after the entry into force of this Directive, the Commission shall review its provisions and submit a report to the European Parliament and Council, accompanied, if appropriate, by legislative proposals concerning:***

- the non-financial information disclosed and its scope, including the coverage of the supply and subcontracting chains;***
- the transparency and comparability of the non-financial information provided by the undertakings and whether the aims of the legislation are being fulfilled;***
- whether adequate guidance and methods are provided and whether non-financial reporting would benefit from binding Union guidelines, including Union-wide key performance indicators (KPIs) in the matters on which information has to be provided;***
- 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;***
- the progress with non-financial reporting throughout the world.'***

## **Amendment 50**

### **Proposal for a directive**

#### **Article 4 – title**

*Text proposed by the Commission*

*Amendment*

Entry into force

Entry into force ***and consolidation***

## **Amendment 51**

### **Proposal for a directive**

#### **Article 4 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*. ***It shall be consolidated with the Directive which it amends within three months of its entry into force.***

#### *Justification*

*The consolidated versions of the amended directives should be made available and published promptly.*

## EXPLANATORY STATEMENT

### 1. Introduction.

1.1 What is the added value of the disclosure of non-financial and diversity information? The growing recognition of the ‘socially responsible’ role that can be played by business may be interpreted in various ways. On the one hand, the emergence of ‘global’ markets is encouraging the development of social and environmental standards by undertakings; on the other, an increasingly attentive and informed civil society is calling for more responsible behaviour from undertakings. This twin driving force behind the development of CSR is a reflection of the community of interests between business and society as a whole.

Corporate social responsibility is thus a key factor in competitiveness. This does not mean that all CSR measures will automatically make a business more competitive. It means that measures that create shared value for a business, its stakeholders and society at large can make that business stronger.

In this regard, greater transparency on non-financial aspects can help undertakings better to manage risks and become more competitive. At the same time, a more informed civil society is better able to assess and, accordingly, support, the business operations, products and services offered by an undertaking. Equally, potential investors can better determine the sustainability, and thus long-term profitability, of their investments.

Likewise, increased transparency and disclosure of diversity information can make it easier to forecast risks and increase the competitiveness of a business. As indicated by a solid body of research, more heterogeneous company boards have a positive impact on the business activities of an undertaking and on the far-sightedness of its policies.

### 1.2 The current situation and the need for clearer rules.

The disclosure of non-financial information by undertakings has, up to now, been regulated by the so-called Accounting Directives, which were recently recast into a single directive. Nationally, some Member States have adopted more stringent legislation, while several non-member states have introduced legislative provisions which, albeit to varying extents, lay down non-financial reporting requirements.

The proposal under consideration is, therefore, in line with international regulatory developments and with the ever-increasing need for greater transparency as regards non-financial information. Indeed, as highlighted in the assessment carried out by the Commission, only around 2 500 out of a total of 42 000 EU large companies formally disclose non-financial information on a yearly basis.

Obviously, the current situation does not meet the needs of internal and external business stakeholders. That is why a clearer, uniform set of rules is needed at EU level, to introduce requirements – restricted to a number of key issues – aiming to improve the quantity, quality and comparability of information.



### 1.3 The Commission proposal.

The proposal makes some changes to the Accounting Directive, requiring large undertakings and groups to provide a specific analysis relating to non-financial information. Such a statement, annexed to the management report, must contain key information relating to at least environmental, social and employee matters, respect for human rights and the fight against corruption. In addition, large listed companies will have to provide information on their diversity policy, including aspects concerning the age, gender, geographical diversity and educational and professional background of their staff.

The regulatory principle chosen is that of ‘comply or explain’. Accordingly, where a company does not pursue policies in relation to one or more of these matters, it will have to provide an explanation for not doing so.

## 2. The rapporteur’s view

### 2.1 Preliminary remarks

Broadly speaking, your rapporteur agrees with the Commission’s regulatory approach. This approach responds to the request of Parliament, which came out in favour of the adoption of a legislative proposal on non-financial reporting that would allow ‘high flexibility of action, in order to take account of CSR’s multi-dimensional nature and the diversity of the CSR policies implemented by businesses’ and that, at the same time, would provide ‘a sufficient level of comparability to meet the needs of investors and other stakeholders as well as the need to provide consumers with easy access to information on businesses’ impact on society’.

In view of these considerations, which identify two key principles for your rapporteur’s amendments, such as ‘flexibility’ and ‘comparability’, your rapporteur considers it necessary to clarify the value of the ‘comply or explain’ principle, in order to avoid any misunderstanding as to the binding nature of the provisions. This principle does not leave undertakings free to choose whether to disclose the information required by the legislation or to refrain from doing so. On the contrary, the proposal introduces a dual requirement for undertakings: on the one hand, they have to report on certain aspects (‘comply’), while, on the other, they have to provide an explanation should they fail to implement policies regarding one or more aspects (‘explain’).

### 2.2 Key changes made

Having made a series of technical amendments, to bring the text of the proposal into line with the substance of the new Accounting Directive, your rapporteur considers it appropriate to clarify some of the aspects of the legislation, in order to avoid any legal uncertainty and ensure that the provisions are interpreted in as uniform a manner as possible.

As regards matters relating to reporting, a new recital sets out the main issues to be reported on. Environmental information, for instance, will have to include greenhouse gas emissions, air pollution and the use of renewable energy. With reference to social and staff-related matters, the information should concern, amongst other things, the implementation of fundamental International Labour Organization (ILO) conventions, working conditions and social dialogue. Information relating to human rights and the fight against corruption,

however, will have to include at least data concerning the prevention of human rights infringements and explanations as to the tools used by the undertaking to combat corruption and bribery.

In keeping with the goal of clarifying the rules, some of the proposed amendments clarify the concept of 'risk'. In this regard, your rapporteur would propose linking that concept to the activities, operations, products or business relationships of undertakings, which are more likely to have adverse effects on the matters included in the reporting.

Your rapporteur is concerned about the adverse impact that risk reporting might have on the business and future development of an undertaking. Since such information is particularly sensitive, its disclosure could undermine the undertaking's business strategies and have a negative impact on competition dynamics. For this reason, your rapporteur proposes limiting the disclosure of information only to risks that are deemed to be 'principal', whilst giving the decision-making or supervisory bodies of an undertaking the option not to disclose information relating to risks or to negotiations under way, where such disclosure would seriously jeopardise the interests of the undertaking.

Your rapporteur is against any extension of reporting requirements to the supply and sub-contracting chain, or to the entire value chain. The proposal under consideration is, in fact, a first step towards greater constraints on undertakings as far as CSR is concerned, and as such, it should restrict itself to introducing primary obligations, which can be developed, if necessary, at a later stage once a prior analysis has been made of the impact of the new provisions.

Your rapporteur considers it possible and advisable, however, to extend the scope of the provisions to so-called due diligence processes, where these have been implemented by an undertaking in relation to disclosure-related matters. To that end, the draft report introduces an amendment, on the basis of which, as part of the description of the policy pursued in relation to the issues for which reporting is required, undertakings may refer to the due diligence processes they have implemented, where these exist.

Lastly, your rapporteur agrees with the Commission's decision to allow national, EU and international standards to be used flexibly in order to provide the information requested. That said, your rapporteur is of the view that in order to ensure greater comparability of information, as a general rule, the use of certain institutionally-recognised standards needs to be promoted.

### 3. Conclusions.

On 22 May 2013, in the context of the fight against tax evasion and tax fraud, the European Council, in its conclusions, called for rapid progress on 'the proposal amending the Directives on disclosure of non-financial and diversity information by large companies and groups, with a view to ensuring country-by-country reporting by large companies and groups'.

Your rapporteur agrees with the need highlighted by heads of state and government to implement more stringent policies to combat tax evasion, especially because of the transfer of capital to third countries, or so-called tax havens. Greater transparency in such matters could also increase consumer confidence in the operations of large undertakings and multinationals.

Equally, investors would have more information available in order to analyse the economic, political or reputation-related risks of undertakings, or to understand how solid a business is and whether it has a geographically diversified company portfolio so that it is better able to react to any economic shocks.

That said, your rapporteur is of the view that any legislative measures regarding such matters should take account of the diversity of sectors and legislations in which undertakings operate. In some legal systems, for example, certain information might fall under the definition of 'state secret' or 'trade secret', resulting in legal uncertainty for European undertakings operating in those countries. Equally, the disclosure of certain information that is commercially and economically sensitive (strategic information on contracts, levels of profitability, results, management, etc.) could put undertakings at a competitive disadvantage, or could call into question agreements or contracts drawn up with the tax authorities of third countries.

In the light of these considerations, your rapporteur undertakes to deal with the issue of country-by-country reporting in this legislative proposal by taking a sensible and meticulous approach to the matter, so that its benefits can be multiplied and its risks neutralised. Your rapporteur therefore proposes an amendment to Article 48 of Accounting Directive 2013/34, requiring the Commission to consider, when reviewing the provisions relating to payments to governments, introducing an obligation for large undertakings and public-interest entities to publish an annual 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.

28.11.2013

## OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Elmar Brok

### SHORT JUSTIFICATION

The Fourth Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies coordinates EU Member States' provisions regarding the annual accounts and annual reports of companies with limited liability. The current version of the Fourth Directive is the result of a series of amendments from 1983 to 2006.

The amendments presented in this opinion intend to supplement the information companies provide on the supply chain, and to ensure coherence between the definition given by the Fourth Directive to large companies and the related specific reporting requirements.

### AMENDMENTS

The Committee on Foreign Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

#### Amendment 1

##### Proposal for a directive Recital 6

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information

disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters.

disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters. ***It should also include companies' supply chains and their subcontractors in the case of major actors in these chains.***

## Amendment 2

### Proposal for a directive Recital 10

#### *Text proposed by the Commission*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ('SMEs'), to be reduced at both European and national levels and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the 'think-small-first' principle, the disclosure requirements under Directive 78/660/EEC and Directive 83/349/EEC should only apply to certain large undertakings and groups.

#### *Amendment*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ('SMEs'), to be reduced at both European and national levels, ***welcomed the intention of the Commission to propose ways of exempting micro-enterprises from certain regulations***, and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the 'think-small-first' principle, the disclosure requirements under Directive 78/660/EEC and Directive 83/349/EEC should only apply to certain large undertakings and groups.

## Amendment 3

### Proposal for a directive Recital 11

*Text proposed by the Commission*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total assets and turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds 500, and exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

*Amendment*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total assets and turnover. ***Micro-enterprises and*** SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds 500, and exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

**Amendment 4**

**Proposal for a directive  
Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) When adopting the criteria for determining which bodies are to be covered by the obligation to disclose non-financial information, differences in the levels of economic development in the individual Member States should be taken into account, and, as follows, that in order to achieve the same outcome from economic activity, different countries will require a different average number of employees. Therefore, when selecting criteria for determining which bodies are to be covered by these new reporting requirements, greater emphasis should be placed on the balance-sheet amount or on net turnover.***

**Amendment 5**

**Proposal for a directive  
Recital 16**

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, **disability**, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

**Amendment 6**

**Proposal for a directive**

**Article 1 - point 1 - point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – subparagraph 3 – indent iii

*Text proposed by the Commission*

(iii) the risks related to these matters and how the company manages those risks.

*Amendment*

(iii) the risks related to these matters, the risks related to the **company's activities, which are likely to cause, or have caused, adverse social, environmental and human rights impacts**, and how the company manages those risks.

*Justification*

*The Guiding Principles on Business and Human Rights state that businesses "seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services [...] even if they have not contributed to those impacts". To have an international level playing field and make possible a comparison between companies, a company should always use an EU or international framework instead of a local one.*

## Amendment 7

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3

#### *Text proposed by the Commission*

In providing such information the company may rely on national, EU-based or international frameworks ***and, if so, shall specify which frameworks it has relied upon.***

#### *Amendment*

In providing such information the company may rely on national, EU-based or international frameworks, ***such as: the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.***

***This provision shall apply without prejudice to the requirements of this Directive or to other European Union legislation or guidance containing more specific rules for companies' non-financial disclosure.***

***When providing such non-financial information, the company shall indicate which legal framework it has used.***

## Amendment 8

### Proposal for a directive

#### Article 1 – point 1 – point a



Directive 78/660/EEC  
Article 46 – paragraph 1 – point c

*Text proposed by the Commission*

To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

*Amendment*

To the extent necessary for an understanding of the company's development, performance or position, ***and human rights, social and environmental impacts***, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

## **Amendment 9**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c a (new)

*Text proposed by the Commission*

*Amendment*

***The European Commission shall develop guidance on the methodology and use of international standards and non-financial performance indicators in order to assist companies in their reporting.***

## **Amendment 10**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c b (new)

*Text proposed by the Commission*

*Amendment*

***The Commission shall publish the guidance and report to the European Parliament and Council on the development of guidance, at the latest 18 months after the adoption of the Directive.***

## **Amendment 11**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c c (new)

*Text proposed by the Commission*

*Amendment*

***The Commission shall establish an internal Non Financial Disclosure Guidance Board to support the implementation of non-financial reporting requirements and to involve stakeholders for the development of guidance on the methodology and use of international standards and non-financial performance indicators in a balanced and open way.***

## **Amendment 12**

### **Proposal for a directive**

#### **Article 1 - point 1 - point c**

Directive 78/660/EEC

Article 46 - paragraph 5 (new)

*Text proposed by the Commission*

*Amendment*

***'5. A company which is a subsidiary company shall be exempt from the obligations set out in paragraph 1(b), if the company and its subsidiaries are consolidated in the financial statements and annual report of another company and that consolidated annual report is drawn up in accordance with Article 36(1) of Directive 83/349/EEC.***

***deleted***

#### *Justification*

*A large company often consists of multiple companies; if a risk exists within the large company it should be clear in which subsidiary company this risk exists. An exclusion of the subsidiary companies from the obligations set out in paragraph 1(b) would diminish the necessary clarity.*

## Amendment 13

### Proposal for a directive

#### Article 1 – point 2 – point a

Directive 78/660/EEC

Article 46a – paragraph 1 – point g

#### *Text proposed by the Commission*

a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

#### *Amendment*

a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, **disability**, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

## Amendment 14

### Proposal for a directive

#### Article 2 – point 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3

#### *Text proposed by the Commission*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including the following:

#### *Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, **taking into account the company's complete supply chain**, including the following:

## Amendment 15

### Proposal for a directive

#### Article 2 – point 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – indent iii

#### *Text proposed by the Commission*

the risks related to these matters and how the company manages those risks.

#### *Amendment*

the risks related to these matters ***linked to the company's activities, which are likely to cause, or have caused, adverse social, environmental and human rights impacts,*** and how the company manages those risks.

## Amendment 16

### Proposal for a directive

#### Article 2 – point 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1

#### *Text proposed by the Commission*

In providing such information the company may rely on national, EU-based or international frameworks ***and, if so, shall specify which frameworks it has relied upon.***

#### *Amendment*

In providing such information the company may rely on national, EU-based or international frameworks, ***such as: the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.***

*This provision shall apply without prejudice to the requirements of this Directive or to other European Union legislation or guidance containing more specific rules for companies' non-financial disclosure.*

*When providing such non-financial information, the company shall indicate which legal framework it has used.*

## **Amendment 17**

### **Proposal for a directive Article 4 – paragraph 1**

#### *Text proposed by the Commission*

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

#### *Amendment*

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

*No later than [three years after adoption of this Directive], the Commission shall review the provisions in Article 46 and report to the European Parliament and Council accompanied by legislative proposals if appropriate, regarding:*

*- non-financial information disclosed in practice, including the coverage of the supply chain, whether this is effective, whether adequate guidance and methods are provided;*

*- progress with non-financial reporting across the world;*

*- the implementation of the UN “Protect, Respect and Remedy” Framework and its Guiding Principles as well as of the OECD Guidelines for Multinational Enterprises;*

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups	
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013	
<b>Opinion by</b> Date announced in plenary	AFET 12.9.2013	
<b>Rapporteur</b> Date appointed	Elmar Brok 27.11.2013	
<b>Previous rapporteur</b>	Thijs Berman	
<b>Discussed in committee</b>	26.9.2013	11.11.2013
<b>Date adopted</b>	26.11.2013	
<b>Result of final vote</b>	+: 25	–: 10
	0: 0	
<b>Members present for the final vote</b>	Pino Arlacchi, Elmar Brok, Jerzy Buzek, Mark Demesmaeker, Andrzej Grzyb, Richard Howitt, Anna Ibrisagic, Liisa Jaakonsaari, Jelko Kacin, Nicole Kiil-Nielsen, Andrey Kovatchev, Paweł Robert Kowal, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Marusya Lyubcheva, Francisco José Millán Mon, Annemie Neyts-Uyttebroeck, Pier Antonio Panzeri, Bernd Posselt, Hans-Gert Pöttering, Cristian Dan Preda, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, Werner Schulz, Davor Ivo Stier, Charles Tannock, Eleni Theocharous, Inese Vaidere, Nikola Vuljanić	
<b>Substitute(s) present for the final vote</b>	Kinga Gál, Marietje Schaake	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Maria Badia i Cutchet, Hiltrud Breyer, António Fernando Correia de Campos	

11.11.2013

## OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Judith Sargentini

### AMENDMENTS

The Committee on Development calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

#### Amendment 1

##### Proposal for a directive Title

*Text proposed by the Commission*

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

*Amendment*

DIRECTIVE OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL  
amending Council Directives 78/660/EEC  
and 83/349/EEC as regards disclosure of  
***financial***, non-financial and diversity  
information by certain large companies and  
groups

## Amendment 2

### Proposal for a directive Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) Increased transparency regarding the activities of large companies, and in particular regarding the name(s) of establishments, nature of activities and their geographical locations, turnover, number of employees on a full time equivalent basis, profits made, taxes on profit paid and subsidies received, is essential for ensuring the trust of EU citizens in companies. Mandatory reporting in this area can therefore be seen as an important element of the corporate responsibility of companies to stakeholders and society.***

## Amendment 3

### Proposal for a directive Recital 3 b (new)

*Text proposed by the Commission*

*Amendment*

***(3b) Sustainability reporting is a vital step for managing change towards a sustainable global economy, one that combines long term profitability with social justice and environmental protection. Transparency and accountability are now becoming an intrinsic part of the discussions on the post-2015 development agenda and the Sustainable Development Goals. As sustainability reporting helps to measure, monitor and manage performance and impacts, it offers an opportunity to further harness the capacity of the private sector to positively impact sustainable development.***



## Amendment 4

### Proposal for a directive

#### Recital 5

*Text proposed by the Commission*

(5) It is also necessary to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public by undertakings across the Union. Annual reports should give a fair and comprehensive view of an undertaking's policies, results, and risks.

