



BANKING AND FINANCE

Public consultation on non-binding guidelines on methodology for reporting non-financial information

Fields marked with * are mandatory.

Introduction

The [Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups](#) entered into force on 6 December 2014, after having been published in the EU Official Journal on 15 November 2014. The [Directive 2014/95/EU](#) amends [Directive 2013/34/EU](#) on the annual financial statements, consolidated statements and related reports of certain types of undertakings.

The [Directive 2014/95/EU](#) aims at improving the transparency of certain large EU companies as regards non-financial information, and focuses on relevant, useful information.

Following Article 1 of the Directive, the new disclosure requirements apply to large public-interest entities with more than 500 employees. The concept of public-interest entities is defined in Article 2 of [Directive 2013/34/EU](#), and includes companies listed in EU markets, as well as some unlisted companies, such as credit institutions, insurance companies, and other companies that are so designated by Member States because of their activities, size or number of employees.

Article 1 of the Directive establishes that companies concerned shall include in the management report a non-financial statement containing information relating to, as a minimum:

- Environmental matters
- Social and employee matters
- Respect for human rights
- Anti-corruption and bribery matters.

Article 1 of the Directive also establishes that the non-financial statement shall include:

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

Companies, investors and society at large will benefit from increased transparency as it leads to stronger long-term performance. This is important for Europe's long-term competitiveness and the creation of jobs. Investors are more and more interested in non-financial information in order to have a comprehensive understanding of a company's position and performance, and to analyse and factor this information in their investment-decision process. The [Directive 2014/95/EU](#) aims at enhancing the consistency and comparability of non-financial information disclosed throughout the Union (recital 6).

The Directive has been designed in a non-prescriptive manner, and leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful. Companies may rely on national frameworks, Union-based frameworks such as the Eco-Management and Audit Scheme (EMAS), or 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's ISO 26000, the International Labour Organisation's Tripartite Declaration of principles concerning multinational enterprises and social policy, the Global Reporting Initiative, or other recognised international frameworks (recital 9). Companies may also consider the sectorial OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as appropriate.

In order to provide further guidance and help companies implement these provisions the co-legislators have tasked the Commission with the preparation of non-binding guidelines on methodology for reporting non-financial information. Article 2 of the Directive refers to "guidance on reporting", and sets out that "the Commission shall prepare non-binding guidelines on methodology for reporting non-financial information, including non-financial key performance indicators, general and sectoral, with a view to facilitating relevant, useful and comparable disclosure of non-financial information by undertakings. [...]" The objective of the non-binding guidelines is to facilitate the disclosure of non-financial information by undertakings (recital 17).

The purpose of this public consultation is to collect information and views from stakeholders on guidance on reporting of non-financial information by companies across all sectors.

At this time, it is premature to prejudge what form the guidelines should take. This will depend on the outcome of this consultation. The guidelines should be relevant and useful across all economic sectors, and cover appropriately general principles, methodology, and non-financial key performance indicators.

In providing their input to this consultation, stakeholders are invited to consider the companies and groups concerned under Article 1 of the Directive. The new disclosure requirements relating to non-financial information apply to large public-interest entities with more than 500 employees. The concept of public-interest entities is defined in Article 2 of [Directive 2013/34/EU](#), and includes

companies listed in EU markets as well as some unlisted companies, such as credit institutions, insurance companies, and other companies that are so designated by Member States because of their activities, size or number of employees.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-non-financial-reporting-guidelines@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

1. Information about you

* Are you replying as:

- ☐ a private individual
- ☒ an organisation or a company
- ☐ a public authority or an international organisation

* Name of your organisation:

AFEP - French Association of Large Companies

Contact email address:

The information you provide here is for administrative purposes only and will not be published

e.gambert@afep.com

* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- ☒ Yes
- ☐ No

* If so, please indicate your Register ID number:

953933297-85

* Type of organisation:

- | | |
|---|---|
| <input type="radio"/> Academic institution | <input type="radio"/> Company, SME, micro-enterprise, sole trader |
| <input type="radio"/> Consultancy, law firm | <input type="radio"/> Consumer organisation |
| <input type="radio"/> Industry association | <input type="radio"/> Media |
| <input type="radio"/> Non-governmental organisation | <input type="radio"/> Think tank |
| <input type="radio"/> | <input checked="" type="radio"/> |

Trade union

Other

* Please specify the type of organisation:

Companies association

* Where are you based and/or where do you carry out your activity?

