



**ACCOUNTANCY  
EUROPE.**

# Welcome





# EU NFI Directive: A comprehensive guide to the national laws

22 November 2017





# Opening and Welcome

**Stefan Crets**

CSR Europe, Executive Director



# Member State Implementation of the NFI Directive

**Rosana Tufo**

CSR Europe, Project Manager

# DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 22 October 2014

amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

## Adoption



## Member States implementation overview

← 2014

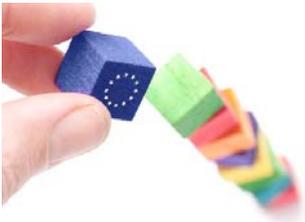
2014

2015-2017

2017

2018 →

## Preparation & Consultations



## Transposition follow up by CSR Europe-GRI platform

**Non-Financial Reporting (NFR) Platform**

In order to support enterprises to further develop and enhance their transparency strategy and practices - as a means towards stakeholders engagement, risks & opportunities' management and integrated performance - this platform aims at supporting the efficient, effective and smart implementation of the Directive. It will collect, analyze and share information on - how governments are transposing the directive - what activities governments and stakeholders initiate locally to support efficient and effective transposition of the Directive - what capacity-building measures governments and/or stakeholders are implementing to help companies comply with the Directive.

[10 Discussions](#) [To-dos](#) [15 Files](#) [Events](#) Add the first: [Test document](#)

**Latest project updates**

- 8:33am** You commented on [New Direct - August 2016: EU directive on non-financial information](#).
- Aug 31** You gave [antonaras.a@unic.ac.cy](#) access to the project: Non-Financial Reporting (NFR) Platform
- Aug 31** Alexandros K. commented on [Call for country-by-country updates - 14.09.16](#) [view his presentation](#)

**Upcoming Events**

- September 14**
  - Open Meeting EU: [Review non-financial information disclosure systems update](#)
- [All upcoming events](#)



## Implementation, application, review



# Non-financial reporting platform



Support the **efficient, effective and smart** implementation of the directive by collecting, analysing and sharing information on:

A screenshot of the Non-Financial Reporting (NFR) Platform interface. The main heading is 'Non-Financial Reporting (NFR) Platform' with a star icon. Below it is a descriptive paragraph: 'In order to support enterprises to further develop and enhance their transparency strategy and practices - as a means towards stakeholders engagement, risks &amp; opportunities' management and integrated performance-, this platform aims at supporting the efficient, effective and smart implementation of the Directive. It will collect, analyze and share information on: - how governments are transposing the directive - what activities governments and stakeholders initiate locally to support efficient and effective transposition of the Directive - what capacity-building measures governments and/or stakeholders are implementing to help companies comply with the Directive'. There are links for '10 Discussions', 'To-dos', '15 Files', and 'Events'. A 'Text document' is added. A 'Latest project updates' section shows three entries: '8:33am You commented on New Digest - August 2016: EU directive on non-financial information...', 'Aug 31 You gave antonaras.a@unic.ac.cy access to the project: Non-Financial Reporting (NFR) Platform', and 'Aug 31 Alexandros K. commented on Call for country-by-country updates - 14.09.16 webinar preparation'. An 'Upcoming Events' box on the right lists 'September 14' with an event 'Open Webinar EU Directive non-financial information disclosure platform update' and a link 'All upcoming events...'. At the top right of the interface are links for 'Invite more people' (60 people on this project) and 'Catch up' (on recent changes).

- How **governments** are **transposing the directive**
- What **activities** governments and stakeholders initiate locally to support efficient and effective transposition of the directive
- What **capacity building** measures governments and/or stakeholders are implementing to help companies comply with the directive

# Non-financial reporting platform





# Non-financial reporting regulations in Europe: State of play



- **Overview requirements** of the transposed national laws concerning the Directive 2014/95/EU in each of the Member States
- Mapping **similarities and differences** across transposed laws
- Provide an overview of **EU policy context** related to non-financial reporting