*Amendment*

(5) It is also necessary to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public by undertakings across the Union. Annual reports should give a fair and comprehensive view of an undertaking's policies, results, and risks, ***as well as of the precise purpose of its social investments and those of its subsidiaries.***

## Amendment 5

### Proposal for a directive

#### Recital 6

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. ***Such*** statement should include a description of the policies, results, and the risks related to those matters.

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, ***anti-discrimination measures***, respect for human rights, anti-corruption and bribery matters. ***This*** statement should include a description of the policies ***and*** results and ***the precise purpose of social investments, as well as*** the risks related to those matters, ***including for the entire supply chain.***

## Amendment 6

### Proposal for a directive Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) The disclosure of non-financial information should be based on risk-based due diligence carried out by companies to identify, prevent and mitigate actual and potential adverse impacts, as appropriate, to the size of the companies, the nature and context of operations and the severity of the risks of adverse impacts. The principles of due diligence have been outlined in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework by which the Commission committed to abide.***

## Amendment 7

### Proposal for a directive Recital 6 b (new)

*Text proposed by the Commission*

*Amendment*

***(6b) Companies should provide detailed information on matters linked to the most important risks involving severe impacts, as well as detailed information on any severe impact that has materialised. The importance ascribed to a risk should depend on the likelihood of it materialising in combination with the severity of the potential impacts. Severity of impacts should be judged by their scale and gravity, the number of individuals impacted at present or in the future and any irremediable character, in the sense of any limits to restore those who have been or that which has been impacted to a***

*situation at least the same as, or equivalent to, the situation before an adverse impact.*

## **Amendment 8**

### **Proposal for a directive Recital 6 c (new)**

*Text proposed by the Commission*

*Amendment*

*(6c) More frequent references to existing sustainability and reporting frameworks, as well as the continuing emergence of new frameworks, stimulate the shift towards a sustainable global economy. Yet, with the global rise of sustainability reporting policies, including in developing countries, the alignment and harmonisation of frameworks become a growing challenge that should be addressed, given the risk of overlapping, conflicting, and even competing standards.*

## **Amendment 9**

### **Proposal for a directive Recital 6 d (new)**

*Text proposed by the Commission*

*Amendment*

*(6d) Social matters includes responsible behaviour on tax planning to ensure that a fair share of tax is paid in the right place and that aggressive tax avoidance is averted.*

## Amendment 10

### Proposal for a directive

#### Recital 7

*Text proposed by the Commission*

(7) In providing **this** information, companies may rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, **the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises**, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.

*Amendment*

(7) In providing information **on their compliance with rights and values protected by norms of international law, companies shall apply the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework and the OECD Guidelines for Multinational Enterprises**, companies may **also** rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and **other** international frameworks such as the United Nations (UN) Global Compact, the International Organisation for Standardisation (ISO) 26000 **standard**, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative **or on a set of quantifiable, sector-specific social criteria endorsed by the European Union under, for example, a ‘social labelling’ scheme.**

#### *Justification*

*A harmonised global framework for sustainability reporting is in the interest of companies operating in the global economy. The OECD Guidelines cover all major areas of business ethics. On 16 June 2011, following work of Prof John Ruggie, the UN Human Rights Council unanimously endorsed the Guiding Principles implementing the UN "Protect, Respect and Remedy' Framework". Given their comprehensive sustainability scope and their complementarities these two frameworks should be taken as the base of alignment and harmonisation of reporting.*

## **Amendment 11**

### **Proposal for a directive**

#### **Recital 7 a (new)**

*Text proposed by the Commission*

*Amendment*

***(7a) To the extent necessary for an understanding of the companies' human rights, social and environmental impacts, the annual reports shall include non-financial key performance indicators relevant to the particular business' sector. For environmental aspects, the non-financial indicators should include an assessment of green house gas emissions and the use of materials, water and land. This assessment should include an estimate of the use of these resources in the company's supply chain.***

*Justification*

*The European Commission endorsed these indicators in its Communication entitled "Roadmap to a Resource Efficient Europe" of 20th September 2011.*

## **Amendment 12**

### **Proposal for a directive**

#### **Recital 7 b (new)**

*Text proposed by the Commission*

*Amendment*

***(7b) In order to enhance consistency and comparability of non-financial information provided by companies, the Commission should develop guidance on the use of appropriate key performance indicators and resource measurement methodology and of the international frameworks, in particular as regards the corporate responsibility to respect rights and values protected by norms of international law.***

## **Amendment 13**

### **Proposal for a directive Recital 7 c (new)**

*Text proposed by the Commission*

*Amendment*

***(7c) Member States shall ensure that adequate and effective means exist to enforce full, accurate and credible disclosure of non-financial information by companies in compliance with the provisions of this Directive.***

## **Amendment 14**

### **Proposal for a directive Recital 8 a (new)**

*Text proposed by the Commission*

*Amendment*

***(8a) In line with the recommendations of the United Nations Environment Programme GEO-5 report, the integration of environmental, economic and social data should aim to provide a true assessment of environmental impact.***

## **Amendment 15**

### **Proposal for a directive Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***(9a) Investor access to non-financial information should also help to channel investment into undertakings with high social standards.***

## **Amendment 16**

### **Proposal for a directive Recital 9 b (new)**

*Text proposed by the Commission*

*Amendment*

***(9b) The disclosure of non-financial information should make it possible to implement a sustainable and inclusive investment strategy that includes a corporate social responsibility clause with concrete guidelines for investors, as well as an efficient assessment methodology for public authorities monitoring the social and environmental impact of the resulting investments;***

## **Amendment 17**

### **Proposal for a directive Recital 10 a (new)**

*Text proposed by the Commission*

*Amendment*

***(10a) The requirement to disclose non-financial information includes striking a balance between environmental results and social results, in order to ensure that such disclosure is in keeping with CSR principles and is not confined solely to environmental data.***

## **Amendment 18**

### **Proposal for a directive Recital 11**

*Text proposed by the Commission*

*Amendment*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total assets and turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds **500**, and exceed either

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total assets and turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds **250**, and exceed either

a balance sheet total of EUR **20** million or  
a net turnover of EUR **40** million.

a balance sheet total of EUR **17,5** million  
or a net turnover of EUR **35** million.

#### *Justification*

*The definition of large company should be interpreted in accordance with the existing definition in the 4th Accounting Directive under which a company is large if it has an average number of employees exceeding 250 and either a balance sheet exceeding €17.5 million or net turnover exceeding €35 million.*

### **Amendment 19**

#### **Proposal for a directive Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) The European Council of 22 May 2013 called for the mandatory introduction of country-by-country reporting for all large companies and groups as part of the revision of this Directive. Therefore, in order to provide for enhanced transparency of payments made to governments, large undertakings and public interest entities should disclose material payments made to governments in the countries in which they operate. Such disclosures should be published, where possible, as an annex to the annual financial statements or to the consolidated financial statements of the undertaking concerned.***

### **Amendment 20**

#### **Proposal for a directive Recital 11 b (new)**

*Text proposed by the Commission*

*Amendment*

***(11b) To mitigate aggressive tax planning and avoidance by EU undertakings, Member States should introduce general anti-avoidance rules (GAAR) in line with***



*the European Commission  
Recommendation on Aggressive Tax  
Planning on the 12th December 2012 and  
the OECD Progress Report to the G20 on  
5th September 2013. Furthermore, large  
undertakings in the Union should also  
make public a report on their aggressive  
tax planning systems, including other  
relevant information.*

## **Amendment 21**

### **Proposal for a directive Recital 14 a (new)**

*Text proposed by the Commission*

*Amendment*

*(14a) The requirement to disclose non-financial information calls for the setting up of EU-approved rating agencies to check, wherever necessary, the accuracy of the information disclosed.*

## **Amendment 22**

### **Proposal for a directive Recital 15 a (new)**

*Text proposed by the Commission*

*Amendment*

*(15a) The supply chain of an undertaking can become disconnected from source and liability and can therefore pose significant risks not only to the undertakings themselves, but also to the wider society as a result of their business operations. It is therefore important that undertakings perform due diligence on their supply chains, including where they use sub-contractors and that these particular policies are disclosed in order to mitigate such risks and inform stakeholders of the assessments they have undertaken.*

## Amendment 23

### Proposal for a directive Recital 16

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to ***aspects such as age, gender, geographical diversity, educational and professional background*** should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

## Amendment 24

### Proposal for a directive Recital 17 a (new)

*Text proposed by the Commission*

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to ***Article 21 of the Charter of Fundamental Rights and Article 19 of the TFEU*** should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

***(17a) Non-financial information disclosure could be included among the contract award criteria when the Public Procurement Directive is next revised.***

## Amendment 25

### Proposal for a directive

#### Article 1 – paragraph 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1

#### *Text proposed by the Commission*

(b) For companies whose average number of employees during the financial year exceeds **500** and, on their balance sheet dates, exceed either a balance sheet total of EUR **20** million or a net turnover of EUR **40** million, the review shall also include a non-financial statement containing information relating to **at least** environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:

#### *Amendment*

(b) For companies whose average number of employees during the financial year exceeds **250** and, on their balance sheet dates, exceed either a balance sheet total of EUR **17,5** million or a net turnover of EUR **35** million, the review shall also include a non-financial statement containing information relating **equally** to environmental, social and employee matters, **anti-discrimination measures**, respect for human rights, anti-corruption and bribery matters, **taking into account the company's complete supply chain**, including:

## Amendment 26

### Proposal for a directive

#### Article 1 – paragraph 1 – point a

Directive 787/660/CEE

Article 46 – paragraph 1 – point b – subpoint i a (new)

#### *Text proposed by the Commission*

#### *Amendment*

**(ia) The precise purpose of social investments.**

## Amendment 27

### Proposal for a directive

#### Article 1 – paragraph 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subpoint iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iii) a description of the company's due diligence policy for its administrative, management and supervisory bodies with regard to its supply chains and sub-contractors at least in the areas relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery. The description should also include the objectives of this due diligence policy, how it has been implemented and the results in the reporting period.*

## **Amendment 28**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subpoint iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iii) an analysis of resource use, including at least land use, water use, green house gas emissions and use of materials.*

### *Justification*

*Environmental information disclosure can support environment protection, if stakeholders receive relevant, accurate and comparable information. Creating a level playing field between companies entails establishing a minimum common denominator of reporting. In the 2011 Resource Efficiency Roadmap, the European Commission proposed the use of four key indicators - water, land, materials and carbon - for measuring resource use. These indicators were endorsed by the EP as well as the European Resource Efficiency Platform. They should be included in the scope of this directive.*

## **Amendment 29**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 2

*Text proposed by the Commission*

Where a company does not pursue policies in relation to one or more of these matters, it shall provide **an** explanation for not doing so.

*Amendment*

Where a company does not pursue policies in relation to one or more of these matters, it shall provide **a reasoned** explanation **based on assessment of risks** for not doing so.

*Justification*

*Disclosure of non-financial information is a vital means for improving responsible business practice and for managing change towards a sustainable global economy, one that combines long term profitability with social justice and environmental protection. The option to "explain" should enable users of the reporting to understand how companies perceive and assess risks in their own strategies.*

**Amendment 30**

**Proposal for a directive**

**Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3

*Text proposed by the Commission*

In providing such information **the** company may rely on **national**, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.

*Amendment*

In providing such information, **the company shall take into account its responsibility to respect rights and values protected by norms of international law. In this respect the company shall apply the Guiding Principles on Business and Human Rights implementing the United Nations “Protect, Respect and Remedy” Framework and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. The company may, in addition,** rely on EU-based or international frameworks **or on a set of quantifiable, sector-specific social criteria endorsed by the European Union under, for example, a ‘social labelling’ scheme,** and, if so, shall specify which frameworks it has relied upon. **This provision shall apply without prejudice to the requirements of this Directive or to other European Union legislation or guidance containing more**

*specific rules for companies' non-financial disclosure.*

## **Amendment 31**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c

#### *Text proposed by the Commission*

(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

#### *Amendment*

(c) To the extent necessary for an understanding of the company's development, performance or position, ***and human rights, social and environmental impacts***, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

## **Amendment 32**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***(ca) The European Commission shall develop guidance on the methodology and use of international standards and non-financial performance indicators, as referred to in Article 46.1 in order to assist companies in their reporting.***

***The Commission shall publish the guidance. It shall submit a report to the European Parliament and the Council on the development of the guidance, at the latest 18 months after the adoption of the Directive.***

#### *Justification*

*In order to optimise corporate sustainability reporting, the Commission should provide on-*

*going guidance on appropriate key performance indicators and resource measurement methodology, while reflecting upon the use of international standards.*

### **Amendment 33**

#### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c b (new)

*Text proposed by the Commission*

*Amendment*

***(cb) The Commission shall establish a Non Financial Disclosure Guidance Board to support the implementation of non-financial reporting requirements and to involve stakeholders for the development of guidance on the methodology and use of international standards and non-financial performance indicators, as referred to in Article 46.1, in a balanced and open way.***

### **Amendment 34**

#### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 2 – point a**

Directive 78/660/EEC

Article 46a – point 1(g)

*Text proposed by the Commission*

*Amendment*

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to ***aspects such as age, gender, geographical diversity, educational and professional background***, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to ***Article 21 of the Charter of Fundamental Rights and Article 19 of the TFEU***, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

## **Amendment 35**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 2 – point a**

Directive 78/660/EC

Article 46a – paragraph 1 – point c a (new)

*Text proposed by the Commission*

*Amendment*

*The following point (ca) is added:*

*(c a) In order to assess the proportionality of tax reduction methods employed by an undertaking, a description of the undertaking's tax planning arrangements should be specified which at least include:*

*(i) aggressive tax planning arrangements including the general substance of advice received;*

*(ii) transfer pricing arrangements and whether the transfer prices have been agreed by the revenue authorities in each of the countries concerned;*

*(iii) permanent establishment decisions and a list of countries where the undertaking trades without having a permanent establishment;*

*(iv) base erosion methods via interest deduction, royalties and other financial payments, including where brands are developed, where they are paid for by subsidiaries and whether they are owned by the parent company in their main operating base or if not, where domiciled for tax purposes;*

*(v) where research and development takes place and how this is recovered from subsidiaries.*

## **Amendment 36**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point a**

Directive 83/349/CEE

Article 36 – paragraph 1 – subparagraph 1



*Text proposed by the Commission*

The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

*Amendment*

The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, ***including the entire supply chain.***

**Amendment 37**

**Proposal for a directive**

**Article 2 – paragraph 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3

*Text proposed by the Commission*

For parent undertakings of undertakings to be consolidated that together exceed an average number of **500** employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR **20** million or a net turnover of EUR **40** million, the review shall also include a non-financial statement containing information relating to ***at least*** environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including the following:

*Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of **250** employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR **17,5** million or a net turnover of EUR **35** million, the review shall also include a non-financial statement containing information relating ***equally*** to environmental, social and employee matters, ***anti-discrimination measures***, respect for human rights, anti-corruption and bribery matters, ***taking into account the company's complete supply chain***, including the following:

*Justification*

*The definition of large company should be interpreted in accordance with the existing definition in the 4th Accounting Directive under which a company is large if it has an average number of employees exceeding 250 and either a balance sheet exceeding €17.5 million or net turnover exceeding €35 million. A report on non-financial matters and the risk relating to them is not complete without relevant information regarding the entire supply chain.*

## Amendment 38

### Proposal for a directive

#### Article 2 – paragraph 1 – point a

Directive 83/349/CEE

Article 36 – paragraph 1 – subparagraph 4 – point i a (new)

*Text proposed by the Commission*

*Amendment*

***(ia) The precise purpose of social investments.***

## Amendment 39

### Proposal for a directive

#### Article 2 – paragraph 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4 – point (iii)

*Text proposed by the Commission*

*Amendment*

(iii) the risks related to these matters and how the company manages those risks

(iii) the risks related to these matters ***linked to the company's operations which are likely to cause, or have caused, severe adverse social, environmental or human rights impacts***, and how the company manages those risks

### *Justification*

*The concept of risk has several aspects. The company faces some risks while it may pose other risks to society. These last risks can, in turn, also pose risks to the company. In line with the OECD Guidelines for Multinational Enterprises and the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, all aspects of risk need to be incorporated into reporting in order for the proposal to achieve its goals.*

## Amendment 40

### Proposal for a directive

#### Article 2 – paragraph 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4 – point iii a (new)

*Text proposed by the Commission*

*Amendment*

***(iiia) a description of the group's due***

*diligence policy for its administrative, management and supervisory bodies with regard to its supply chains and sub-contractors at least in the areas relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery. The description should also include the objectives of this due diligence policy, how it has been implemented and the results in the reporting period.*

## **Amendment 41**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4 – point iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iiia) an analysis of resource use, including at least land use, water use, green house gas emissions and use of materials;*

#### *Justification*

*Environmental information disclosure can support environment protection, if stakeholders receive relevant, accurate and comparable information. Creating a level playing field between companies entails establishing a minimum common denominator of reporting. In the 2011 Resource Efficiency Roadmap, the European Commission proposed the use of four key indicators - water, land, materials and carbon - for measuring resource use. These indicators were endorsed by the EP as well as the European Resource Efficiency Platform. They should, accordingly, be included in the scope of this directive.*

## **Amendment 42**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

*Amendment*

Where the undertakings included in the consolidation taken as a whole do not

Where the undertakings included in the consolidation taken as a whole do not

pursue policies in relation to one or more of these matters, the company shall provide **an** explanation for not doing so.

pursue policies in relation to one or more of these matters, the company shall provide **a reasoned** explanation **based on assessment of risks** for not doing so.