France

* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- ☐ Accounting
- ☐ Auditing
- ☐ Rating agencies
- ☐ Banking
- ☐ Insurance
- ☐ Reporting/Communication
- ☐ Corporate Social Responsibility/ Sustainability
- ☐ Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- ☐ Other
- ☒ Not applicable



Important notice on the publication of responses

* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

([see specific privacy statement](#) )

- ☒ Yes, I agree to my response being published under the name I indicate (*name of your organisation/company/public authority or your name if your reply as an individual*)
- ☐ No, I do not want my response to be published

2. Your opinion

For the purposes of this public consultation:

“The GUIDELINES”:

The non-binding guidelines on methodology for reporting non-financial information that the Commission will prepare in accordance with Article 2 of [Directive 2014/95/EU](#) on disclosure of non-financial and diversity information by certain large undertakings and groups (“the DIRECTIVE”).

“KPIs”:

Key performance indicators.

I. General principles and key attributes of the non-financial information

Q1. What aspects of disclosure of non-financial information do you think that should be addressed by the GUIDELINES?

Please, order in terms of importance (1 least important, 9 most important)

	1 (least important)	2	3	4	5	6	7	8	9 (most important)
* Materiality/Relevance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
*Usefulness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Comparability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Avoiding undue administrative burden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Comprehensiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Fairness and balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Understandability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Reliability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2. Who should be considered in your opinion the main audience of the non-financial statement?

Please, check the box of the alternative that you consider more appropriate.

- ☐ The shareholders
- ☒ The investment community in a broad sense
- ☐ Users of information with an economic interest, such as suppliers, customers, employees, etc.
- ☐ All users of information (including consumers, local communities, NGOs, etc.)
- ☐ Other

*

Q2.1 Could you please provide a brief explanation on your answer regarding who should be considered the main audience of the non-financial statement?

400 character(s) maximum

Main users of non-financial information are, in our view, shareholders/investors (mainstream and SRI). 12% of investors in European companies integrate ESG criteria into their investment decisions and could attain 30% in 2020/25. In addition, employees, clients, NGOs, consumers, public authorities, local communities etc are fully part of companies' ecosystem.

Q3. In your opinion, what features make a piece of information relevant (or material) for the purposes of the non-financial statement?

Please, order in terms of importance (1 least important, 7 most important)

	1 (least important)	2	3	4	5	6	7 (most important)
*Useful for the management/directors of the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Relevant for shareholders or investors' decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Relevant for stakeholders in general	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Necessary to understand the impacts of the company's activity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Necessary to understand the company's development, performance and position	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
*Necessary to understand how the company manages non-financial risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * Q3.1 Could you please provide a brief explanation on your answer regarding the features which make a piece of information relevant (or material) for the purposes of the non-financial statement?

400 character(s) maximum

Materiality regarding non-financial information means that companies identify among all the sustainability issues the ones that are most pertinent and significant in terms of impacts and risks, according to their own risk analysis and their stakeholders' views. Material information allows its users to understand the company's non-financial performance and is useful for investors / management.

II. Content of the non-binding guidelines

Q4. Do you think that the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they put forward solutions in a detailed manner, including on specific sectoral issues?

	1	2	3	4	5	No opinion
<p>* Please, indicate on a scale from 1 to 5 (1 geared towards general principles, 5 high level of detail/prescription)</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * Q4.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they prescribe solutions in a detailed manner, including on specific sectoral issues?

400 character(s) maximum

The guidelines should be principle based such as the directive, but also provide useful explanations for companies in order to help them produce the non-financial statement that is expected from them. It should be avoided to put forward too detailed solutions or reporting methodologies as they are less likely to apply to all companies concerned by the reporting obligation.