In collaboration with



# Data collection: stakeholders engagement

## Who?\*



National Ministries  
from 28 countries



CSR Europe National  
Partner Organisations



Other organisations

## How?



Online survey



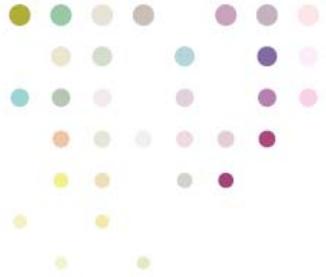
Direct follow up  
and reach out

*\*Note: a full list is provided in the publication*

# Data collection: information checked and compared

- Definition of large undertaking
- Definition of Public Interest Entity (PIE)
- Reporting topics and content
- Reporting framework
- Disclosure format
- Auditors' involvement
- Non-compliance penalties
- Presence of safe harbour principle
- Diversity requirements





Policy & Reporting

## Member State Implementation of Directive 2014/95/EU

A comprehensive overview of how Member States are implementing the EU Directive on Non-financial and Diversity Information



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# Content overview

- Introduction
- Overview Directive 2014/95/EU requirements
- EU policy analysis: non-financial reporting and beyond
- Summary information for 28 Member States and 2 EEA countries
- Country-specific review
- **Links to actual laws and supporting documents when applicable**
- Conclusion and end notes



# Member State Implementation of the NFI Directive

**Paul Gisby**

Accountancy Europe, Manager

# Publication – Member State Implementation

- Transposition Progress – 27 EU MSs have confirmed transposition
- The ‘transposition gateway’ covers EU 28, Norway & Iceland
- We will look at transposition of:
  - Scope
  - Disclosure Format
  - Assurance requirements
  - Adoption of ‘Safe Harbour’
  - Use of reporting frameworks
- Disclaimer

# Scope

## Denmark

From 2018, applies to all large undertakings (>250 employees).

Presently companies with <500 employees shall report only on human rights, climate and environmental issues.

## Romania

also applies to:

- Private pension fund management
- Financial Investment services co's
- Companies with majority or full state ownership

Large PIE's > 500 employees  
PIE:

- On a regulated market
- Credit institution
- Insurance undertakings
- Any other body a MS so designates

## Greece

### Supplementary requirements

- For any company larger than micro
- In management report
- Disclose environmental performance and social/EE matters
- Assurance required for presence of information if company is MSE