#### *Justification*

*Disclosure of non-financial information is a vital means for improving responsible business practice and for managing change towards a sustainable global economy, one that combines long term profitability with social justice and environmental protection. The option to "explain" should enable users of the reporting to understand how companies perceive and assess risks in their own strategies.*

### **Amendment 43**

#### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 5

#### *Text proposed by the Commission*

In providing such information the consolidated annual report may rely on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.

#### *Amendment*

In providing such information, **the company shall take into account its responsibility to respect rights and values protected by norms of international law. In this respect the company shall apply the Guiding Principles on Business and Human Rights implementing the United Nations' "Protect, Respect and Remedy" Framework and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. In addition,** the consolidated annual report may rely on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon. **This provision shall apply without prejudice to the requirements of this Directive or to other European Union legislation or guidance containing more specific rules for companies' non-financial disclosure.**

#### *Justification*

*A harmonised global framework for sustainability reporting is in the interest of companies operating in the global economy. The OECD Guidelines cover all major areas of business*

*ethics. On 16 June 2011, following work of Prof John Ruggie, the UN Human Rights Council unanimously endorsed the Guiding Principles implementing the UN "Protect, Respect and Remedy' Framework". Given their comprehensive sustainability scope and their complementarities these two frameworks should be taken as the base of alignment and harmonisation of reporting.*

## **Amendment 44**

### **Proposal for a directive**

#### **Article 2 a (new)**

Directive 2013/34/EU

Chapter 10 – Article 41 – paragraph 6

*Text proposed by the Commission*

*Amendment*

#### **2a. Amendments to Directive 2013/34/EU (Country-By-Country Reporting)**

**Directive 2013/34/EU is amended as follows:**

**(1) The following paragraph 6 is added to Chapter 10, Article 41:**

**6. "Country-by-country report" means the following financial information, to be provided by an undertaking as defined in Article 2, paragraph 1(a), (b), and (c) and Article 3, paragraph 4 for each Member State and third country in which it operates:**

**a) name(s), nature of activities and geographical location;**

**b) turnover;**

**c) number of employees on a full time equivalent basis;**

**d) profit or loss before tax;**

**e) tax on profit or loss;**

**f) public subsidies received;**

**(2) Chapter 10, Article 42, paragraph 1 and 2 are amended as follows:**

#### **Article 42**

**Undertakings required to report on payments to governments and produce a country-by-country report**

***1. Member States shall require large undertakings and all public-interest entities active in the extractive industry or the logging of primary forests to prepare and make public a report on payments made to governments on an annual basis. Member States shall also require large undertakings and all public-interest entities to publicly disclose annually a country-by-country report on a consolidated basis for the financial year.***

***2. These obligations shall not apply to any undertaking governed by the law of a Member State which is a subsidiary or parent undertaking, where both of the following conditions are fulfilled:***

***(a) the parent undertaking is subject to the laws of a Member State; and***

***(b) the payments to governments and the country-by-country report made by the undertaking are included in the consolidated report on payment to governments drawn up by that parent undertaking in accordance with Article 39.***

***(3) The following paragraphs 3 and 4 are added:***

***3. The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the company/undertaking concerned.***

***4. The Commission shall conduct a general assessment report as regards potential economic consequences of the public disclosure of the country-by-country report, including the impact on competitiveness and investment and may consider making this information available to the competent tax authorities only in the case of a negative assessment. The Commission shall submit its report to the Council and the European Parliament***

by 31 December 2015.

## **Amendment 45**

### **Proposal for a directive**

#### **Article 2 a (new)**

Directive 2013/34/EU

Article 50a (new)

*Text proposed by the Commission*

*Amendment*

**(2) The following Article is inserted:**

**"Article 50a**

#### ***Monitoring and enforcement***

***1. Member States shall ensure that adequate and effective means exist to monitor and enforce the disclosure of non-financial information by companies in compliance with the provisions of this Directive***

***2. Member States shall ensure that judicial and/or administrative procedures for the enforcement of obligations under this Directive are available to all persons, including legal entities, who have in accordance with the criteria laid down by their national law, a legitimate interest in ensuring that the provisions of this Directive are complied with."***

## **Amendment 46**

### **Proposal for a directive**

#### **Article 2 a (new)**

Directive 2013/34/EU

Article 53a (new)

*Text proposed by the Commission*

*Amendment*

**(3) The following Article is inserted:**

**"Article 53a**

#### ***Revision***

***No later than [three years after adoption of this Directive], the Commission shall***

*review the provisions in [Article 46 of Directive 78/660/EEC, amended by the present Commission proposal and to be integrated in Directive 2013/34/EU, new reference not yet known] and submit a report to the European Parliament and Council, accompanied by legislative proposals if appropriate, regarding:*

*- the non-financial information disclosed and its scope, including the coverage of the supply chain, whether adequate guidance and methods are provided and whether the aims of the legislation are being fulfilled;*

*- the progress with non-financial reporting across the world;*

*- the implementation of the UN “Protect, Respect and Remedy” Framework and its Guiding Principles as well as of the OECD Guidelines for Multinational Enterprises;*

*- the use of indicators for land use, water use, greenhouse gas emissions, and use of materials; and*

*- the effectiveness of existing verification and enforcement mechanisms.”*



## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013
<b>Opinion by</b> Date announced in plenary	DEVE 12.9.2013
<b>Rapporteur</b> Date appointed	Judith Sargentini 28.5.2013
<b>Discussed in committee</b>	14.10.2013
<b>Date adopted</b>	5.11.2013
<b>Result of final vote</b>	+: 24 -: 1 0: 1
<b>Members present for the final vote</b>	Thijs Berman, Corina Crețu, Véronique De Keyser, Nirj Deva, Leonidas Donskis, Charles Goerens, Mikael Gustafsson, Eva Joly, Miguel Angel Martínez Martínez, Gay Mitchell, Bill Newton Dunn, Andreas Pitsillides, Jean Roatta, Birgit Schnieber-Jastram, Alf Svensson, Ivo Vajgl, Daniël van der Stoep, Anna Záborská, Iva Zanicchi
<b>Substitute(s) present for the final vote</b>	Eduard Kukan, Isabella Lövin, Cristian Dan Preda, Judith Sargentini
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Iratxe García Pérez, María Muñoz De Urquiza, Bogusław Sonik

11.12.2013

## OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Sharon Bowles

### SHORT JUSTIFICATION

The legislative proposal put forward by the Commission revises the recently ratified 2013 Accounting Directive whereby they are seeking to strengthen the existing language in the corporate governance statement regarding the disclosure of non-financial information, relating to at least environmental, social, and employee-related matters, respect of human rights, anti-corruption, bribery and diversity.

Your rapporteur commends the Commission in seeking to improve transparency in the information provided by large companies in the EU, despite it having come after the recent ratification of the Accounting Directive, and suggests further improvements to the Commission's text.

#### **Country-by-country Reporting**

In light of Commissioner Barnier's<sup>1</sup> comments and the European Council conclusions in May of this year<sup>2</sup>, this revision of the 2013 Accounting Directive should also include mandatory country-by-country reporting (CBCR) for all large EU companies in order to ensure a level playing field amongst European firms and investors. CBCR should also be defined properly, so as to reduce confusion regarding its meaning and how it should be used. The information provided within it should be audited, as it is in the Capital Requirements Directive (CRDIV) for banks.

#### **Due diligence requirements**

Greater transparency in the information that companies compile in their annual accounts leads to better corporate practices and sustainability. Building on the Commission's requirements

---

<sup>1</sup> See Commissioner Barnier's statement on the 12<sup>th</sup> June 2013 here: [http://ec.europa.eu/commission\\_2010-2014/barnier/headlines/speeches/2013/06/20130612\\_en.htm](http://ec.europa.eu/commission_2010-2014/barnier/headlines/speeches/2013/06/20130612_en.htm)

<sup>2</sup> See here: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/137197.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137197.pdf)

for EU companies to detail their environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters; EU companies should also have in place robust due-diligence policies for the supply chain in each of these areas so as to mitigate risks not only to the companies themselves but also to the member state or third country in which the company operates. This has become more relevant in light of recent supply chain scandals such as the meat adulteration scandal and the Savar building collapse in Bangladesh - both of which occurred this year.

### **Tax planning arrangements**

Aggressive tax planning has a detrimental effect on the internal market as well as Member State's tax base.

The rapporteur has therefore put forward two proposals in order to mitigate the proliferation of these elaborate tax planning structures. The first is to require greater transparency for investors, by asking large EU companies to disclose their tax planning arrangements and the general substance of tax advice they receive from consultancy firms and the second is to encourage member states to implement General Anti-Avoidance Rules (GAAR) in line with the European Commission's recommendations on the 6th December 2012<sup>1</sup>

### **Scope**

The scope of this proposal has been tightened so that all companies which have a balance sheet of €20 Million or turnover of at least €40 Million after tax contributions should provide the required non-financial information, regardless of how many people they employ. The reason for this is that some companies can significantly impact the countries in which they operate, even if they employ a smaller number of people relative to their financial size, and so they should not be exempt.

### **Existing Frameworks**

The proposal references international, European and National frameworks and guidelines that EU companies can use to direct their non-financial disclosures. Your rapporteur would like to see certain frameworks used by companies as a base-line set of guidelines.

There should still be flexibility for companies to go further than the recommended guidelines specify but they should be used where possible as a minimum set of guidelines nonetheless.

### **Audit requirements**

Your rapporteur commends the inclusion by the Commission of the required non-financial reporting policies being part of the management report.

The Country-by-country report should be audited in order to promote greater trust from European investors but also to ensure greater consistency with the CBCR requirements for banks in Capital Requirements Directive (CRDIV).

### **Special responsibility of Financial Institutions**

As this is an ECON opinion, it is important to recognise that the financial system, and the institutions that play an integral part in it, have an all pervasive and unique effect on society as a whole.

Financial institutions, therefore, have a duty of care to ensure that their governance and codes of ethics are in sync with this position and should prepare, and make public, a 'Special Responsibility Report' which includes information on how they recognise their special responsibility in staff training, the systems they may have for regulatory arbitrage and their alert mechanisms.

---

<sup>5</sup>See here:

[http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/tax\\_fraud\\_evasion/c\\_2012\\_8806\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/tax_fraud_evasion/c_2012_8806_en.pdf)

## AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a directive

##### Title 1

*Text proposed by the Commission*

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  
(Text with EEA relevance)

*Amendment*

Proposal for a  
DIRECTIVE OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL  
amending *Directive 2013/34/EU* as regards  
disclosure of *financial*, non-financial and  
diversity information by certain large  
*undertakings* and groups  
(Text with EEA relevance)

### Amendment 2

#### Proposal for a directive

##### Recital 1

*Text proposed by the Commission*

(1) In its Communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled 'Single Market Act Twelve levers to boost growth and strengthen confidence 'Working together to create new growth',<sup>9</sup> adopted on 13 April 2011, the Commission identifies the need to improve the transparency of the social and environmental information provided by *companies* in all sectors, in order to ensure a level playing field.

---

<sup>9</sup> COM(2011) 206 final of 13 April 2011.

*Amendment*

(1) In its Communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled 'Single Market Act Twelve levers to boost growth and strengthen confidence 'Working together to create new growth',<sup>9</sup> adopted on 13 April 2011, the Commission identifies the need to improve the transparency of the social and environmental information provided by *undertakings* in all sectors, in order to ensure a level playing field.

---

<sup>9</sup> COM(2011) 206 final of 13 April 2011.

### Amendment 3

#### Proposal for a directive Recital 2

*Text proposed by the Commission*

(2) The necessity to improve **company** disclosure of social and environmental information, by presenting a legislative proposal in this field, was reiterated in the Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled 'A renewed EU strategy 2011-14 for Corporate Social Responsibility'<sup>10</sup> adopted on 25 October 2011.

---

<sup>10</sup> COM(2011) 681 final of 25 October 2011.

*Amendment*

(2) The necessity to improve **undertakings'** disclosure of social and environmental information, by presenting a legislative proposal in this field, was reiterated in the Communication from the Commission to the European Parliament, the Council, the **European** Economic and Social Committee and the Committee of the Regions entitled "A renewed EU strategy 2011-14 for Corporate Social Responsibility"<sup>10</sup> adopted on 25 October 2011.

---

<sup>10</sup> COM(2011) 681 final of 25 October 2011.

### Amendment 4

#### Proposal for a directive Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) Due to their dominant nature of the financial system on the economy and society, financial institutions have a duty of care and special responsibility to the financial system and its effect on society. This special responsibility is analogous to the behavioural special responsibility of a dominant company, even if such dominance is not present in terms of a competition policy analysis. In recognition of this, financial institutions should produce a 'Special Responsibility' report, made available to the public, that specifies the procedures that they have in place to address these considerations.***

## Amendment 5

### Proposal for a directive Recital 3 b (new)

*Text proposed by the Commission*

*Amendment*

***(3b) Regarding the activities of large companies increased transparency is essential for ensuring the trust of EU citizens in companies. This in particular regarding name(s) of establishments, nature of activities, geographical location, turnover, number of employees on a full time equivalent basis, profits made, taxes on profit paid and subsidies received. Mandatory reporting in this area can therefore be seen as an important element of the corporate responsibility of companies to investors, stakeholders and society.***

## Amendment 6

### Proposal for a directive Recital 4

*Text proposed by the Commission*

*Amendment*

(4) The coordination of national provisions concerning the disclosure of non-financial information in respect of large undertakings with limited liability is of importance for the interests of **companies**, shareholders and other stakeholders alike. Coordination is necessary in those fields because most of these undertakings operate in more than one Member State.

(4) The coordination of national provisions concerning the disclosure of non-financial information in respect of large undertakings with limited liability is of importance for the interests of **undertakings**, shareholders and other stakeholders alike. Coordination is necessary in those fields because most of these undertakings operate in more than one Member State.

## Amendment 7

### Proposal for a directive Recital 4 a (new)

***(4a) Evidence is showing that disclosing of non-financial information improves companies' management systems and internal policy, and thereby reducing the negative social, environmental and human rights impacts caused by their activities. Evidence also shows that companies which conduct a proper analyse and disclose of non-financial information increase their competitiveness, benefit from cost savings, easier access to capital, improved performance on financial markets, improves their stability in the market and reduces possibilities of harm.***

## **Amendment 8**

### **Proposal for a directive**

#### **Recital 5**

*Text proposed by the Commission*

(5) It is also necessary to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public by undertakings across the Union. **Annual** reports should give a fair and comprehensive view of an undertaking's policies, results, and risks.

*Amendment*

(5) It is also necessary to establish a certain minimum legal requirement as regards the extent of the information that should be made available to the public **and other authorities** by undertakings across the Union. **Management** reports should give a fair and comprehensive view of an undertaking's policies, results, and risks.

## **Amendment 9**

### **Proposal for a directive**

#### **Recital 6**

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, **companies** should be required to include in their annual report a non-financial statement

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, **undertakings** should be required to include in their **management report and annual**

containing information relating to at least environmental matters, social and **employee-related** matters, respect for human rights, anti-corruption and bribery matters. Such statement should **include** a description of the policies, results, **and the** risks related to those matters.

**reports as required**, a non-financial statement containing information relating to at least environmental matters, **gender equality**, social and **employment-related** matters, respect for human rights, anti-corruption and bribery matters. Such statement should **refer to the company's supply chains, subcontractors and business relationships**. **The statement should include** a description of the policies **and results as well as an assessment of all current and potential** the risks related to those matters, **taking into account the companies' complete supply chain**.

## Amendment 10

### Proposal for a directive Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

**(6a) The disclosure of non-financial information should be on a risk-based due diligence by the company to identify, prevent and mitigate actual and potential adverse impacts, the nature and context of operations and the severity of the risks of adverse impacts as appropriate to the company size. The principles of due diligence have been outlined in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights implementing the UN "Protect, Respect and Remedy" Framework to which the Commission committed to abide by.**

## Amendment 11

### Proposal for a directive Recital 6 b (new)



*Text proposed by the Commission*

*Amendment*

***(6b) Social matters include responsible behaviour on tax planning to ensure that a fair share of tax is paid in the right place and that aggressive tax avoidance is averted.***

## **Amendment 12**

### **Proposal for a directive Recital 6 c (new)**

*Text proposed by the Commission*

*Amendment*

***(6c) In order to increase transparency, the Commission should introduce country-by-country reporting for large undertakings, groups and public interest entities operating cross-border and in all sectors, enhancing the transparency of payments transactions – by requiring disclosure of information such as the nature of the company's activities and its geographical location, turn-over, number of employees on a full-time equivalent basis, profit or loss before tax, tax on profit or loss, and public subsidies received on a country-by-country basis on the trading of a group as a whole – in order to monitor respect for proper transfer pricing rules.***

## **Amendment 13**

### **Proposal for a directive Recital 6 d (new)**

*Text proposed by the Commission*

*Amendment*

***(6d) Any incidents of note, both at company and supply chain level, during the corresponding reporting period should be duly disclosed and reported in***

*accordance to verifiable national and European standards.*

## **Amendment 14**

### **Proposal for a directive Recital 6 e (new)**

*Text proposed by the Commission*

*Amendment*

*(6e) References to existing sustainability and reporting framework and continuing emergence of new frameworks, stimulates the shift towards a sustainable growth of the global economy. With the global rise of sustainability in reporting policies, the alignment and harmonisation of frameworks becomes a growing challenge to address given the risk of conflicting, misleading and competing standards. This should ensure a possibility for the investors and society as such, to have a possibility to assess and compare company non-financial information, and to avoid distorting of competition hence to growing conciseness in society of fair trade and sustainable growth.*

## **Amendment 15**

### **Proposal for a directive Recital 7**

*Text proposed by the Commission*

*Amendment*

(7) In providing *this* information, *companies may rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact*, the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, *the*

(7) In providing *non-financial* information *on their compliance with rights and values protected by norms of international law companies shall apply* the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework *and the OECD Guidelines for Multinational Enterprises, companies may also rely on national frameworks, EU-based frameworks such*

**Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises**, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.

**as the Eco-Management and Audit Scheme (EMAS), and other international frameworks such as the United Nations (UN) Global Compact**, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative. **Companies should specify which frameworks they have relied on.**

## **Amendment 16**

### **Proposal for a directive Recital 7 a (new)**

*Text proposed by the Commission*

*Amendment*

**(7a) When disclosing non-financial information, undertakings should clearly state which frameworks and/or guidelines were used in the compilation of such information.**

## **Amendment 17**

### **Proposal for a directive Recital 7 b (new)**

*Text proposed by the Commission*

*Amendment*

**(7b) Member States should ensure that adequate and effective means exist to enforce full, accurate and credible disclosure of non-financial information by companies in compliance with this Directive.**

## **Amendment 18**

### **Proposal for a directive Recital 8**

*Text proposed by the Commission*

(8) Paragraph 47 of the final declaration of the United Nations Rio +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages *companies*, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.

