



**ideas**



# Disclose what truly matters

Model disclosures under the  
non-financial and diversity  
information directive

**Corporate  
Reporting**

November 2016

# Introduction

The Directive 2014/95/EU on non-financial and diversity information disclosures, as highlighted in the Federation's earlier publication **Achieving good quality and consistent reporting**, is the most significant legislative initiative to promote consistent reporting of Environmental, Social, and Governance (ESG) issues across Europe.

The European Commission estimated that the Directive would directly impact around 6,000 of the largest public interest entities (PIEs) across Europe. However, as Member States have the flexibility to reduce the threshold criteria, as Denmark has done in its transposition of the Directive into local law, the final number of PIEs affected by its provisions could be considerably higher.

Of these PIEs, many will already have gone down the route of disclosing ESG information, either voluntarily or in response to national requirements. There will be many other companies, however, that have little or no prior experience in this field of reporting and may be wondering how they will be able to meet the requirements that will come into force from 1 January 2017.

We hope that this document will provide practical assistance to companies faced with reporting ESG issues for the first time or facing greatly enhanced national requirements. The document is based around a set of model disclosures for a fictional company.

**Welcome to the management report of Jolie Vallée Farm Foods AG! The company is a long established supplier of well-known food products across several European markets, drawn both from its own production plants and from a supply chain that extends across Europe to the middle and far east. It is headquartered in a European Union (EU) Member State, where its shares are also listed on a public exchange.**

We choose a food producer for our example for several reasons. The company's brand is recognised by the general public, albeit usually bought from a retailer. This means that any public disclosures from problems arising in the ESG environment could have a direct impact on the value of its brands. The company has production processes and distribution obligations that make environmental issues pertinent. It has a long supply chain, some of which is located in countries with a poor record for human rights and widespread corruption. The company has a large workforce, of whom many perform tasks that are typically low paid and lack job security. Consequently, by creating a company in this sector we can address all of the key matters required in the Directive.



We will show the sort of disclosures that could be expected for this type of business implementing the NFI Directive requirements, covering:

- The company's business model
- Materiality aspects
- Environmental matters
- Social and employee related matters
- Respect for human rights
- Anti-corruption and bribery matters
- Diversity policy

The non-financial information (NFI) disclosures should be in the management report rather than in a separate report, as far as it is material for an understanding of the undertaking's development, performance, position and impact of its activity. Therefore, they should only cover matters of key importance to the company. Other matters would be dealt with in a separate report based on one of the existing frameworks or standards. The disclosures in this document are not exhaustive – they are intended to demonstrate that the key matters can be disclosed succinctly, supported by graphical information. Obviously, the items to be disclosed will differ for each PIE.

The model disclosures are always presented on the right-hand page. They will be supported by additional information on the left-hand page, highlighting key aspects of the Directive, possible problem areas and our suggestions. Where applicable, this additional information will be linked to the relevant section of the model management report. It will also highlight the key actions that we believe that new preparers should deal with as a matter of priority.

#### **Disclaimer:**

Jolie Vallée Farm Foods AG company is entirely fictional and any similarity to another company, person or product is entirely coincidental and unintentional.

This document has been prepared for guidance purposes only. Actual disclosures by eligible companies could be longer or shorter than the disclosures in this paper. The disclosures contained herein are not exhaustive and preparers should base their own disclosures on the specifics of their particular business and consult sector specific guidance where appropriate. Also note that the examples have been based on the NFI Directive – transposition into Member State law may significantly change or introduce new requirements. Individual Member States may already have existing requirements equivalent or in excess of the requirements of the NFI Directive. Requirements can also change over time. Consequently, businesses should first check their local legislative requirements as the first step in the process.

# Management Report

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### Note

This information would normally not be part of the Business Model disclosures as this sort of information would normally be disclosed early in other sections of the management report. It has been included here to give more background information on the fictional business.



### NFI Directive says

“Large undertakings... shall include in the management report... a brief description of the undertaking’s business model”.



### Act now!

Define the value creation process. Ask yourself: what are the value drivers, what differentiates the company from its peers and what are the relevant aspects of the operations for all parts of the value chain.