11

- Standard PIE definition

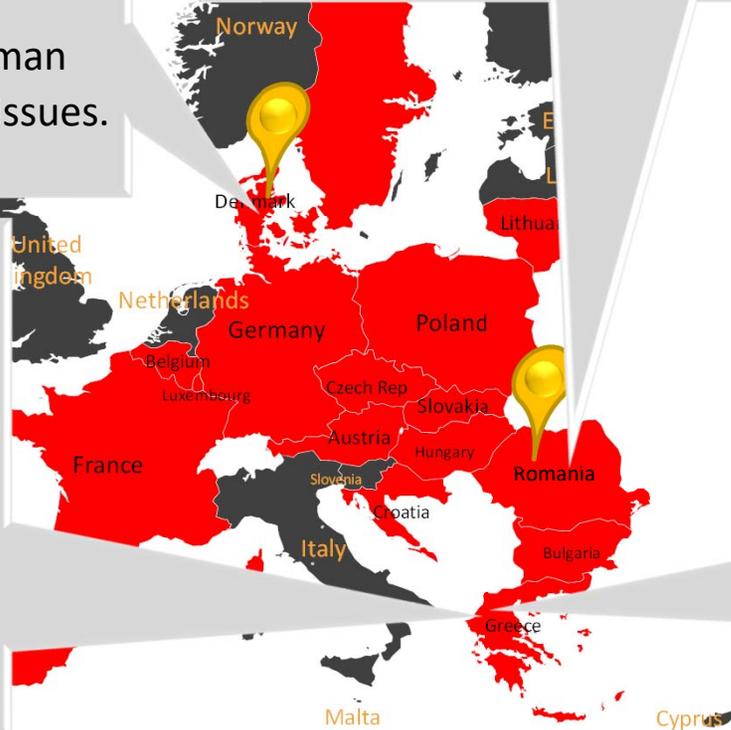
19

- Enhanced PIE definition

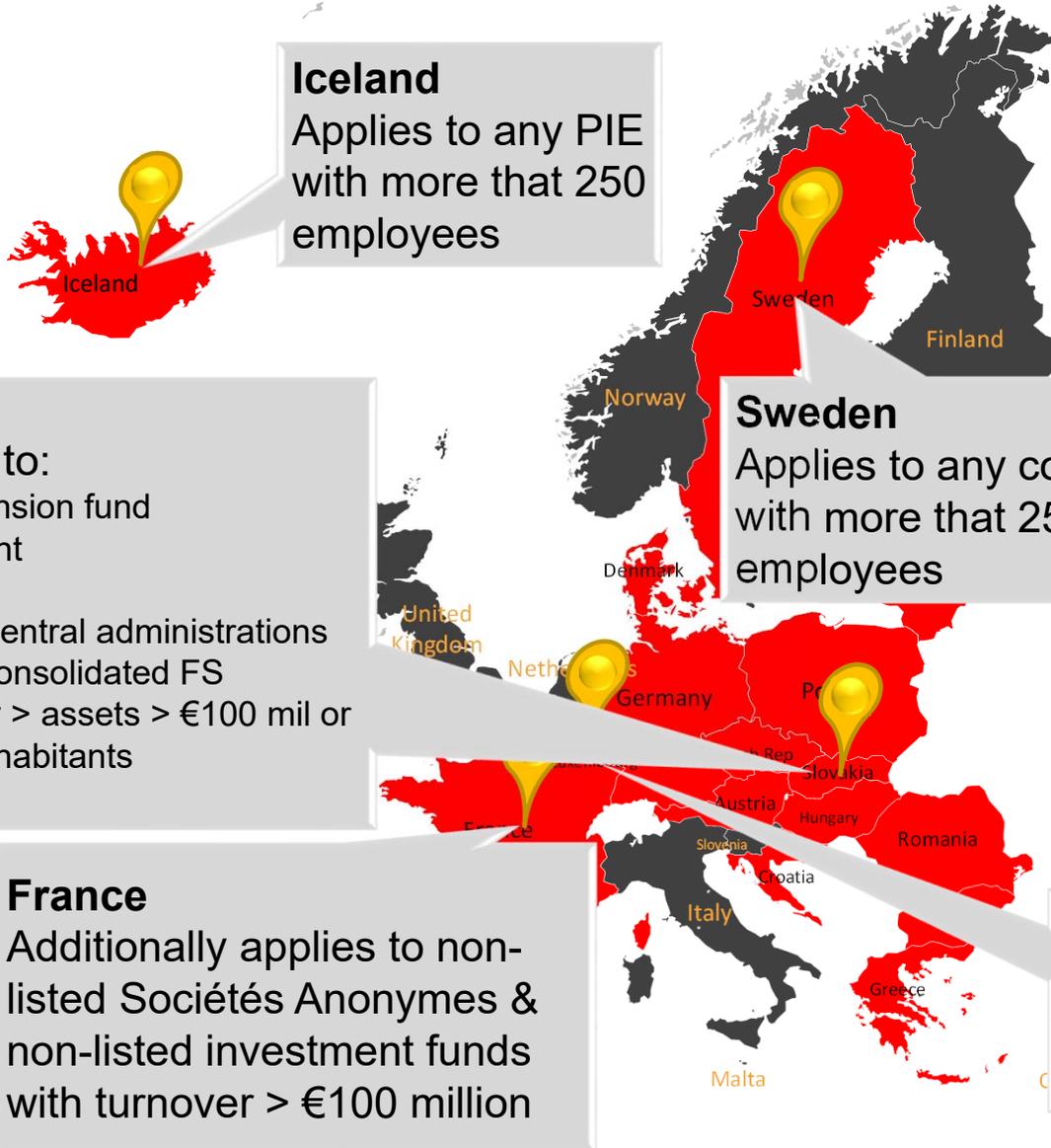
## Greece

also applies to:

- Large entities in logging and mining sectors
- Government entities > 500 employees



# Scope



**Iceland**  
Applies to any PIE with more than 250 employees

**Slovakia**  
also applies to:

- Asset & Pension fund management
- Railways
- Entities of central administrations preparing consolidated FS
- Municipality > assets > €100 mil or > 50 000 inhabitants

**Sweden**  
Applies to any company with more than 250 employees

**France**  
Additionally applies to non-listed Sociétés Anonymes & non-listed investment funds with turnover > €100 million

**Luxembourg**  
Applies to any PIE with more than 250 employees

Large PIE's > 500 employees  
PIE:

- On a regulated market
- Credit institution
- Insurance undertakings
- Any other body a MS so designates