---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

*Amendment*

(8) Paragraph 47 of the final declaration of the United Nations RIO +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages *undertakings*, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.

---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

## **Amendment 19**

### **Proposal for a directive Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***(9a) In addition to non-financial disclosures encouraged at European level, international efforts to improve transparency in financial reporting have been noted. Country by country reporting has been legislated for in the extractives sector by both the EU and the US, while within the context of the G8 and G20, which includes four EU Member States and involves the European Commission, the OECD has been asked to draw up a standardised reporting template for multinationals to report to tax authorities where they make their profits and pay***

*taxes around the world. Such developments complement the proposals contained in this Directive, as appropriate measures for their respective purposes and levels, be they national, pan-European or international in scale and possible risk.*

## Amendment 20

### Proposal for a directive Recital 10

#### *Text proposed by the Commission*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ('SMEs'), to be reduced at both European and national levels and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the 'think-small-first' principle, the disclosure requirements under Directive **78/660/EEC** and Directive **83/349/EEC** should only apply to certain large undertakings and groups.

#### *Amendment*

(10) The European Council of 24 and 25 March 2011 called for the overall regulatory burden, in particular for small and medium-sized enterprises ("SMEs"), to be reduced at both European and national levels and suggested measures to increase productivity while the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to improve the business environment for SMEs and to promote their internationalisation. Thus, according to the "think-small-first" principle, the disclosure requirements under Directive **2013/34/EU** should only apply to certain large undertakings and groups.

## Amendment 21

### Proposal for a directive Recital 11

#### *Text proposed by the Commission*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the **average number of employees, total assets and turnover**. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those

#### *Amendment*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the **turnover of the company**. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those **undertakings which** exceed either a

*companies whose average number of employees exceeds 500, and* exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

## **Amendment 22**

### **Proposal for a directive Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) The European Council of 22 May 2013 called for the mandatory introduction of country-by-country reporting for all large companies and groups as part of the revision of Directive 2013/34/EU. Therefore, in order to provide for enhanced transparency of payments made to governments, large undertakings and public interest entities should disclose material payments made to governments in the countries in which they operate. Such disclosures should be published, where possible, as an annex to the annual financial statements or to the consolidated financial statements of the undertaking concerned.***

## **Amendment 23**

### **Proposal for a directive Recital 11 b (new)**

*Text proposed by the Commission*

*Amendment*

***(11b) To mitigate aggressive tax planning and avoidance by Union undertakings, Member States should introduce general anti-avoidance rules (GAAR) in line with the European Commission Recommendation on Aggressive Tax Planning of 12 December 2012 and the OECD Progress Report to the G20 of 5 September 2013. Furthermore, large undertakings in the Union should also make public a report on their aggressive***

*tax planning systems, including other relevant information.*

## **Amendment 24**

### **Proposal for a directive**

#### **Recital 12**

*Text proposed by the Commission*

(12) Some of the *companies* and groups falling under the scope of Directive *78/660/EEC and Directive 83/349/EEC* already prepare non-financial reports on a voluntary basis. Those *companies* should not be subject to the obligation to provide a non-financial statement in the *annual* report, provided that the report corresponds to the same financial year, covers at least the same content required by this Directive, and is annexed to the *annual* report.

*Amendment*

(12) Some of the *undertakings* and groups falling under the scope of Directive *2013/34/EU* already prepare non-financial reports on a voluntary basis. Those *undertakings* should not be subject to the obligation to provide a non-financial statement in the *management* report, provided that the report corresponds to the same financial year, covers at least the same content required by this Directive, and is annexed to the *management* report.

## **Amendment 25**

### **Proposal for a directive**

#### **Recital 14**

*Text proposed by the Commission*

(14) As required by Article *51a (e) of Directive 78/660/EEC, the report of the statutory auditors* should also contain an opinion *concerning the consistency or otherwise of the annual* report, including non-financial information contained *in the annual report, with the annual accounts for the same financial year.*

*Amendment*

(14) As required by Article *28 of Directive 2006/43/EC, the audit report* should also contain an opinion *and a statement concerning the management* report, including *any* non-financial information contained *within it.*

## **Amendment 26**

### **Proposal for a directive**

#### **Recital 15**

*Text proposed by the Commission*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of **companies** facilitates a good understanding of the business organisation and affairs. It enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, the ‘group-think’ phenomenon. It contributes thus to effective oversight of the management and a successful governance of the **company**. It would therefore be important to enhance transparency regarding the diversity policy companies have in place. This would inform the market of corporate governance practices and thus put indirect pressure on **companies** to have more diversified boards.

*Amendment*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of **undertakings, including gender diversity**, facilitates a good understanding of the business organisation and affairs. **It has been acknowledged that gender diversity, especially in top positions, contributes to corporate governance, quality of decision-making and to the company's performance. Moreover, board diversity represents a benefit for the companies as board composition reflects demographic characteristics of key stakeholder groups such as employee, customer and investor. Furthermore,** it enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, the ‘group-think’ phenomenon. It contributes thus to effective oversight of the management and a successful governance of the **undertakings**. It would therefore be important to enhance transparency regarding the diversity policy **undertakings** have in place. This would inform the market of corporate governance practices and thus put indirect pressure on companies to have more diversified boards.

**Amendment 27**

**Proposal for a directive  
Recital 15 a (new)**

*Text proposed by the Commission*

*Amendment*

**(15a) The supply chain of an undertaking can become disconnected from source and liability and can therefore pose significant risks not only to the undertakings themselves, but also to the wider society as a result of their business operations. It is therefore important that undertakings**



*perform due diligence on their supply chains, including where they use sub-contractors and that these particular policies are disclosed in order to mitigate such risks and inform stakeholders of the assessments they have undertaken.*

## Amendment 28

### Proposal for a directive Recital 16

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background should only apply to large listed **companies**. **Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation.** Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. **Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.**

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, **language, disability**, educational and professional background should only apply to large listed **undertakings**. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 20 of Directive 2013/34/EU.

## Amendment 29

### Proposal for a directive Recital 16 a (new)

*Text proposed by the Commission*

*Amendment*

**(16a) In order to further enhance transparency, and in line with the conclusions of the European Council of 22 May 2013, the revision of Directive 2013/34/EU should also include an**

*extension of the scope of country-by-country reporting obligations so that they apply to all large undertakings and groups and all public-interest entities.*

## **Amendment 30**

### **Proposal for a directive Recital 17**

#### *Text proposed by the Commission*

(17) Since the objective of this Directive, namely to increase the relevance, consistency and comparability of information disclosed by **companies** across the Union, cannot be sufficiently achieved by the Member States, and can therefore by reason of its effect be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary to achieve the pursued objective.

#### *Amendment*

(17) Since the objective of this Directive, namely to increase the relevance, consistency, **transparency** and comparability of information disclosed by **undertakings** across the Union, cannot be sufficiently achieved by the Member States, and can therefore by reason of its effect be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary to achieve the pursued objective.

## **Amendment 31**

### **Proposal for a directive Recital 18**

#### *Text proposed by the Commission*

(18) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, including the freedom to conduct a business, respect for private life and the protection of personal data. This Directive has to be implemented in accordance with these rights and principles.

#### *Amendment*

(18) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, including **non-discrimination, equality between women and men**, the freedom to conduct a business, respect for private life and the protection of personal data. This Directive has to be implemented in accordance with

these rights and principles.

## **Amendment 32**

### **Proposal for a directive**

#### **Recital 18 a (new)**

*Text proposed by the Commission*

*Amendment*

*(18a) Should the supply chain of a large undertaking in third countries become disconnected from source and liability, significant risks may be posed not only to the undertaking itself, but also to the wider society in third countries, in particular in developing countries and emerging economies, as a result of its business operations. It is therefore important that large undertakings perform due diligence on their supply chains, in particular where they use subcontractors in developing countries and emerging economies. The particular policies should be disclosed in order to mitigate such risks, and stakeholders should be informed about the assessments they have undertaken.*

## **Amendment 33**

### **Proposal for a directive**

#### **Recital 19**

*Text proposed by the Commission*

*Amendment*

*(19) Directives 78/660/EEC and 83/349/EEC should therefore be amended accordingly,*

*(19) Directive 2013/34/EU should therefore be amended accordingly,*

## **Amendment 34**

### **Proposal for a directive**

#### **Article 1 – title**

*Text proposed by the Commission*

*Amendment*

Amendments to Directive **78/660/EEC**

Amendments to Directive **2013/34/EU**

### **Amendment 35**

#### **Proposal for a directive Article 1 – introductory part**

*Text proposed by the Commission*

*Amendment*

Directive **78/660/EEC** is amended as follows:

Directive **2013/34/EU** is amended as follows:

### **Amendment 36**

#### **Proposal for a directive Article 1 – point 1**

*Text proposed by the Commission*

*Amendment*

**(1) Article 46 is amended as follows:**

***deleted***

***(a) Paragraph 1 is replaced by the following:***

***'1. (a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces.***

***The review shall be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business.***

***(b) For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least***

*environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:*

*(i) a description of the policy pursued by the company in relation to these matters;*

*(ii) the results of these policies;*

*(iii) the risks related to these matters and how the company manages those risks.*

*Where a company does not pursue policies in relation to one or more of these matters, it shall provide an explanation for not doing so.*

*In providing such information the company may rely on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.*

*(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.*

*(d) In providing its analysis, the annual report shall, where appropriate, include references to and additional explanations of amounts reported in the annual accounts.'*

*(b) Paragraph 4 is replaced by the following:*

*'4. Where a company prepares a comprehensive report corresponding to the same financial year relying on national, EU-based or international frameworks and which covers the information provided for in paragraph 1(b), it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report.'*

*(c) The following paragraph 5 is added:*

*'5. A company which is a subsidiary company shall be exempt from the*

*obligations set out in paragraph 1(b), if the company and its subsidiaries are consolidated in the financial statements and annual report of another company and that consolidated annual report is drawn up in accordance with Article 36(1) of Directive 83/349/EEC.'*

## **Amendment 37**

### **Proposal for a directive Article 1 – point 2**

*Text proposed by the Commission*

*Amendment*

*(2) Article 46a is amended as follows:*

*deleted*

*(a) In paragraph 1, the following point (g) is added:*

*'(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case. '*

*(b) The following paragraph 4 is added:*

*'4. Point (g) of paragraph 1 does not apply to companies within the meaning of Article 27. '*

## **Amendment 38**

### **Proposal for a directive Article 1 – point 3**

*Text proposed by the Commission*

*Amendment*

**(3) Article 53a is replaced by the following:**

**deleted**

**'Article 53a**

***Member States shall not make available the exemptions set out in Article 1a, 11, Article 27, points (7a) and (7b) of Article 43(1), Article 46(3), Article 47 and Article 51 of this Directive in the case of companies whose securities are admitted to trading on a regulated market within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC.'***

## **Amendment 39**

### **Proposal for a directive**

#### **Article 1 – point 3 a (new)**

Directive 2013/34/EU

Article 2 – point 16a (new)

*Text proposed by the Commission*

*Amendment*

**(3a) In Article 2, the following point is added:**

***“(16a) "Country-by-country report" means the following financial information, to be provided by an undertaking as defined in Article 2, paragraph 1(a), (b), and (c) and Article 3(4) for each Member State and third country in which it operates:***

***a) name(s), nature of activities and geographical location;***

***b) turnover;***

***c) number of employees on a full time equivalent basis;***

***d) profit or loss before tax;***

***e) tax on profit or loss;***

***f) public subsidies received.”***

## **Amendment 40**

### **Proposal for a directive**

#### **Article 1 – point 3 b (new)**

Directive 2013/34/EU

Article 18 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***(3b) In Article 18, the following paragraph is inserted:***

***‘2a. Member States shall require large undertakings and all public-interest entities to publicly disclose annually a country-by-country report on a consolidated basis for the financial year.***

***These obligations shall not apply to any undertaking governed by the law of a Member State which is a subsidiary or parent undertaking, where both of the following conditions are fulfilled***

***(a) the parent undertaking is subject to the laws of a Member State; and***

***(b) the country-by-country report made by the undertaking are included in the consolidated report on payment to governments drawn up by that parent undertaking in accordance with Article 39.***

***The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the company concerned.’***

## **Amendment 41**

### **Proposal for a directive**

#### **Article 1 – point 3 c – point a (new)**

Directive 2013/34/EU

Article 19 – paragraph 1 – subparagraph 3



**(3c) Article 19 is amended as follows:**

**(a) In paragraph 1, the third subparagraph is replaced by the following:**

***‘To the extent necessary for an understanding of the undertaking's development, performance or position, the analysis referred to in paragraph 1 shall include both financial and non-financial key performance indicators relevant to the particular business. In providing the analysis referred to in paragraph 1, the management report shall, where appropriate, include references to and additional explanations of amounts reported in the annual financial statements.’***

## **Amendment 42**

### **Proposal for a directive**

**Article 1 – point 3 c – point b (new)**

Directive 2013/34/EU

Article 19 – paragraph 1a (new)

**(b) The following paragraph is inserted:**

***‘1a. For undertakings whose average number of employees during the financial year exceeds 250 and who, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also integrate a non-financial statement regarding companies' activity and impact on society, relating to at least environmental, social, gender and employee matters, respect for human rights, anti-corruption and bribery matters. The review shall also make reference to the companies' complete supply chains, subcontractors and***

*business relationships, including:*

*(a) a description of the policy pursued by the undertaking in relation to these matters;*

*(b) the results of these policies;*

*(c) the risks related to these matters and how the company manages those risks;*

*(d) a description of the company's due diligence policy for its administrative, management and supervisory bodies with regard to its supply chains and sub-contractors at least in the areas relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery. The description shall also include the objectives of this due diligence policy, how it has been implemented and the results in the reporting period.'*

*In providing such information, the undertaking shall rely on national, EU-based or international frameworks such as the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.'*

#### **Amendment 43**

##### **Proposal for a directive**

##### **Article 1 – point 3 c – point c (new)**

Directive 2013/34/EU

Article 19 – paragraph 4

*Text proposed by the Commission*

*Amendment*

*(c) Paragraph 4 is replaced by the following:*

*'4. Where an undertaking prepares a comprehensive report corresponding to the same financial year relying on national, EU-based or international*

*frameworks and covering the information provided for in paragraph 1(a), the undertaking shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(a), provided that such comprehensive report is part of the management report.'*

#### **Amendment 44**

##### **Proposal for a directive**

**Article 1 – point 3 c – point d (new)**

Directive 2013/34/EU

Article 19 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

*(d) The following paragraph is added:*

*'4a. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraph 1a if the undertaking and its subsidiary undertakings are included in the consolidated financial statements and consolidated management report of another undertaking and that consolidated management report is drawn up in accordance with Article 29.'*

#### **Amendment 45**

##### **Proposal for a directive**

**Article 1 – point 3 d –point a (new)**

Directive 2013/34/EU

Article 20 – paragraph 1 point f a (new)

*Text proposed by the Commission*

*Amendment*

*(3d) Article 20 is amended as follows:*

*(a) In paragraph 1, the following point is added:*

*'(fa) a description of the undertaking's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender,*

*geographical diversity, disability, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the undertaking has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.'*

## **Amendment 46**

### **Proposal for a directive**

#### **Article 1 – point 3 d –point b (new)**

Directive 2013/34/EU

Article 20 – paragraph 1a (new)

*Text proposed by the Commission*

*Amendment*

*(b) The following paragraph is inserted:*

*'1a. Undertakings referred to in points (1)(b) and (c) and (14)(a) and (b) of Article 2 shall produce, and make public, a Special Responsibility Report which shall include:*

*(a) procedures which take account of their special responsibility including their recognition in staff training, appraisals and alert mechanisms;*

*(b) systems of regulatory arbitrage and regulatory trades procedures used for the purpose of reduction of capital or other prudential requirements;*

*Where there are perceived conflicts between the stability of an institution and the financial system this shall be reported to the competent authority.'*

## **Amendment 47**

### **Proposal for a directive**

#### **Article 1 – point 3 d –point c (new)**

Directive 2013/34/EU

Article 20 – paragraph 3

*Text proposed by the Commission*

*Amendment*

***(c) Paragraph 3 is replaced by the following:***

***‘3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c), (ca) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f), and (g) of paragraph 1 and paragraph 1a of this Article has been provided.’***

#### **Amendment 48**

**Proposal for a directive**

**Article 1 – point 3 d –point d (new)**

Directive 2013/34/EU

Article 20 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***(d) the following paragraph is added:***

***‘4a. Notwithstanding Article 40, point (g) of paragraph 1 shall not apply to small and medium-sized undertakings.’***

#### **Amendment 49**

**Proposal for a directive**

**Article 1 – point 3 d – point e (new)**

Directive 2013/34/EU

Article 20 – paragraph 4 b (new)

*Text proposed by the Commission*

*Amendment*

***(e) The following paragraph is added:***

***‘4b. To counteract aggressive tax planning practices, Member States shall adopt a general anti-abuse rule (GAAR), as defined in the European Commission Recommendation on Aggressive Tax***