Q5. Please, provide a brief description of how you think that the following matters should be treated in the GUIDELINES, including as appropriate how they should be defined and described:

a. Business model:

400 character(s) maximum

Companies don't need guidance from the EC because they already provide extensive information on their business model in accordance with the prospectus, transparency and accounting directives. If the non-financial statement is published in a separate report from the management report, information may be useful to understand the company's activities but it should be possible to be very concise.

b. Policies:

400 character(s) maximum

The guidelines should make clear that the policies to be disclosed concern the strategic priorities and key topics pursued by the company with regard to the indicative list of CSR policies listed in recital 7 of the directive (use of renewable energy; greenhouse gas emissions, water use; air pollution; respect for union rights; health and safety at work; human rights; anti-corruption etc.).

c. Due diligence process:

400 character(s) maximum

Guidelines should explain the "due diligence procedures" in order to be clearly understood by companies. However, it should be avoided to "invent" a new definition at EU level. Guidelines should refer to international texts such as the OECD guidelines for multinational companies; the UNGP; the OECD's general and sectoral guidance; or the draft standard ISO 20400 on sustainable procurement.

d. Business relationships:

400 character(s) maximum

Again, this concept needs to be explained in accordance to international texts of reference. Case studies could illustrate what this notion englobes. It should be made clear however that companies cannot control all their business relationships and that direct influence can only be exercised on rank 1 suppliers.

e. Key performance indicators –KPIs:

400 character(s) maximum

Companies consider that guidance from the European Commission regarding KPIs is not useful. The guidelines could refer to existing sets of KPIs such as the ones produced by EFFAS or the GRI.

f. Outcome of policies:

400 character(s) maximum

Companies should dispose of sufficient flexibility to address the outcome of the policies they implement. Examples could illustrate how companies can best communicate on targets they have set themselves.

g. Principal risks:

400 character(s) maximum

Companies don't need additional guidance on how they should describe their risks. The matter is already dealt with under different pieces of EU legislation. However, the guidelines could provide tools and useful links to help companies conduct their risk analysis (e.g. "Human Rights compliance quick check" by the Danish Institute for Human rights, "Human Rights and business country guide", OHCHR..

h. Impact of the activity:

400 character(s) maximum

The guidelines could provide examples of impacts so that companies that are less experienced with non-financial reporting can get an overview of possible impacts stemming from economic activity.

i. Adverse impacts:

400 character(s) maximum

Again, examples could be given of adverse impacts, but it would be more balanced to also list possible positive impacts which are also part of non-financial reporting. The guidelines should avoid concentrating only on negative impacts. CSR is also about increasing these positive impacts.

j. Information omitted in exceptional cases where disclosure would be seriously prejudicial:

400 character(s) maximum

The guidelines could give examples of such exceptional cases and explain the difference with the "comply or explain" principal. The guidelines should be coherent with the proposed directive on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure which is expected to be adopted in April 2016.

Q6. How do you think that the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

between 2 and 2 answered rows

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	1 (best option)	2 (second preferred option)
The GUIDELINES should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable	<input type="radio"/>	<input checked="" type="radio"/>
The GUIDELINES should make reference to KPIs proposed by other frameworks where addressing concrete matters or issues	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should include a comprehensive list of KPIs, general and sectoral	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>

★ Q6.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

400 character(s) maximum

KPIs will depend on the priorities defined by each company, according to its sector, policies, risks and impacts. International frameworks (eg: GRI / EFFAS) exist and companies may choose among them. For less experienced companies it may be useful to dispose of key principles on how to measure and express non-financial performance through relevant KPIs. Any list of KPIs should be avoided.

Q7. Do you think that the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

	1	2	3	4	5	No opinion
★ Please, indicate on a scale from 1 to 5 (1 geared towards general principles, 5 high level of detail/prescription)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

★ Q7.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

400 character(s) maximum

The guidelines could indeed refer to specific sectoral guidance that already exists at European or International level (like GRI's sector guidance). But their main objective should be to apply to all companies concerned by the directive. They should consequently be geared towards general principals.