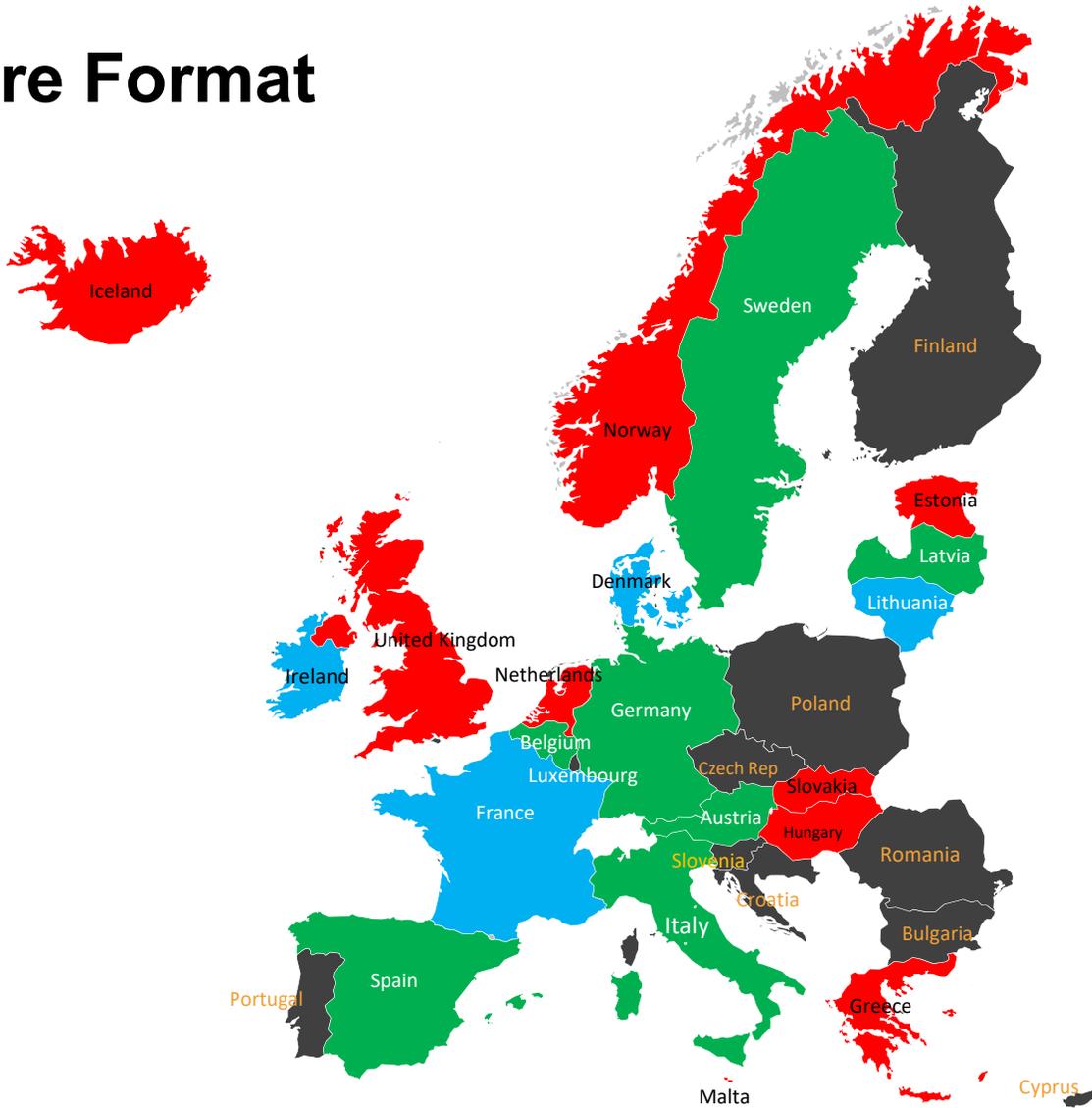
**11** • Standard PIE definition

**19** • Enhanced PIE definition

## Scope – additional points

- Amendments to the scope are often the result of the 2013 Accounting Directive
  - i.e. the inclusion of pension funds, financial services providers and local authorities
  - Obvious exception is Greece
  - Initial impact assessment indicated 6000 companies affected
  - Expansion of PIE definition could lead to 12 000 companies being affected
  - Impacts country specific – i.e. Latvia expects 10 listed co's, 5 credit institutions and 2 insurance undertakings
  - Lower limits in Sweden expected to result in nearly 1600 reports
- AE's latest work on PIEs indicates around 18 000 in EEA – 2/3<sup>rds</sup> could produce NFI reports