*Planning of 12 December 2012, ignoring all artificial arrangements or artificial series of arrangements which have been put in place for essential purpose of avoiding taxation and are adapted to domestic and cross-border situations confined to the Union and situation involving third countries.'*

## **Amendment 50**

### **Proposal for a directive**

#### **Article 1 – point 3 e – point a (new)**

Directive 2013/34/EU

Article 29 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

*(3e) Article 29 is amended as follows:*

*(a) the following paragraph is added:*

*'(3a) The review shall also include a non-financial statement containing information relating to matters which are material for an understanding of the company's development, performance or position. This shall cover environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:*

*(a) a description of the policy pursued by the group in relation to these matters;*

*(b) the results of these policies;*

*(c) the risks related to these matters and how the group manages those risks;*

*(d) a description of the group's due diligence policy for its administrative, management and supervisory bodies with regard to its supply chains and sub-contractors at least in the areas relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery. The description should also include the objectives of this due diligence policy, how it has been*

*implemented and the results in the reporting period.*

*Where the undertakings included in the consolidation taken as a whole do not report on one or more of these matters, the company shall provide an explanation for not doing so.*

*In providing such information the consolidated annual report may rely on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.'*

## **Amendment 51**

### **Proposal for a directive**

**Article 1 – point 3 e – point b (new)**

Directive 2013/34/EU

Article 29 – paragraph 3 b (new)

*Text proposed by the Commission*

*Amendment*

*(b) the following paragraph is added:*

*'3b. For the purposes of paragraph 1 of this Article, where a parent undertaking prepares a comprehensive report corresponding to the same financial year, and referring to the whole group, relying on national, EU-based or international frameworks and covering the information provided for in paragraph 1a, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1a, provided that the comprehensive report is part of the consolidated management report.'*

## **Amendment 52**

### **Proposal for a directive**

**Article 1 – point 3 e – point c (new)**

Directive 2013/34/EU

Article 29 – paragraph 3 c (new)

*(c) the following paragraph is added:*

*‘3c. For the purposes of paragraph 1 of this Article, a parent undertaking which is also a subsidiary undertaking shall be exempt from the obligations set out in paragraph 1a if the exempted undertaking, and its subsidiaries, are included in the consolidated financial statements and the consolidated management report of another undertaking, and that consolidated management report is drawn up in accordance with this Article.’*

### **Amendment 53**

#### **Proposal for a directive**

#### **Article 1 – point 3 f (new)**

Directive 2013/34/EU

Article 41 – point 5 a (new)

*(3f) In Article 41, the following point is added:*

*‘(5a) "Country-by-country report" means the following financial information, to be provided by an undertaking as defined in Article 2, paragraph 1(a), (b), and (c) and Article 3, paragraph 4 for each Member State and third country in which it operates:*

*a) name(s), nature of activities and geographical location;*

*b) turnover;*

*c) number of employees on a full time equivalent basis;*

*d) profit or loss before tax;*

*e) tax on profit or loss;*

*f) public subsidies received.’*



## **Amendment 54**

**Proposal for a directive**  
**Article 1 – point 3 g (new)**  
Directive 2013/34/EU  
Article 42 – paragraph 1

*Text proposed by the Commission*

*Amendment*

***(3g) In Article 42, paragraph 1 is replaced by the following:***

***'1. Member States shall require large undertakings and all public-interest entities to prepare and make public a report on payments made to governments on an annual basis.'***

## **Amendment 55**

**Proposal for a directive**  
**Article 1 – point 3 h (new)**  
Directive 2013/34/EU  
Article 44 – paragraph 1

*Text proposed by the Commission*

*Amendment*

***(3h) In Article 44, paragraph 1 is replaced by the following:***

***'1. A Member State shall require any large undertaking or any public-interest entity governed by its national law to draw up a consolidated report on payments to governments in accordance with Articles 42 and 43 if that parent undertaking is under the obligation to prepare consolidated financial statements as laid down in Article 22(1) to (6).'***

## **Amendment 56**

**Proposal for a directive**  
**Article 1 – point 3 I (new)**

*Text proposed by the Commission*

*Amendment*

***(3i) Article 49 is replaced by the following:***

***“Article 49***

***Exercise of the delegation***

- 1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.***
- 2. The delegation of power referred to in Article 46 (ca) shall be conferred on the Commission for a period of four years from ....(4)\*. The Commission shall draw up a report in respect of the delegation of power not later than six months before the end of the four-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.***
- 3. The delegation of power referred to in Article 46 (ca) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.***
- 4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.***
- 5. A delegated act adopted pursuant to Article 46 (ca) enters into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of***

*notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or the Council.”*

## **Amendment 57**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 3 j**

Directive 2013/34/EC

Article 53 – paragraph 1a (new)

*Text proposed by the Commission*

*Amendment*

*(3j) In Article 53, the following paragraph is inserted:*

*“1a. Member States shall ensure that effective national procedures are in place to ensure compliance with the obligations of this Directive. These procedures shall be accessible to all persons and legal entities having a legitimate interest in ensuring the full and accurate disclosure of non-financial information.”*

## **Amendment 58**

### **Proposal for a directive**

#### **Article 2**

*Text proposed by the Commission*

*Amendment*

*Article 2*

*deleted*

*Amendments to Directive 83/349/EEC*

*Directive 83/349/EEC is amended as follows:*

*(1) Article 36 is amended as follows:*

*(a) Paragraph 1 is replaced by the following:*

*'1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.*

*The review shall analyse in a balanced manner the development and performance of the business and the position of the undertakings included in the consolidation taken as a whole, consistent with the size and complexity of the business.*

*For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including the following:*

- (i) a description of the policy pursued by the company in relation to these matters;*
- (ii) the results of these policies;*
- (iii) the risks related to these matters and how the company manages those risks.*

*Where the undertakings included in the consolidation taken as a whole do not pursue policies in relation to one or more of these matters, the company shall provide an explanation for not doing so.*

*In providing such information the consolidated annual report may rely on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.*

*To the extent necessary for an*

*understanding of such development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.*

*In providing its analysis, the consolidated annual report shall, where appropriate, provide references to and additional explanations of amounts reported in the consolidated accounts. '*

*(b) The following paragraphs 4 and 5 are added:*

*'4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on national, EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report.*

*5. A parent undertaking which is also a subsidiary undertaking shall be exempt from the obligations set out in the third subparagraph of paragraph 1, if the exempted undertaking and its subsidiaries are consolidated in the financial statements and annual report of another undertaking, and that consolidated annual report is drawn up in accordance with the third subparagraph of paragraph 1. '*

## **Amendment 59**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***Member States shall ensure effective means in order to monitor and enforce full and accurate disclosure of non-financial information by companies in compliance with the provisions of this Directive.***

## **Amendment 60**

### **Proposal for a directive Article 4 – title**

*Text proposed by the Commission*

*Amendment*

Entry into force

Entry into force ***and consolidation***

## **Amendment 61**

### **Proposal for a directive Article 4 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. ***It shall be consolidated with the Directive which it amends within three months of its entry into force.***

### *Justification*

*The consolidated versions of the amended directives should be made available and published promptly.*

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups	
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013	
<b>Opinion by</b> Date announced in plenary	ECON 21.5.2013	
<b>Rapporteur</b> Date appointed	Sharon Bowles 21.5.2013	
<b>Discussed in committee</b>	17.10.2013	25.11.2013
<b>Date adopted</b>	9.12.2013	
<b>Result of final vote</b>	+: 19	–: 7
	0: 9	
<b>Members present for the final vote</b>	Burkhard Balz, Jean-Paul Basset, Sharon Bowles, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Elisa Ferreira, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Syed Kamall, Othmar Karas, Wolf Klinz, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Ivana Maletić, Hans-Peter Martin, Arlene McCarthy, Marlene Mizzi, Ivari Padar, Alfredo Pallone, Antolín Sánchez Presedo, Olle Schmidt, Peter Simon, Theodor Dumitru Stolojan, Ivo Strejček, Kay Swinburne, Marianne Thyssen, Ramon Tremosa i Balcells	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Biljana Borzan, Evelyne Gebhardt	

10.12.2013

## OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Richard Howitt

### AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

#### Amendment 1

##### Proposal for a directive Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) In its resolution of 6 February 2013 on corporate social responsibility (2012/2097(INI)), the European Parliament clearly stipulated that in a free society charitable action must never be made compulsory in the context of CSR, since this could reduce people's willingness to give.***



## Amendment 2

### Proposal for a directive Recital 6

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters.

*Amendment*

(6) In order to enhance consistency, ***transparency*** and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report, ***without prejudice to audit requirements determined by Member States***, a non-financial statement containing information relating to at least environmental matters, ***gender balance***, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters ***and the precise purpose of social investments***.

## Amendment 3

### Proposal for a directive Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) Small and medium-sized enterprises, should under no circumstances be required to deliver non-financial statements regarding their voluntary social activities, since this would incur excessive administrative costs, destroy jobs and undermine rather than promote corporate social engagement.***

## Amendment 4

### Proposal for a directive Recital 6 a (new)

***(6a) In order to promote equal treatment of workers, Member States should encourage large companies to establish a diversity policy with medium and long term targets.***

## **Amendment 5**

### **Proposal for a directive**

#### **Recital 7**

*Text proposed by the Commission*

(7) In providing this information, companies may rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.

*Amendment*

(7) In providing this information, companies may rely on national frameworks, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative, ***or on a set of quantifiable, sector-specific social criteria endorsed by the European Union under, for example, a ‘social labelling’ scheme.***

## **Amendment 6**

### **Proposal for a directive**

#### **Recital 8 a (new)**

*Text proposed by the Commission*

*Amendment*

***(8a) The requirement to disclose non-financial information calls for the setting up of EU-approved rating agencies to check, wherever necessary, the accuracy of the information disclosed.***

## **Amendment 7**

### **Proposal for a directive Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***(9a) Investor access to non-financial information should also help to channel investment into undertakings with high social standards.***

## **Amendment 8**

### **Proposal for a directive Recital 9 b (new)**

*Text proposed by the Commission*

*Amendment*

***(9b) The disclosure of non-financial information should make it possible to implement a sustainable and inclusive investment strategy that includes a corporate social responsibility clause with concrete guidelines for investors, as well as an efficient assessment methodology for public authorities monitoring the social and environmental impact of the resulting investments.***

## **Amendment 9**

### **Proposal for a directive Recital 10 a (new)**

*Text proposed by the Commission*

*Amendment*

***(10a) The requirement to disclose non-financial information includes striking a balance between environmental results and social results, in order to ensure that such disclosure is in keeping with CSR principles and is not confined solely to environmental data.***

## **Amendment 10**

### **Proposal for a directive Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) In order to maximise shared value, optimise corporate sustainability and enhance the relevance, consistency and comparability of non-financial information provided by companies, the Commission should, within 12 months after the adoption of this Directive, provide sectoral guidance and horizontal guidance on the use of appropriate key performance indicators, resource measurement methodology and on the international frameworks, in particular as regards the corporate responsibility to respect rights and values protected by norms of international law.***

### *Justification*

*This will lessen the administrative burden on enterprises and optimise the success of the Directive, by providing more certainty for companies, without being a direct requirement of the legislation*

## **Amendment 11**

### **Proposal for a directive Recital 11 b (new)**

***(11b) Member States should ensure that adequate and effective means exist to enforce full, accurate and credible disclosure of non-financial information by companies in compliance with the provisions of this Directive. To provide a more effective level of protection, natural and legal persons, which have a legitimate interest in ensuring that the provisions of this Directive are complied with, should be empowered to engage in any proceedings which arise.***

*Justification*

*Each of the goals that the proposal seeks to meet is undermined by corporate non-compliance. In order to combat this, there needs to be a mechanism by which those with legitimate interests can enforce compliance. The precise details of any such mechanism are most appropriately dealt with at the Member State level. Useful examples of this can be found in EU consumer and anti-discrimination law.*

**Amendment 12**

**Proposal for a directive  
Recital 16**

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity

policy should not be obliged to put one in place, but they should clearly explain why this is the case.

policy should not be obliged to put one in place, but they should clearly explain why this is the case. ***Those companies should be encouraged to consult the Diversity Charters of the EU.***

### **Amendment 13**

#### **Proposal for a directive Recital 17 a (new)**

*Text proposed by the Commission*

*Amendment*

***(17a) Non-financial information disclosure could be included among the contract award criteria when the Public Procurement Directive is next revised.***

### **Amendment 14**

#### **Proposal for a directive Article 1 – point 1 – point a Directive 78/660/EEC Article 46 – paragraph 1 – point a – subparagraph 1**

*Text proposed by the Commission*

*Amendment*

The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces.

The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces, ***demonstrating its due diligence.***

#### *Justification*

*Due diligence is at the core of the major international frameworks like the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights: this comprises how companies proactively identify, prevent and mitigate the risks and impacts they pose to society.*

### **Amendment 15**

#### **Proposal for a directive Article 1 – point 1 – point a**

PE521.714v03-00

126/187

RR\521714EN.doc

Directive 78/660/EEC  
Article 46 – paragraph 1 – point b

*Text proposed by the Commission*

For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to **at least** environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:

*Amendment*

For **large** companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to **matters which are essential for understanding the company's development, performance or position, including not only** environmental **but also** social, **equality** and employee matters **as well as** respect for human rights, anti-corruption and bribery matters, including:

## **Amendment 16**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – point i

*Text proposed by the Commission*

a description of the policy pursued by the company in relation to these matters;

*Amendment*

a description of the policy **and a strategy plan for achieving the targets** pursued by the company in relation to these matters;

## **Amendment 17**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – point iii

*Text proposed by the Commission*

the risks related to **these matters** and how

*Amendment*

the risks related to **the company in relation to its operations, products, services, staff,**

the company manages those risks.

***fixed assets and business relationships***  
and how the company manages those risks;

*Justification*

*In the wake of the cases where buildings collapsed, it is important that companies are obliged to disclose risks relating to their fixed assets*

**Amendment 18**

**Proposal for a directive**

**Article 1 – – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – point iii a (new)

*Text proposed by the Commission*

*Amendment*

***(iiia) an analysis of resource use,  
including at least land use, water use,  
green house gas emissions and use of  
minerals;***

*Justification*

*The European Commission 2011 Resource Efficiency Roadmap proposed these four key resource indicators to complement the provisional lead indicator of domestic material consumption. The European Parliament overwhelmingly supported their adoption and the Commission proposed them in their consultation on measuring resource use. The European Resource Efficiency Platform, called for use of these indicators to give a clear signal to all economic actors. This proposal provides the framework for this.*

**Amendment 19**

**Proposal for a directive**

**Article 1 – – point 1 – point a**

Directive 78 / 660/CEE

article 46 – paragraph 1 – point b– point iii b (new)

*Text proposed by the Commission*

*Amendment*

***(iiib) the precise purpose of its social  
investments.***



## Amendment 20

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3

#### *Text proposed by the Commission*

In providing such information the company may rely on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.

#### *Amendment*

In providing such information the company may rely on national, EU-based or international frameworks ***or on a set of quantifiable, sector-specific social criteria endorsed by the European Union under, for example, a ‘social labelling’ scheme*** and, if so, shall specify which frameworks it has relied upon.

## Amendment 21

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***(ba) Member States shall ensure that judicial and/or administrative procedures for the enforcement of obligations under this Directive are put in place, made known and available to all persons, including legal entities, who have in accordance with the criteria laid down by their national law, a legitimate interest in ensuring that the provisions of this Directive are complied with.***

## Amendment 22

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point c

*Text proposed by the Commission*

(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

*Amendment*

(c) To the extent necessary for an understanding of the company's development, performance or position, **and employment rights as well as social rights**, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

**Amendment 23**

**Proposal for a directive**

**Article 1 – point 1 – point a a (new)**

Directive 78/660/EEC

Article 46 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***(aa) The following paragraph is inserted:***

***"1a. Country by Country Reporting:***

***In the notes to the financial statements, large undertaking and public-interest entities shall disclose, specifying by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:***

***(a) name, nature of activities and geographical location;***

***(b) turnover;***

***(c) number of employees on a full time equivalent basis;***

***(d) sales and purchases;***

***(e) profit or loss before tax;***

***(f) tax on profit or loss;***

***(g) public subsidies received."***

## Amendment 24

### Proposal for a directive

#### Article 1 – point 1 – point a b (new)

Directive 78/660/EEC

Article 46 – paragraph 1 b (new)

*Text proposed by the Commission*

*Amendment*

***(ab) The following paragraph is inserted:***

***"1b. The Commission in cooperation with the European Parliament and Council shall, within 12 months after the adoption of this Directive, and with priorities based on an overall risk assessment, provide sectoral guidance and guidance on the methodology and use of international standards and non-financial performance indicators as referred to in Article 46.1 in order to assist companies in their reporting."***

*Justification*

*Such guidance is of such importance that the legislators should be involved*

## Amendment 25

### Proposal for a directive

#### Article 1 – point 1 – point a c (new)

Directive 78/660/EEC

Article 46 – paragraph 1 c (new)

*Text proposed by the Commission*

*Amendment*

***(ac) The following paragraph is inserted:***

***"1c. Member States shall ensure that adequate and effective means exist to monitor and enforce full, accurate and credible disclosure of non-financial information by companies in compliance with the provisions of this Directive.***

***Member States shall ensure that judicial and/or administrative procedures for the enforcement of obligations under this Directive are available to all persons, including legal entities, who have in***

*accordance with the criteria laid down by their national law, a legitimate interest in ensuring that the provisions of this Directive are complied with."*

#### *Justification*

*Each of the goals that the proposal seeks to meet is undermined by corporate non-compliance. In order to combat this, there needs to be a mechanism by which those with legitimate interests can enforce compliance. The precise details of any such mechanism are most appropriately dealt with at the Member State level. Useful examples of this can be found in EU consumer and anti-discrimination law.*