III. Interaction with other frameworks and other aspects

Q8. How do you think that the GUIDELINES should relate to existing national, international or other EU-based frameworks (such as UN Global Compact, the UN Guiding Principles on Business and Human Rights, OECD guidelines for multinational enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, EMAS, etc.)?

Please, order in line with your views (1 least in line, 6 most in line)

	1 (least in line)	2	3	4	5	6 (most in line)
*The GUIDELINES should include detailed solutions and be an exhaustive document in a way that could make unnecessary for companies the use of other guidelines	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*The GUIDELINES should be complementary to other frameworks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*The GUIDELINES should make reference to other frameworks where addressing concrete matters or specific issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*The GUIDELINES should get general inspiration from other frameworks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*The GUIDELINES should explain how content produced in the context of other frameworks could be used in the non-financial statement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
*Other	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Please specify what other approach you would advocate:

The guidelines should avoid redundancies with other pieces of the EU legislation.

- * Q8.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should relate to existing national, international or other EU-based frameworks?

400 character(s) maximum

Companies need EU guidelines in coherence with international frameworks or texts of reference already existing. Ideally they should be complementarity and help for companies to apply these international frameworks when producing their non-financial statement. Redundancy with other EU legislation should be avoided and a thorough analysis of the existing reporting regime should be performed.

- * Q9. Do you think that when preparing the GUIDELINES only the companies included in the scope of the DIRECTIVE should be considered, or that the interests, characteristics and/or requirements of other companies that prepare management reports should be taken into account as well?

Please, check the box of the alternative that you consider most appropriate.

- ☐ Specific to the requirements of the companies under scope of the DIRECTIVE
- ☐ Consider all large companies
- ☐ Consider all companies
- ☒ Focus on the requirements of the companies under the scope of the DIRECTIVE, but also propose best practice for other companies that prepare management reports

- * Q9.1 Accordingly, do you think that the content of the guidelines should be different according to the targeted companies? Could you please provide a brief explanation?

400 character(s) maximum

There may be recommendations for SME, currently not under the scope of the directive, in order to help them produce a non-financial statement on a voluntary basis. This could be useful, SMEs may grow and attain the thresholds triggering the reporting obligation later on. They could more easily prepare themselves for this exercise and start reporting in a way that is most adapted to their size.

Q10. Does your company disclose annually relevant non-financial information?

Please, check the box of the alternative that you consider most appropriate.

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

IV. Disclosures related to board diversity policy

- * Q11. Should the GUIDELINES provide more clarity on what companies should disclose as regards their board diversity?

Please, check the box of the alternative that you consider most appropriate.

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

* Q11.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should provide more clarity on what companies should disclose as regards their board diversity policy?

400 character(s) maximum

The diversity issue is addressed by most corporate governance codes such as the French one. Additional guidance is not necessary.

3. Additional information

Please, upload, as needed, any relevant document or information that you consider useful for the purposes of this consultation.

In doing so, you are invited to take into account the content of recital 7 of the [DIRECTIVE](#):

“Where undertakings are required to prepare a non-financial statement, that statement should contain, as regards environmental matters, details of the current and foreseeable impacts of the undertaking’s operations on the environment, and, as appropriate, on health and safety, the use of renewable and/or non-renewable energy, greenhouse gas emissions, water use and air pollution. As regards social and employee-related matters, the information provided in the statement may concern the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety at work and the dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities. With regard to human rights, anti-corruption and bribery, the non-financial statement could include information on the prevention of human rights abuses and/or on instruments in place to fight corruption and bribery”.

Useful links

Consultation details

(http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/index_en.htm)

Consultation document

(http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/consultation-document_en)

Specific privacy statement

(http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/privacy-statement_en.pdf,

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

Contact

✉ fisma-non-financial-reporting-guidelines@ec.europa.eu