# Disclosure Format



## Disclosure requirement

- Management report
- MS options:
  - Separate report published with MR,
  - or
  - ≤ 6 months, report on website linked in MR

9	• (Consolidated) Management report only
7	• Separate report published with M'ment report
4	• Management report and/or Website
10	• All three options

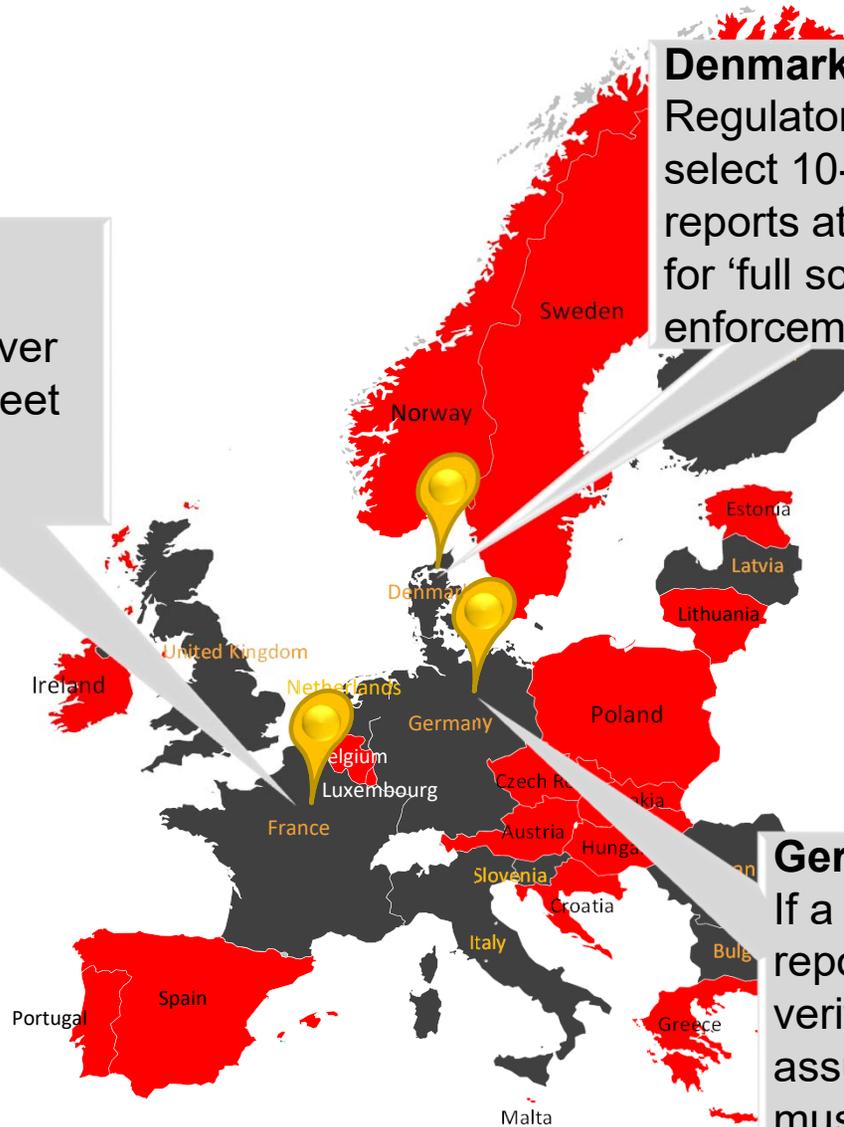
# Assurance

**France**  
Consistency check if turnover or balance sheet total > €100 million

**Denmark**  
Regulators to select 10-20 % of reports at random for 'full scope enforcement'

Assurance requirement - existence check that info is provided.