#### **Amendment 26**

##### **Proposal for a directive**

##### **Article 1 – point 2 – point a**

Directive 78/660/EEC

Article 46a – paragraph 1 – point g

##### *Text proposed by the Commission*

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

##### *Amendment*

(g) a description of the company's diversity policy for ***all its bodies, in particular*** its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, ***disability, racial or ethnic origin,*** educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period ***and the strategy to obtain the targets in the diversity policy.*** If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

#### **Amendment 27**

##### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3

*Text proposed by the Commission*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to *at least* environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including the following:

*Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement, *without prejudice to audit requirements being determined by Member States*, containing information relating to *matters which are material for understanding the company's development, performance or position, which can include not only* environmental *but also* social, *equality* and employee matters *as well as* respect for human rights, anti-corruption and bribery matters, including the following:

**Amendment 28**

**Proposal for a directive**

**Article 2 – point 1 – point a**

Directive 83/349/CEE

Article 36 – paragraph 1 – subparagraph 3 – point iii a(new)

*Text proposed by the Commission*

*Amendment*

*(iiiia) the precise purpose of its social investments.*

**Amendment 29**

**Proposal for a directive**

**Article 2 – point 1 – point b**

Directive 83/349/EEC

Article 36 – paragraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

*5a. In accordance with Article 19(4) of Directive 2013/34/EU Member States may exempt small and medium-sized undertakings from the obligation to include non- financial information in*

*their management report.*

*Justification*

*The Commission proposal seems to mean that the Article 19 (4) of the Directive 2013/34/EU adopted on 26 June 2013 would be abolished, which should not happen. It is important that it is maintained. This paragraph refers to non-financial KPI's and not to non-financial statement. If this paragraph 4 is deleted it would cause SME's the obligation to provide non-financial key performance indicators. This would cause unwanted administrative burden for small and medium sized companies. Member states would not be able to exempt these companies from this obligation.*

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups	
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013	
<b>Opinion by</b> Date announced in plenary	EMPL 21.5.2013	
<b>Rapporteur</b> Date appointed	Richard Howitt 22.5.2013	
<b>Discussed in committee</b>	17.10.2013	25.11.2013
<b>Date adopted</b>	9.12.2013	
<b>Result of final vote</b>	+:               33 -:               5 0:               4	
<b>Members present for the final vote</b>	Regina Bastos, Heinz K. Becker, Jean-Luc Bennahmias, Phil Bennion, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Ole Christensen, Emer Costello, Frédéric Daerden, Sari Essayah, Marian Harkin, Nadja Hirsch, Stephen Hughes, Danuta Jazłowiecka, Adam Kósa, Jean Lambert, Patrick Le Hyaric, Verónica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Ruža Tomašić, Traian Ungureanu, Inês Cristina Zuber	
<b>Substitute(s) present for the final vote</b>	Georges Bach, Philippe De Backer, Sergio Gutiérrez Prieto, Richard Howitt, Anthea McIntyre, Ria Oomen-Ruijten, Evelyn Regner, Tatjana Ždanoka, Gabriele Zimmer	

2.12.2013

## **OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY**

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Bendt Bendtsen

### **SHORT JUSTIFICATION**

#### **I. Introduction**

CSR has over the years developed into a successful way of creating value that contributes both to business goals and society via companies' increased consideration of long term environmental and societal challenges. Europe is the region in the world where most companies have signed up for the UN Global Compact, for which companies submit annual reports on their CSR activities.

The rapporteur of the ITRE report is of the opinion that non-financial disclosure, such as companies' disclosure of CSR strategy shall remain business-driven. CSR efforts and CSR reporting shall be focused on issues that are key to company strategy, and complement company strategy rather than a bureaucratic exercise. Companies are different, and are themselves best placed to determine which issues and initiatives are the most relevant for their CSR activities.

The rapporteur welcomes the commission's proposal as a way of promoting transparency and addressing fragmentation and the different demands companies face in Europe when reporting on non-financial activities to stakeholders.

#### **II. Explanation of amendments**

##### **1) Comply/explain**

To address transparency and fragmentation issues for stakeholders regarding which frameworks companies use, what topics they report on and where stakeholders can find their reports, the rapporteur believes it is sufficient that reporting is applicable for companies that



have CSR strategy, to disclose their CSR activities in the annual report. Furthermore, to keep CSR business driven and motivate companies to engage in CSR as an integrated part of their business strategy, a long a long list of politically chosen categories will represent administrative burden, which will not add value to companies (that do not necessarily operate in a sector where a given category is relevant) or stakeholders.

## **2) Regarding risks**

The rapporteur suggest specifying the type of risks to principal risks to allow companies to focus and qualify their reporting on the relevant risks at hand, and not pad their report with generic, uninformative text on risks applicable to any company in any sector.

## **3) Regulatory framework**

The rapporteur suggests deleting "national" framework as a way of addressing the issue of fragmentation and promote transparency for stakeholders reading and comparing reporting. Reporting should be done using established international and European framework

## **4) Diversity**

The rapporteur is of the opinion that SMEs should explicitly be excluded from reporting on diversity, a requirement which apply to listed companies. The rapporteur is furthermore of the opinion that "reasoned" should be deleted, as a "clear" explanation should be sufficient.

## AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a directive Recital 4 a (new)

*Text proposed by the Commission*

*Amendment*

***(4a) There evidence showing that disclosing non-financial information improves companies' social, environmental and human rights policies and management systems, thereby reducing the negative impacts caused by their activities. Evidence also shows that companies which properly analyse and disclose non-financial information increase their competitiveness, benefit from cost savings, easier access to capital, improved performance on financial markets and increased stability.***

### Amendment 2

#### Proposal for a directive Recital 6

*Text proposed by the Commission*

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption **and** bribery matters. Such statement should include a

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, **and** anti-corruption, bribery, **and tax evasion** matters. Such **a** statement

description of the policies, results, and the risks related to those matters.

should include a description of the policies, results, and the risks related to those matters.

### Amendment 3

#### Proposal for a directive Recital 7

##### *Text proposed by the Commission*

(7) In providing this information, companies may rely on ***national frameworks***, EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, ***the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises***, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.

##### *Amendment*

(7) In providing this information, companies may rely on ***the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises or may rely on*** EU-based frameworks such as the Eco-Management and Audit Scheme (EMAS), and international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative. ***The Commission should consider the introduction of a harmonised European standard.***

### Amendment 4

#### Proposal for a directive Recital 7 c (new)

##### *Text proposed by the Commission*

##### *Amendment*

***(7c) Member States shall ensure that adequate and effective means exist to enforce full, accurate and credible disclosure of non-financial information by companies in compliance with the***

*provisions of this Directive.*

## **Amendment 5**

### **Proposal for a directive**

#### **Recital 16**

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, ***integration of persons with disabilities and special needs***, educational and professional background, should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

## **Amendment 6**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point a – paragraph 1

*Text proposed by the Commission*

'1. (a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces.

*Amendment*

'1. (a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the ***management of the*** principal risks and uncertainties that it faces.

## Amendment 7

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – introductory part

#### *Text proposed by the Commission*

For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, ***the review shall also include a non-financial statement containing information*** relating to at least environmental, social and employee matters, respect for human rights, anti-corruption ***and*** bribery matters, including:

#### *Amendment*

For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million ***and which have adopted a policy*** relating to environmental, social and employee matters, respect for human rights, anti-corruption, bribery ***and fiscal fraud*** matters, ***the review shall also include a non-financial statement containing information*** including:

## Amendment 8

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – point (iii)

#### *Text proposed by the Commission*

(iii) the risks related to these matters and how the company manages those risks.

#### *Amendment*

(iii) the ***principal*** risks related to these matters and how the company manages those risks.

## Amendment 9

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 2

*Text proposed by the Commission*

*Amendment*

***Where a company does not pursue policies in relation to one or more of these matters, it shall provide an explanation for not doing so.***

***deleted***

## **Amendment 10**

### **Proposal for a directive**

#### **Article 1 – point 1 – point b**

Directive 78/660/EEC

Article 46 – paragraph 4

*Text proposed by the Commission*

*Amendment*

'4. Where a company prepares a comprehensive report corresponding to the same financial year relying on ***national***, EU-based or international frameworks and which covers the information provided for in paragraph 1(b), it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report.'

'4. Where a company prepares a comprehensive report corresponding to the same financial year relying on EU-based or international frameworks and which covers the information provided for in paragraph 1(b), it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report, ***published together with it or referenced in it.***'

## **Amendment 11**

### **Proposal for a directive**

#### **Article 1 – point 2 – point a**

Directive 78/660/ECC

Art 46a – paragraph 1 – point g

*Text proposed by the Commission*

*Amendment*

'(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. If the company has no

'(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, ***integration of persons with disabilities and special needs***, educational and professional background, the objectives of this diversity policy, how it has been implemented and

such policy, the statement shall contain a clear ***and reasoned*** explanation as to why this is the case.

the results in the reporting period. If the company has no such policy, the statement shall contain a clear explanation as to why this is the case.

## **Amendment 12**

### **Proposal for a directive**

#### **Article 1 – point 2 – point b**

Directive 78/660/EEC

Article 46a – paragraph 4

#### *Text proposed by the Commission*

'4. Point (g) of paragraph 1 does not apply to companies within the meaning of Article 27.'

#### *Amendment*

'4. Point (g) of paragraph 1 does not apply to companies within the meaning of Article 27 ***and to micro, small and medium-sized enterprises as defined in Commission recommendation 2003/361*** \* .

---

\* *Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124 20.5.2003, p. 36).*'

## **Amendment 13**

### **Proposal for a directive**

#### **Article 1 – point 3**

Directive 78/660/EEC

Article 53a – subparagraphs 1a and 1b(new)

#### *Text proposed by the Commission*

#### *Amendment*

***Member States shall ensure that effective and adequate mechanisms are in place in order to ensure correct disclosure of non-financial information by companies, in accordance with the provisions of this Directive.***

***Member States shall ensure that effective national procedures are in place to enforce compliance with the obligations***

*of this Directive and that these procedures are available for all persons and legal entities having a legitimate interest in ensuring that the provisions of this Directive are respected.*

#### *Justification*

*Specific mechanisms need to be set up in the Member States to ensure that the directive is correctly implemented and complied with. In order to take into account very different national situations, flexibility should be given to Member States as regards the functioning of these mechanisms.*

#### **Amendment 14**

##### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 1

##### *Text proposed by the Commission*

'1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

##### *Amendment*

'1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the *management of the* principal risks and uncertainties that they face.

#### **Amendment 15**

##### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – introductory part



*Text proposed by the Commission*

*Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, ***the review shall also include a non-financial statement containing information*** relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, ***including the following***:

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, ***and which have adopted a policy*** relating to at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery ***and fiscal fraud*** matters, ***the review shall also include a nonfinancial statement containing information including***:

**Amendment 16**

**Proposal for a directive**

**Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – point (iii)

*Text proposed by the Commission*

*Amendment*

(iii) the risks related to these matters and how the company manages those risks.

(iii) the ***principal*** risks related to these matters and how the company manages those risks.

**Amendment 17**

**Proposal for a directive**

**Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

*Amendment*

***Where the undertakings included in the consolidation taken as a whole do not pursue policies in relation to one or more of these matters, the company shall provide an explanation for not doing so.***

***deleted***

## Amendment 18

### Proposal for a directive

#### Article 2 – point 1 – point a

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 5

#### *Text proposed by the Commission*

In providing such information the consolidated annual report may rely on ***national***, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.

#### *Amendment*

In providing such information the consolidated annual report may rely on EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.

## Amendment 19

### Proposal for a directive

#### Article 2 – point 1 – point b

Directive 83/349/EEC

Article 36 – paragraph 4

#### *Text proposed by the Commission*

'4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on ***national***, EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report.'

#### *Amendment*

'4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report, ***published together with it or referenced in it.***'

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013
<b>Opinion by</b> Date announced in plenary	ITRE 21.5.2013
<b>Rapporteur</b> Date appointed	Bendt Bendtsen 12.6.2013
<b>Discussed in committee</b>	25.9.2013
<b>Date adopted</b>	28.11.2013
<b>Result of final vote</b>	+: 34 –: 15 0: 2
<b>Members present for the final vote</b>	Josefa Andrés Barea, Jean-Pierre Audy, Ivo Belet, Jan Březina, Giles Chichester, Jürgen Creutzmann, Pilar del Castillo Vera, Christian Ehler, Vicky Ford, Adam Gierek, Norbert Glante, Fiona Hall, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Jaroslav Paška, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Teresa Riera Madurell, Jens Rohde, Paul Rübig, Salvador Sedó i Alabart, Francisco Sosa Wagner, Konrad Szymański, Patrizia Toia, Evžen Tošenovský, Catherine Trautmann, Ioannis A. Tsoukalas, Claude Turmes, Marita Ulvskog, Vladimir Urutchev, Adina-Ioana Vălean, Alejo Vidal-Quadras
<b>Substitute(s) present for the final vote</b>	Rachida Dati, Ioan Enciu, Roger Helmer, Jolanta Emilia Hibner, Gunnar Hökmark, Ivailo Kalfin, Seán Kelly, Holger Kraemer, Werner Langen, Zofija Mazej Kukovič, Alajos Mészáros, Markus Pieper, Vladimír Remek, Silvia-Adriana Țicău
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Carl Schlyter

29.11.2013

## **OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION**

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 – 2013/0110(COD))

Rapporteur: Sergio Gaetano Cofferati

### **SHORT JUSTIFICATION**

The Accounting Directives<sup>1</sup> (hereafter the "Directives") deal with the preparation of annual and consolidated financial statements and related reports. Article 46 (1) (b) of the Fourth Directive and Article 36 (1) of the Seventh Directive currently provide that, where appropriate and to the extent necessary for an understanding of the company's development, performance or position, the annual report shall also contain non-financial information, including information relating to environment and employee matters.

The opportunity to improve the transparency of the social and environmental information provided by companies in all sectors, in order to ensure a level playing field, has been acknowledged by the Commission in the Single Market Act<sup>2</sup> and was reiterated in the Communication "A renewed strategy 2011 – 2014 for Corporate Social Responsibility"<sup>3</sup>. This proposal delivers on one of the principal commitments of the renewed strategy.

The Communication defines CSR as "the responsibility of enterprises for their impact on society". It acknowledges that its development should be led by enterprises themselves, and that companies should have a process in place to integrate social and environmental concerns into their business operation and strategy. Non-financial transparency is therefore a key element of any CSR policy.

European Parliament reports on "Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery" and on "Corporate Social

---

<sup>1</sup> Fourth Council Directive of 25 July 1978 on the annual accounts of certain types of companies (78/660/EEC); Seventh Council Directive of 13 June 1983 on consolidated accounts (83/349/EEC).

<sup>2</sup> "Single Market Act-Twelve levers to boost growth and strengthen confidence", COM (2011) 206, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0206:FIN:EN:PDF>, p 15.

<sup>3</sup> COM(2011) 681 final of 25 October 2011

Responsibility: accountable, transparent and responsible business behaviour and sustainable growth" acknowledged the importance of a legislative measure on non-financial disclosure. The European Parliament called for a legislative framework allowing flexibility for the companies and, at the same time, transparency, comparability and easy access to information for consumers and investors. This would give a strong competitiveness advantage and an important market reward to responsible companies. The European Parliament called furthermore for the supply and subcontracting chains to be covered in the non-financial information and recognised the need for external verification of the non-financial information disclosed.

The European Commission's proposal has to be amended, in line with the position previously expressed by the European Parliament, in order to adequately meet the need for transparency and comparability, while maintaining a high level of flexibility for companies.

Non-financial information requirements should apply only to big companies, as previously defined in the accounting Directives. SMEs should not be covered by these requirements.

It is of paramount importance to guarantee legal clarity for companies and to avoid any implementation uncertainty; it is therefore proposed that the Commission shall adopt, by the end of 2015, guidelines for the application of the measures of this Directive relating to non-financial statement.

## AMENDMENTS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a directive

#### Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) With regard to measures on gender diversity at board level, this Directive is without prejudice to the Directive 2013/36/EU of the European Parliament and of the Council<sup>12a</sup> (Capital Requirements Directive) and the Directive .../EU<sup>+</sup> of the European Parliament and of the Council<sup>12b</sup>.***

*<sup>12a</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).*

*<sup>+</sup> OJ: please insert number (in the body text and in the footnote), date and OJ reference (in the footnote) of the Directive.*

*<sup>12b</sup> Directive ..././EU of the European Parliament and of the Council of ... on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures (OJ L).*

#### *Justification*

*This Directive should be consistent with the fourth CRD Directive and the forthcoming Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures.*

## **Amendment 2**

### **Proposal for a directive Recital 6**

#### *Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social **and employee-related** matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters.

#### *Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social, **gender and employment** matters, **including at least social dialogue, compliance with collective agreements and respect of trade unions' rights, and** respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, **significant incidents occurred during the**

*reporting period* and the risks related to those matters.

### Amendment 3

#### Proposal for a directive Recital 7

*Text proposed by the Commission*

(7) In providing this information, companies may *rely* on national frameworks, *EU-based* frameworks such as the *Eco-Management and Audit Scheme (EMAS)*, and *international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN 'Protect, Respect and Remedy' Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation (ISO) 26000, the International Labour Organization (ILO) Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.*

*Amendment*

(7) In providing this *non-financial* information *companies should rely as minimum on the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework and the Organisation for Economic Co-operation and Development(OECD) Guidelines for Multinational Enterprises.* The companies may *additionally rely also* on national, *EU-based or international* frameworks and, if so, *should specify which frameworks they have relied upon.* As the *plethora of different reporting frameworks undermine the comparability of non-financial information at the same time* as the *different reporting frameworks may lead to increased costs of compliance to the companies, it would be beneficial for the Union to legislate a clear set of non-financial reporting criteria.* This *common Union reporting framework would ensure consistent application across the Single Market and level playing field for economic operators.* These *Commission criteria would furthermore simplify the drawing of comparisons between companies.* The *Commission should, by means of delegated acts, develop this criteria, including appropriate key performance indicators, on the basis of existing international frameworks referred to in the first subparagraph by the end of 2015 the latest.* The *key performance indicators (KPIs) developed in these criteria should include relevant employment KPIs, such*

*as, for example, employee turnover, number of people employed under service contracts, trade union organisation, basic pay for men in proportion with basic pay for women. The KPIs developed to measure the company's activity impact regarding environmental matters should at least cover land use, water use, greenhouse gas emissions and use of materials. The Commission should, if appropriate in accordance with the report on the application of the Directive and with an impact assessment, submit a legislative proposal for a review of the Directive providing for binding European non-financial reporting framework including common key performance indicators.*

#### **Amendment 4**

##### **Proposal for a directive Recital 8**

###### *Text proposed by the Commission*

(8) Paragraph 47 of the final declaration of the United Nations Rio +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages companies, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.