MS option to extend scope



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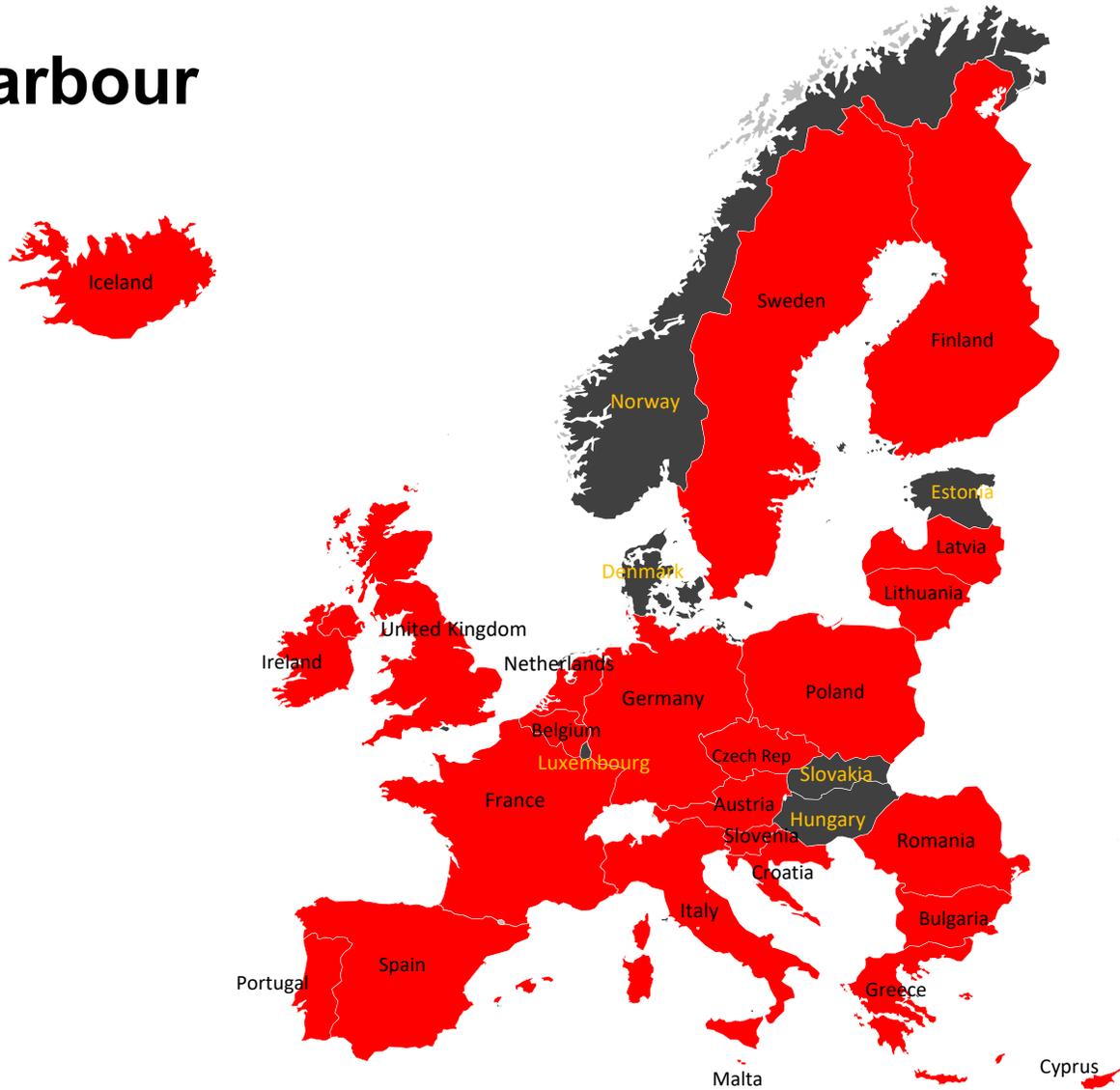
- Existence check only

13

- Enhanced assurance – i.e. consistency check

**Germany**  
If a separate report has been verified, the assurance report must be published

# Safe Harbour



‘Safe Harbour’ – MSs may allow impending information to be omitted where disclosure would be seriously prejudicial

- 25 • Safe Harbour adopted
- 5 • Safe Harbour not adopted

# Use of reporting frameworks

- Directive permits use:
  - Of any international, national or EU framework
  - Or any combination of frameworks
  - Disclose frameworks used
- Directive mentions key frameworks – GRI, ISO 26000, UN Global Compact etc.
- Apart from Bulgaria –specified by Finance Ministry – most MSs have copy\pasted
- EC non-binding guidelines provide more practical guidance on use of frameworks
  - Also suggests that the information should be forward looking

# Diversity report

- Separate section of NFI Directive – applies to all large PIEs
- For admin, management & supervisory bodies –
  - Disclose diversity policy in respect of age, gender and professional background
  - How policy implemented & results in reporting period
- Variances in implementation:
  - Belgium - specify steps taken to ensure that 1/3<sup>rd</sup> of the board is a different gender to the remaining 2/3<sup>rds</sup>
  - Netherlands – Diversity policy for **supervisory** board applies to all companies



# Member State Implementation of the NFI Directive

**Karen Diaz**

GRI, Public Policy Affairs Coordinator

# I'll discuss...

What's Next? EU state of play for sustainability and transparency

- SDGs
- HLEG on Sustainable Finance & Task Force on Climate Related Disclosures
- Policy Trend: Supply Chain Due Diligence

NFI Directive - An agent of change

# EU Priority

## SDGs

The communications of the European Commission on its policy agenda over the past year reveal one major priority:

### The United Nations Sustainable Development Goals (SDGs)

- EU alignment of economic, social and environmental policies with the SDGs
- Private sector as the necessary catalyst for the fulfillment of the SDGs
- SDG Target 12.6:  
*Encourage companies [...] to adopt sustainable practices and to integrate sustainability information into their reporting cycle*



**SDGs**  
2015 - 2030

# EU Priority

## HLEG on Sustainable Finance & TCFD

EC Commission mandated HLEG on Sustainable Finance

- Investors, managers and other stakeholders often lack relevant disclosures to constructively examine ESG risks and opportunities.
- HLEG recommends the adoption of the TCFD by the EU



Interim report released in July 2017 highlights the need to change ***“the investment culture and behavior of all market participants”***, and as part of this it stresses the importance of constructing the trust and confidence ***“needed for investors to fund the transition to a low-carbon economy”***

# EU Priority

## Task Force on Climate Related Disclosures



TCFD established by the Financial Stability Board (FSB)

- Recommendations for voluntary disclosures of climate-related financial information, including risks and opportunities, in annual reports
- Important highlights from the Recommendations:

### **Widely-adoptable disclosure approach**

Applicable across different sectors & jurisdictions

### **It is a decision-useful frame**

to align and supplement existing disclosure-frameworks

### **TCFD Annex maps linkages with relevant existing reporting disclosures**

e.g. GRI, CDP, G20, OECD, CDSB, IIRC

Includes a technical supplement for companies to approach **Scenario Analysis**

# Policy Trend

## Supply Chain Due Diligence



human rights

- Regional and national policies mandating disclosure requirements on businesses' due diligence of the supply chain
- Raising the global corporate transparency regime and elevating responsible business conduct

### **Growing global consensus on the importance of supply chain due diligence**

#### **Current:**

- UK Modern Slavery Act 2015
- French Duty of Care Law 2016
- EU Conflict Minerals Regulation 2017

#### **Upcoming:**

- Dutch Child Labor Due Diligence Law
- Australian Modern Slavery Law
- Swiss Responsible Business Initiative

- The requirements set out in these policies focus on transparency of businesses due diligence measures and actions mitigating risks (human rights impacts) in the supply chain

# NFI Directive - An agent of change



- The Directive provides the world with a best practice example of smart CSR policy
- EU Leadership on corporate sustainability and transparency is fundamental
  - for a positive change in EU companies' performance, and
  - to enhance trust throughout global value chains
- The Directive is another step in the right direction for a circular and sustainable economy
  - However, it is necessary to strike the right balance between NFI reporting requirements and providing the necessary guidance for organizations to produce

**Clear, comparable, and decision-useful sustainability information**



# Q&As



# What role does the non-financial reporting play in the Future of Corporate Reporting?

**Olivier Boutellis-Taft**

Accountancy Europe, CEO

**Maria Alexiou**

Titan Cement Group, CSR Manager

**Beatriz Alonso**

CSR Europe, Services team Manager

**Charlotte Portier**

GRI, Senior Coordinator Sustainable Development

**Wim Bartels**

Accountancy Europe, ESG Reporting Task Force Deputy Chair



# Keynote address

**Alain Deckers**

European Commission, DG FISMA,  
Head of Unit



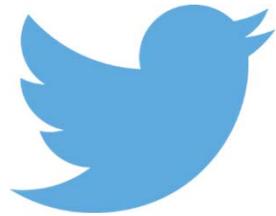
# Concluding Remarks

**Tim Mohin**

GRI, CEO

Thank you  
for your  
participation!

# Stay connected



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**@GRI\_Secretariat**

**@CSREuropeOrg**