###### *Amendment*

(8) Paragraph 47 of the final declaration of the United Nations Rio +20 conference, ‘The Future We Want’<sup>13</sup>, recognises the importance of corporate sustainability reporting and encourages companies, where appropriate, to consider integrating sustainability information into their reporting cycle. It also encourages industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of financial and non-financial information, taking into account experiences from already existing frameworks.

***Consequently the Union companies should, under this Directive, be required to publish their non-financial statement as part of their financial statement.***



---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

---

<sup>13</sup> United Nations, ‘The Future We Want’, Outcome Document of the United Nations Conference on Sustainable Development RIO+20, A/CONF.216/L.1

## **Amendment 5**

### **Proposal for a directive Recital 8 a (new)**

*Text proposed by the Commission*

*Amendment*

***(8a) The supply chain is an integral part of the value creation for the majority of the companies, but also of the potential risks the company or undertaking may pose not only to the company or undertaking itself, but to the broader society. It should thus be ensured that, where possible, the information included in the non-financial statement includes data across the whole supply chain.***

## **Amendment 6**

### **Proposal for a directive Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) The European Council of 22 May 2013 called for the mandatory introduction of country-by-country reporting for all large companies and groups as part of the revision of Directive 2013/34/EU. Therefore, in order to provide for enhanced transparency of payments made to governments, large undertakings and public interest entities should disclose material payments made to governments in the countries in which they operate. Where possible, such disclosures should be published as an***

## **Amendment 7**

### **Proposal for a directive**

#### **Recital 14**

*Text proposed by the Commission*

(14) As required by Article 51a (e) of Directive 78/660/EEC, the report of the statutory auditors should also contain an opinion **concerning the consistency or otherwise of the annual report, including non-financial information** contained in the annual report, with the annual accounts for the same financial year.

*Amendment*

(14) As required by Article 51a (e) of Directive 78/660/EEC, the report of the statutory auditors should also contain an opinion **in a form of a statement concerning the non-financial information** contained in the annual report, **and the consistency thereof** with the annual accounts for the same financial year.

## **Amendment 8**

### **Proposal for a directive**

#### **Recital 16**

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such as age, **gender**, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to **gender and other** aspects such as age, geographical diversity, **disability**, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly

this is the case.

explain why this is the case.

## Amendment 9

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point a – subparagraph 1

#### *Text proposed by the Commission*

The annual report shall include a fair review of the development and performance of *the company's* business and of *its* position, together with a description of the principal risks and uncertainties that it faces.

#### *Amendment*

The annual report shall include a fair review of the development and performance of business, *with reference both to the company concerned and to the entire supply chain*, and of *the company's* position, together with a description of the principal risks and uncertainties that it faces. *Risks in this context include financial uncertainties as well as disregard for social and environmental standards.*

## Amendment 10

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point a – subparagraph 2

#### *Text proposed by the Commission*

The review shall be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business.

#### *Amendment*

The review shall be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business. *Works councils and supervisory boards shall be involved in drafting the material published. Company reporting shall be independently verified. Disregard for disclosure requirements shall be penalised by Member States.*

## Amendment 11

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – introductory part

#### *Text proposed by the Commission*

(b) For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social **and employee** matters, respect for human rights, anti-corruption and bribery matters, including:

#### *Amendment*

(b) For companies whose average number of employees during the financial year exceeds 500 and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information **regarding companies' activity impact on society** relating to at least environmental, social, **gender and employment** matters, **and** respect for human rights, anti-corruption and bribery matters, including:

## Amendment 12

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – point i

#### *Text proposed by the Commission*

(i) a description of the policy pursued by the company in relation to these matters;

#### *Amendment*

(i) a description of the policy pursued by the company in relation to these matters, **also referring to due diligence processes implemented;**

## Amendment 13

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC  
Article 46 – paragraph 1 – point b – subparagraph 1 – point ii a (new)

*Text proposed by the Commission*

*Amendment*

***(ii a) the significant incidents that occurred during the reporting period in relation to these matters;***

## **Amendment 14**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 2

*Text proposed by the Commission*

*Amendment*

Where a company does not pursue policies in relation to one or more of these matters, it shall provide **an** explanation for not doing so.

Where a company does not pursue policies in relation to one or more of these matters, it shall provide **a clear and reasoned** explanation for not doing so. **The explanation shall contain an assessment of the decision of not pursuing policies relating to these matters.**

**Without prejudice to the thresholds defined in the first subparagraph, the companies' activity impact on society shall include the impacts generated by the activities of the reporting company as well as by activities that are linked to the reporting company by relevant business relationships, such as joint venture initiatives and the supply and subcontracting chains.**

## **Amendment 15**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3

*Text proposed by the Commission*

In providing such information the company **may rely** on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.

*Amendment*

In providing such information the company **shall rely on the guidelines for the application of the measures of this Directive relating to the non-financial statement, as from one year after their adoption. Before that time, the company shall rely as minimum on the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework and the Organisation for Economic Co-operation and Development(OECD) Guidelines for Multinational Enterprises. The company may additionally rely also** on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.

**Amendment 16**

**Proposal for a directive**

**Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

***By 31 December 2015 the latest, the Commission shall adopt, by means of delegated acts in accordance with Article 49 of Directive 2013/34, and regularly update, criteria for an European non-financial reporting framework. This criteria shall build on existing national, EU-based or international frameworks and shall contain Key Performance Indicators (KPIs) in the matters on which information has to be provided. The criteria shall contain general provisions as well as sector based provisions. The European Commission shall draw up these criteria following consultations with***

*Member States, National Regulatory Authorities, businesses and civil society organisations.*

## Amendment 17

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point c

#### *Text proposed by the Commission*

(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

#### *Amendment*

(c) To the extent necessary for an understanding of the company's development, performance or position ***and impact on society, environment and human rights, and for the transparency and comparability of the review***, the analysis shall include both financial and non-financial key performance indicators (***KPIs***) relevant to the particular business. ***The analysis shall include the KPIs defined in the criteria developed by the European Commission, as from one year after their adoption.***

## Amendment 18

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point c a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***(ca) By the end of 2018, the Commission shall submit a report to the European Parliament and Council, concerning:***

- the application of this Directive, in particular on the non-financial information disclosed and its scope, the transparency and the comparability of the***

*non-financial information provided*

*- the progress with non-financial reporting across the world.*

*Depending on the conclusions of the report the Commission shall review this Directive and shall consider proposing a binding European non-financial reporting framework including common key performance indicators.*

## **Amendment 19**

### **Proposal for a directive**

#### **Article 1 – point 1 – point b**

Directive 78/660/EEC

Article 46 – paragraph 4

*Text proposed by the Commission*

4. Where a company prepares a comprehensive report corresponding to the same financial year relying on national, EU-based or international frameworks and which covers the information provided for in paragraph 1(b), it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report.

*Amendment*

4. Where a company prepares a comprehensive report corresponding to the same financial year relying on national, EU-based or international frameworks and which covers the information provided for in paragraph 1(b) ***according to the specific provisions defined thereby and by the guidelines for the application of the measures of this Directive relating to the non-financial statement***, it shall be exempt from the obligation to prepare the non-financial statement set out in paragraph 1(b), provided that such report is part of the annual report ***and contains the relevant KPIs according to paragraph 1(c)***.

*Justification*

*In order to guarantee the essential flexibility for companies and, at the same time, an adequate level of transparency and comparability, the companies need to use relevant KPIs consistent with the information provided in the areas covered by the non-financial report, even in cases where such companies use different reporting frameworks.*

## **Amendment 20**

### **Proposal for a directive**

#### **Article 1 – point 2 – point a**

PE521.714v03-00

160/187

RR\521714EN.doc



Directive 78/660/EEC  
Article 46a – paragraph 1 – point g

*Text proposed by the Commission*

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, **gender**, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period. ***If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.***

*Amendment*

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to **gender and other** aspects such as age, geographical diversity, **disability**, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period.

*Justification*

*It is important that the information about gender diversity in administrative, management and supervisory bodies of the company is always provided.*

## **Amendment 21**

### **Proposal for a directive**

#### **Article 1 – point 3**

Directive 78/660/EEC

Article 53 a – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***Member States shall ensure that effective and adequate mechanisms are in place in order to ensure correct disclosure of non-financial information by companies, in accordance with the provisions of this Directive.***

***Member States shall ensure that effective national procedures are in place to enforce compliance with the obligations of this Directive and that these procedures are available for all persons and legal entities having a legitimate interest, in accordance with national law, in ensuring that the provisions of this Directive are respected.***

## *Justification*

*In order to avoid risks of green-washing and misleading information, specific mechanisms need to be in place within the MS with a view to correctly implement and enforce the Directive. In order to take into account very different national situations, flexibility should be given to Member States with regard to the functioning of these mechanisms.*

### **Amendment 22**

#### **Proposal for a directive**

##### **Article 1 a (new)**

Directive 2013/34/EU

Article 18 – paragraph 2a

*Text proposed by the Commission*

*Amendment*

#### **Article 1a**

##### ***Amendments to Directive 2013/34/EU***

***In Article 18 of Directive 2013/34/EU the following paragraph is inserted:***

***"2a. In the notes to the financial statements, large undertaking and public-interest entities shall disclose, specifying by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year :***

***(a) name(s), nature of activities and geographical location;***

***(b) turnover;***

***(c) number of employees on a full time equivalent basis;***

***(d) sales and purchases;***

***(e) profit or loss before tax;***

***(f) tax on profit or loss;***

***(g) public subsidies received."***

### **Amendment 23**

#### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

PE521.714v03-00

162/187

RR\521714EN.doc

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – introductory part

*Text proposed by the Commission*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social **and employee** matters, respect for human rights, anti-corruption and bribery matters, including **the following**:

*Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of 500 employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information **regarding companies' activity impact on society** relating to at least environmental, social, **gender and employment** matters, **and** respect for human rights, anti-corruption and bribery matters, including:

## **Amendment 24**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

83/394/EEC

Article 36 – paragraph 1 – subparagraph 3 – point i

*Text proposed by the Commission*

(i) a description of the policy pursued by the company in relation to these matters;

*Amendment*

(i) a description of the policy pursued by the company in relation to these matters, **also referring to due diligence processes implemented**;

*Justification*

*A reference to due diligence processes is necessary in order to clarify that these processes may constitute a very important part of the policies that the companies pursue.*

## **Amendment 25**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

83/394/EEC

Article 36 – paragraph 1 – subparagraph 3 – point ii a (new)

*Text proposed by the Commission*

*Amendment*

***(ii) the significant incidents that occurred during the reporting period in relation to these matters;***

*Justification*

*The non-financial statement should contain information about any significant incident relating to the matters defined, since this information is necessary in order to provide consumers and investors with a clear and comprehensive view on the companies' activity impact.*

## **Amendment 26**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

83/394/EEC

Article 36 – paragraph 1 – subparagraph 3 – point iii

*Text proposed by the Commission*

*Amendment*

(iii) the risks related to these matters and how the company manages those risks.

(iii) the risks ***for company and society*** related to these matters and how the company manages those risks.

*Justification*

*This change is proposed in order to make the text consistent with the new definition of Corporate Social Responsibility.*

## **Amendment 27**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

*Amendment*

Where the undertakings included in the consolidation taken as a whole do not pursue policies in relation to one or more of these matters, ***the company*** shall provide ***an*** explanation for not doing so.

Where the undertakings included in the consolidation taken as a whole do not pursue policies in relation to one or more of these matters, ***they*** shall provide ***a clear and reasoned*** explanation for not doing so.

*The explanation shall contain an assessment of the decision of not pursuing policies relating to these matters.*

## **Amendment 28**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

*Without prejudice to the thresholds defined in the first subparagraph, the companies' activity impact on society shall include the impacts generated by the activities of the companies included in the consolidation as well as by activities that are linked to the reporting company by relevant business relationships, such as joint venture initiatives and the supply and subcontracting chains.*

## **Amendment 29**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

83/394/EEC

Article 36 – paragraph 1 – subparagraph 5

*Text proposed by the Commission*

*Amendment*

In providing such information the consolidated annual report *may rely* on national, EU-based or international frameworks and if so, shall specify which frameworks it has relied upon.

In providing such information the consolidated annual report *shall rely on the guidelines for the application of the measures of this Directive relating to the non-financial statement, as from one year after their adoption. Before that time, the consolidated annual report shall rely as minimum on the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework and the Organisation for Economic Co-operation and*

*Development(OECD) Guidelines for Multinational Enterprises. The consolidated annual report may additionally rely also on national, EU-based or international frameworks and, if so, shall specify which frameworks it has relied upon.*

## **Amendment 30**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

*By 31 December 2015 the latest, the Commission shall adopt, by means of delegated acts in accordance with Article 49 of Directive 2013/34, and regularly update, criteria for an European non-financial reporting framework. This criteria shall build on existing national, EU-based or international frameworks and shall contain Key Performance Indicators (KPIs) in the matters on which information has to be provided. The criteria shall contain general provisions as well as sector based provisions. The European Commission shall draw up these criteria following consultations with Member States, National Regulatory Authorities, businesses and civil society organisations.*

## **Amendment 31**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 6

*Text proposed by the Commission*

*Amendment*

To the extent necessary for an

To the extent necessary for an

understanding of *such* development, performance or position, the analysis shall include both financial and *non-financial* key performance indicators relevant to the particular business.

understanding of *the companies'* development, performance or position *and impact on society and for the transparency and comparability of the review*, the analysis shall include both financial and *non-financial* key performance indicators (*KPIs*) relevant to the particular business. *The analysis shall include the KPIs defined in the guidelines developed by the European Commission, as from one year after their adoption.*

#### *Justification*

*KPIs are of paramount importance in order to ensure an adequate level of comparability between the information provided by different companies.*

### **Amendment 32**

**Proposal for a directive**  
**Article 2 – point 1 – point b**  
83/394/EEC  
Article 36 – paragraph 4

#### *Text proposed by the Commission*

4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on national, EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report.

#### *Amendment*

4. Where a parent undertaking prepares a comprehensive report corresponding to the same financial year, referring to the whole group of consolidated undertakings, relying on national, EU-based or international frameworks and covering the information provided for in the third subparagraph of paragraph 1 *according to the specific provisions defined thereby and by the guidelines for the application of the measures of this Directive relating to the non-financial statement*, the parent undertaking shall be exempt from the obligation to prepare the non-financial statement set out in the third subparagraph of paragraph 1, provided that such comprehensive report is part of the consolidated annual report *and contains the relevant KPIs according to paragraph 1.*

## *Justification*

*In order to guarantee the essential flexibility for companies and, at the same time, an adequate level of transparency and comparability, the companies need to use relevant KPIs consistent with the information provided in the areas covered by the non-financial report, even in cases where such companies use different reporting frameworks.*

### **Amendment 33**

#### **Proposal for a directive**

#### **Article 2 – point 1 – point b a (new)**

83/394/EEC

Article 36 – paragraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

***5a. Member States shall ensure that effective and adequate mechanisms are in place in order to ensure correct disclosure of non-financial information by companies, in accordance with the provisions of this Directive.***

***Member States shall ensure that effective national procedures are in place to enforce compliance with the obligations of this Directive and that these procedures are available for all persons and legal entities having a legitimate interest, in accordance with national law, in ensuring that the provisions of this Directive are respected.***

## *Justification*

*In order to avoid risks of green-washing and misleading information, specific mechanisms need to be in place within the MS with a view to correctly implement and enforce the Directive. In order to take into account very different national situations, flexibility should be given to Member States with regard to the functioning of these mechanisms.*



## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups	
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013	
<b>Opinion by</b> Date announced in plenary	IMCO 21.5.2013	
<b>Rapporteur</b> Date appointed	Sergio Gaetano Cofferati 29.5.2013	
<b>Discussed in committee</b>	30.9.2013	5.11.2013
<b>Date adopted</b>	28.11.2013	
<b>Result of final vote</b>	+: 29	–: 3
	0: 0	
<b>Members present for the final vote</b>	Claudette Abela Baldacchino, Adam Bielan, Jorgo Chatzimarkakis, Sergio Gaetano Cofferati, Birgit Collin-Langen, Anna Maria Corazza Bildt, António Fernando Correia de Campos, Cornelis de Jong, Christian Engström, Evelyne Gebhardt, Małgorzata Handzlik, Malcolm Harbour, Philippe Juvin, Toine Manders, Mitro Repo, Heide Rühle, Christel Schaldemose, Andreas Schwab, Catherine Stihler, Róza Gräfin von Thun und Hohenstein, Emilie Turunen, Bernadette Vergnaud, Barbara Weiler	
<b>Substitute(s) present for the final vote</b>	Ildikó Gáll-Pelcz, Morten Løkkegaard, Claudio Morganti, Olga Sehnalová, Kyriacos Triantaphyllides, Wim van de Camp, Patricia van der Kammen	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Monika Panayotova, Andrés Perelló Rodríguez	

28.11.2013

## **OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY**

for the Committee on Legal Affairs

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 (COM(2013)0207 – C7-0103/2013 - 2013/0110(COD))

Rapporteur: Mojca Kleva Kekuš

### **SHORT JUSTIFICATION**

The proposal for a Directive puts the importance of companies' reporting on non-financial information in the forefront. The Directive focuses on information regarding environmental, social and employee matters, respect for human rights, anti-corruption and bribery. However, the rapporteur believes that it is of utmost importance to include also the gender perspective. A balanced combination of the required elements will make it possible to provide shareholders with annual non-financial information that are crucial for the performance of companies.

Furthermore, the rapporteur is of the opinion that the Directive should be applied to companies with more than 250 employees and either a balance sheet total of over 20 million EUR or a net turnover of over 40 million EUR in order for this Directive to have a required effect. The proposed numbers were previously mentioned in different EU legislation acts and are often used to distinguish SMEs and large companies. Improving transparency namely plays an important role in effective functioning of the single market. The ability to more easily compare information on how companies operate can help investors and shareholders to make better decisions.

The compulsory disclosure of diversity policy, especially gender diversity policy, essentially affects the companies' performance. Furthermore, a balanced representation of women and men on company boards benefits the companies as it reflects demographic characteristics of key stakeholder groups, such as employee, customer and investor.

In order to ensure real gender equality, the companies are encouraged to make an analysis of the workforce which should include the breakdown of data by employment type, employment contract and gender. The talent pool, where 60% of university graduates in Europe are

women, is to be used in a more efficient way. In order to achieve the objectives of gender diversity in large companies and groups, companies need to develop policies that would enable women to balance family and professional life. Moreover, companies should organize trainings, capacity-building and exchange of best practices, as well as set up networking and mentoring systems.

Member States should lay down administrative and financial sanctions for companies in breach of the Directive as well as develop policies to implement the Directive and report on the outcomes. However, the European Commission should offer the Member States best practice guidance that will make place for the input of civil society organizations.

## AMENDMENTS

The Committee on Women's Rights and Gender Equality calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a directive Recital 6

*Text proposed by the Commission*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters.

*Amendment*

(6) In order to enhance consistency and comparability of non-financial information disclosed throughout the Union, companies should be required to include in their annual report a non-financial statement containing information relating to at least environmental matters, ***gender equality and diversity***, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. Such statement should include a description of the policies, results, and the risks related to those matters.

### Amendment 2

#### Proposal for a directive Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) In order to provide enhanced transparency, the Commission should introduce country- by-country reporting for cross-border companies in all sectors by requiring disclosure of information such as the nature of the company's activities and its impact on the society, its geographical location, turn-over, number of employees on a full-time equivalent***

*basis, as well as gender diversity, especially gender diversity in top management positions, in order to ensure a level playing field amongst European companies and investors.*

### **Amendment 3**

#### **Proposal for a directive Recital 10 a (new)**

*Text proposed by the Commission*

*Amendment*

*(10a) To aid diversity companies and businesses should be encouraged to boost female board and management representation as a means to increase the effectiveness of decision making as a business and economic imperative;*

*Companies and businesses should be encouraged to create a pipeline of board and management-ready women that encourages, supports and develops female talent at all levels and throughout their careers;*

*It would therefore be important that collaborative and constructive efforts are made with all stakeholders, such as recruiters, working groups and Non-Governmental Organisations to harness women's skills in business through voluntary business-led change that encompasses the sharing of best practice within, across and beyond the EU;*

*Companies should be encouraged to help raise awareness, offer mentoring schemes and networking support for women employees on management opportunities within their organisation, with the aim of harnessing the advice and experience of business professionals;*

## Amendment 4

### Proposal for a directive Recital 11

*Text proposed by the Commission*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number of employees, total assets and turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds **500**, and exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

*Amendment*

(11) The scope of these non-financial disclosure requirements should be defined by reference to the average number **and gender** of employees, total assets and turnover. SMEs should be exempted from additional requirements, and the obligation to disclose a non-financial statement in the annual report should only apply to those companies whose average number of employees exceeds **250**, and exceed either a balance sheet total of EUR 20 million or a net turnover of EUR 40 million.

## Amendment 5

### Proposal for a directive Recital 15

*Text proposed by the Commission*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of companies facilitates a good understanding of the business organisation and affairs. It enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, the "group-think" phenomenon. It contributes thus to effective oversight of the management and a successful governance of the company. It would therefore be important to enhance transparency **regarding** the diversity policy companies have in place. This would inform the market of corporate governance practices and thus put indirect pressure on companies to have more diversified boards.

*Amendment*

(15) Diversity of competences and views of the members of administrative, management and supervisory bodies of companies, **including gender diversity**, facilitates a good understanding of the business organisation and affairs. ***It has been acknowledged that gender diversity, especially in top positions, contributes to corporate governance, quality of decision-making and to the company's performance. Moreover, board diversity represents a benefit for the companies as board composition reflects demographic characteristics of key stakeholder groups such as employees, customers and investors. Furthermore,*** it enables members of these bodies to exercise a constructive challenge of the management decisions and to be more open to innovative ideas, addressing the similarity

of views of members, the "group-think" phenomenon. It contributes thus to effective oversight of the management and a successful governance of the company. It would therefore be important to enhance transparency *and to harmonise issues relating to* the diversity policy, *especially gender diversity*, companies have in place. This would inform the market of corporate governance practices and thus put indirect pressure on companies to have more diversified boards.

## **Amendment 6**

### **Proposal for a directive Recital 15 a (new)**

*Text proposed by the Commission*

*Amendment*

***(15a) Companies should adopt diversity policies that contribute to work-life balance and encourage mentoring, networking and adequate training for management positions.***

## **Amendment 7**

### **Proposal for a directive Recital 15 a (new)**

*Text proposed by the Commission*

*Amendment*

***(15a) Companies should ensure that gender considerations are taken into account in all of their operations to the same degree as other considerations, support the development of human resources, and guarantee a safe and healthy working environment.***

## Amendment 8

### Proposal for a directive Recital 16

*Text proposed by the Commission*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to aspects such **as age, gender**, geographical diversity, educational and professional background should only apply to large listed companies. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

*Amendment*

(16) The obligation to disclose their diversity policies for their administrative, management and supervisory bodies with regard to **gender and other** aspects such **as age**, geographical diversity, **disability**, educational and professional background should only apply to large listed companies **and listed public undertakings**. Therefore small and medium-sized companies that may be exempted from certain accounting obligations under article 27 of Directive 78/660/EEC should not be covered to by this obligation. Disclosure of the diversity policy should be part of the corporate governance statement, as laid down by Article 46a of Directive 78/660/EEC. Companies not having a such a diversity policy should not be obliged to put one in place, but they should clearly explain why this is the case.

## Amendment 9

### Proposal for a directive Recital 16 a (new)

*Text proposed by the Commission*

*Amendment*

***(16a) In the European Pact for Gender Equality 2011-2020, adopted on 7 March 2011, the Council acknowledged that gender equality policies are vital to economic growth, prosperity and competitiveness, reaffirmed its commitment to close the gender gaps with a view to meeting the objectives of the Europe 2020 Strategy and urged action to promote the equal participation of women and men in decision-making at all levels and in all fields, in order to make full use of all available talent. On matters related***



*to gender diversity, the provisions of this Directive should complement the provisions of the future Directive the on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures.*

## **Amendment 10**

### **Proposal for a directive Recital 18**

#### *Text proposed by the Commission*

(18) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, including the freedom to conduct a business, respect for private life and the protection of personal data. This Directive has to be implemented in accordance with these rights and principles.

#### *Amendment*

(18) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union, including ***non-discrimination, equality between women and men***, the freedom to conduct a business, respect for private life and the protection of personal data. This Directive has to be implemented in accordance with these rights and principles.

## **Amendment 11**

### **Proposal for a directive Article 1 – point 1 – point a** Directive 78/660/EEC Article 46 – paragraph 1 – point a – subparagraph 1

#### *Text proposed by the Commission*

(a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces.

#### *Amendment*

(a) The annual report shall include a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces, ***and a description of its gender, social, environmental and human rights impacts.***

## **Amendment 12**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – Paragraph 1 – point b – subparagraph 1 – point iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iiia) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period.*

*Justification*

*There is no justification why reporting on diversity policy in the company's management should exclusively apply to companies whose securities are admitted to trading on a regulated market. All large companies as defined in this article should report on their diversity policies. Therefore the Commission's proposal for amending article 46a should be moved to Article 46 Paragraph 1 which covers also large non-listed companies;*

## **Amendment 13**

### **Proposal for a directive**

#### **Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – point iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iiia) a description of the gender, human rights, social and environmental impacts of its operations, which result from the company's own activities or from its relationships with third parties;*

## Amendment 14

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 1 – point iii b (new)

*Text proposed by the Commission*

*Amendment*

***(iiib) gender segregated data on average pay of employees per hour over the reporting period;***

*Justification*

*Non-financial reporting should also include anonymous information relevant to the gender pay gap within a company. This will shed light on the individual performance of companies in reducing the persistently wide pay gap in the EU.*

## Amendment 15

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point b – subparagraph 3

*Text proposed by the Commission*

*Amendment*

In providing *such* information the company *may* rely on *national, EU-based or international frameworks and*, if so, shall specify which frameworks it *has relied upon*.

In providing *this* information the company *should* rely on *either EU-framework or the United Nations Guiding principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and* if so, *the company* shall specify which frameworks it *relies on*.

## Amendment 16

### Proposal for a directive

#### Article 1 – point 1 – point a

Directive 78/660/EEC

Article 46 – paragraph 1 – point c

*Text proposed by the Commission*

(c) To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

*Amendment*

(c) To the extent necessary for an understanding of the company's development, performance or position, ***as well as environmental, social and human rights-matters, including from a gender equality perspective*** the analysis shall include both financial and non-financial key performance indicators relevant to the particular business.

**Amendment 17**

**Proposal for a directive**

**Article 1 – point 1 – point a**

Directive 78/660/EEC

Article 46 – paragraph 1 – point c a (new)

*Text proposed by the Commission*

*Amendment*

***(ca) In order to enhance transparency as regards gender equality at the workplace, the companies may provide on analyses of the total workforce, including employee wages, with breakdown of data by employment type, employment contract and gender.***

**Amendment 18**

**Proposal for a directive**

**Article 1 – point 2 – point a**

Directive 78/660/EEC

Art. 46 a – paragraph 1 – point g

*Text proposed by the Commission*

(g) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender, geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and

*Amendment*

(g) a description of the company's ***and listed public undertaking's*** diversity policy for its administrative, management and supervisory bodies with regard to ***gender and other*** aspects such as age, gender, geographical diversity, ***disability***, educational and professional background,

the results in the reporting period. If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

the objectives of this diversity policy, how it has been implemented and the results in the reporting period. ***Effective monitoring of equal opportunities anti-discrimination and diversity in the workplace is an important part of improved human capital management and equality practice.*** If the company has no such policy, the statement shall contain a clear and reasoned explanation as to why this is the case.

## **Amendment 19**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 1

#### *Text proposed by the Commission*

1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

#### *Amendment*

1. The consolidated annual report shall include a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, ***and a description of its impacts on gender, and social, environmental and human rights impacts.***

## **Amendment 20**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – Paragraph 1 – subparagraph 3 – introductory wording

#### *Text proposed by the Commission*

For parent undertakings of undertakings to be consolidated that together exceed an average number of **500** employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet

#### *Amendment*

For parent undertakings of undertakings to be consolidated that together exceed an average number of **250** employees during the financial year, and, on their balance sheet dates, exceed either a balance sheet

total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, social **and employee** matters, respect for human rights, anti-corruption and bribery matters, including the following:

total of EUR 20 million or a net turnover of EUR 40 million, the review shall also include a non-financial statement containing information relating to at least environmental, **gender equality**, social, **employee and diversity** matters, respect for human rights, anti-corruption and bribery matters, **taking into account the company's complete supply chain** including the following:

#### *Justification*

*The definition of large company should be interpreted in accordance with the existing definition in the 4th Accounting Directive under which a company is large if it has an average number of employees exceeding 250 and either a balance sheet exceeding €17.5 million or net turnover exceeding €35 million. A report on non-financial matters and the risk relating to them is not complete without relevant information regarding the entire supply chain.*

#### **Amendment 21**

##### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – point iii

##### *Text proposed by the Commission*

- (iii) the risks related to these matters and how the company manages those risks.

##### *Amendment*

- (iii) the risks **for company and society** related to these matters and how the company manages those risks.

#### **Amendment 22**

##### **Proposal for a directive**

##### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – point iii a (new)

##### *Text proposed by the Commission*

##### *Amendment*

**(iiia) a description of the company's diversity policy for its administrative, management and supervisory bodies with regard to aspects such as age, gender,**

*geographical diversity, educational and professional background, the objectives of this diversity policy, how it has been implemented and the results in the reporting period;*

## **Amendment 23**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – subparagraph 3 – point iii a (new)

*Text proposed by the Commission*

*Amendment*

*(iiia) a description of the gender, human rights, social and environmental impacts of its operations, which result from the company's own activities or from its relationships with third parties;*

## **Amendment 24**

### **Proposal for a directive**

#### **Article 2 – point 1 – point a**

Directive 83/349/EEC

Article 36 – paragraph 1 – point a – subparagraph 1 – point iii b (new)

*Text proposed by the Commission*

*Amendment*

*(iiib) gender segregated data on average pay of employees per hour over the reporting period;*

*Justification*

*Non-financial reporting should also include anonymous information relevant to the gender pay gap within a company. This will shed light on the individual performance of companies in reducing the persistently wide pay gap in the EU.*

## **Amendment 25**

### **Proposal for a directive**

**Article 2 – point 1 – point a**  
Directive 83/349/EEC  
Article 36 – paragraph 1 – subparagraph 6

*Text proposed by the Commission*

To the extent necessary for an understanding of such development, performance or position, the analysis shall include both financial and **non-financial** key performance indicators relevant to the particular business.

*Amendment*

To the extent necessary for an understanding of such development, performance or position, **and its social, environmental and human rights, including from a gender equality perspective** the analysis shall include both financial and **non-financial** key performance indicators relevant to the particular business.

## **Amendment 26**

**Proposal for a directive**  
**Article 2 – point 1 – point a**  
Directive 83/349/EEC  
Article 36 – paragraph 1 – subparagraph 6a (new)

*Text proposed by the Commission*

*Amendment*

**6a. In order to enhance transparency as regards gender equality at the workplace, the companies may provide on analyses of the total workforce, including employee wages, with breakdown of data by employment type, employment contract and gender.**

## **Amendment 27**

**Proposal for a directive**  
**Article 3 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [...] <sup>15</sup> at the latest. They shall forthwith communicate to the Commission the text of those provisions.

**1. Member States shall ensure effective means in order to monitor and enforce full and accurate disclosure of non-financial information by companies in compliance with the provisions of this Directive.** Member States shall bring into force the laws, regulations and



administrative provisions necessary to comply with this Directive by [...] <sup>15</sup> at the latest. They shall forthwith communicate to the Commission the text of those provisions.

---

<sup>15</sup> Two years after entry into force

---

<sup>15</sup> Two years after entry into force

## **Amendment 28**

### **Proposal for a directive**

#### **Article 3 a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 3a*

##### *Commission guidelines*

***The Commission shall identify best practice and develop, within one year of the entry into force of this Directive, best practice guidelines for corporate reporting in collaboration with civil society organisations in order to assist companies in their reporting.***

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013
<b>Opinion by</b> Date announced in plenary	FEMM 21.5.2013
<b>Rapporteur</b> Date appointed	Mojca Kleva Kekuš 29.5.2013
<b>Date adopted</b>	26.11.2013
<b>Result of final vote</b>	+: 14 –: 8 0: 7
<b>Members present for the final vote</b>	Regina Bastos, Andrea Češková, Edite Estrela, Iratxe García Pérez, Zita Gurmai, Mikael Gustafsson, Mary Honeyball, Sophia in 't Veld, Silvana Koch-Mehrin, Rodi Kratsa-Tsagaropoulou, Constance Le Grip, Astrid Lulling, Barbara Matera, Elisabeth Morin-Chartier, Angelika Niebler, Antonyia Parvanova, Marc Tarabella, Britta Thomsen, Marina Yannakoudakis, Anna Záborská, Inês Cristina Zuber
<b>Substitute(s) present for the final vote</b>	Iñaki Irazabalbeitia Fernández, Kent Johansson, Nicole Kiil-Nielsen, Doris Pack, Zuzana Roithová
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Birgit Collin-Langen, Jill Evans, María Irigoyen Pérez

## PROCEDURE

<b>Title</b>	Disclosure of non-financial and diversity information by certain large companies and groups			
<b>References</b>	COM(2013)0207 – C7-0103/2013 – 2013/0110(COD)			
<b>Date submitted to Parliament</b>	16.4.2013			
<b>Committee responsible</b> Date announced in plenary	JURI 21.5.2013			
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	AFET 12.9.2013	DEVE 12.9.2013	ECON 21.5.2013	EMPL 21.5.2013
	ENVI 21.5.2013	ITRE 21.5.2013	IMCO 21.5.2013	FEMM 21.5.2013
<b>Not delivering opinions</b> Date of decision	ENVI 7.5.2013			
<b>Rapporteur(s)</b> Date appointed	Raffaele Baldassarre 29.5.2013			
<b>Discussed in committee</b>	20.6.2013	4.11.2013	26.11.2013	
<b>Date adopted</b>	17.12.2013			
<b>Result of final vote</b>	+ : 21 - : 1 0 : 2			
<b>Members present for the final vote</b>	Raffaele Baldassarre, Sebastian Valentin Bodu, Françoise Castex, Christian Engström, Marielle Gallo, Giuseppe Gargani, Lidia Joanna Geringer de Oedenberg, Klaus-Heiner Lehne, Antonio López-Istúriz White, Antonio Masip Hidalgo, Alajos Mészáros, Bernhard Rapkay, Evelyn Regner, Francesco Enrico Speroni, Dimitar Stoyanov, Rebecca Taylor, Alexandra Thein, Rainer Wieland, Cecilia Wikström, Tadeusz Zwiefka			
<b>Substitute(s) present for the final vote</b>	Eva Lichtenberger, József Szájer			
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Silvia Costa, Jürgen Klute, Kay Swinburne			
<b>Date tabled</b>	6.1.2014			