### Important

If an undertaking already discloses its business model in its annual report the NFI Directive imposes no additional requirements.



### Hints, tips and recommendations

A business model:

- Defines how an undertaking generates revenue and makes a profit from its operations.
- Provides relevant context for the other information reported under the NFI Directive.
- Guidance can be found from many sources, such as in the IIRC’s (International Integrated Reporting Council) <IR> Framework.

Jolie Vallée Farm Foods is a producer of processed foods that has operations in 30 countries and employs around 40 000 people across the globe. We operate a number of farms directly (mostly as model farms or to test sustainable farming techniques) but source the vast majority of our fresh produce from local suppliers, with whom we closely collaborate to ensure that our exacting standards are met. Jolie Vallée Farm Foods operates around 50 production plants in many countries around the world. The company started out as a producer of a wide range of processed food, including our world famous range of doughnuts. Recently we have moved towards fresh and healthy pre-packed meals that have a social conscience – for example, the Waist Not Want Not™ range of fresh ready meals that are not only nutritious but also aim to cut waste in packaging and also food waste by donating unsold meals to food charities.

## 01. Business model

### Customer satisfaction leads to better returns for investors

The consumer is at the centre of everything we do at Jolie Vallée Farm Foods. Our market leading brand portfolio is under constant development; anticipating and leading the changing tastes of our many markets.

Our customer-centric approach underlies Jolie Vallée Farm Foods profitability and cash flow. Reinvestment into the business funds further innovation and marketing, thereby ensuring the continuation of this virtuous circle.



The year to 31 December 2015 demonstrates the success of this strategy. We have delivered products to 900 000 consumers daily, representing an 8% growth over the preceding year. It has also allowed us to increase our dividend by 4% and reduce our debt burden by 18%.

This approach is so central to our business model that we have named it in honour of our best loved product, “the value added doughnut™”.

### ! Important

The organisation's position in and impact on the value chain should be considered, e.g. labour practices of key suppliers or carbon emissions caused by use of its products.



### Hints, tips and recommendations

A graphical representation of the business model, supported by narrative explanations, helps to make the business model clearer.

### ! Important

Multiple different business models could be disclosed separately to benefit the readers' understanding. The connections between business models (e.g. existing synergies) should also be addressed.



### Hints, tips and recommendations

- Align the business model description with the organisation's mission/vision, strategy, corporate governance set-up and external environment, as well as other disclosures in the same report.
- Focus on describing the most material inputs and outputs for the undertaking's value creation.
- Outputs should include material environmental and social outputs – such as by-products and waste, emissions or safety record.
- Outcomes should cover internal and external - as well as positive and negative consequences for a balanced overview.



### Hints, tips and recommendations

The business model should detail:

- Inputs – i.e. resources required to perform business activities.
- Business activities – i.e. design/manufacturing of products and services, differentiation in the market place, deployment of knowledge and skills, innovation and adaptation to changes.
- Outputs and outcomes – i.e. the products and services resulting from the business activities, their consequences for the organisation and its stakeholders.

## Business model

### Research and product development

Product development is driven by extensive study of consumer behaviour and then supported by highly targeted and innovative marketing at a local market level - allowing Jolie Vallée Farm Foods to develop highly innovative taste palettes, tailored for each market in which we operate.

### Sourcing fresh produce

Innovation is nothing without quality, so we dedicate considerable resources in ensuring that our supply chain partners consistently meet our demanding standards for food produce. 75% of our inputs are fresh produce (in 2015 68% was sustainably sourced), with the remainder mostly comprising processed food stuffs and packaging material. We source locally wherever possible. Where local producers are unable to provide the quality or quantity required Jolie Vallée Farm Foods has an ongoing programme to support our local partners both technically and financially to better meet our requirements.



### Production and distribution

In most of our main markets, we operate our own production and distribution facilities, at least for our key products. This ensures that the quality, cost and timeliness of our key product lines are kept under strict control. This also enables us to better fulfil our societal obligations in ensuring that, for example, food waste, ground water pollution and carbon emissions related to our production and distribution processes are kept to an absolute minimum and in line with our core brand values.

Jolie Vallée Farm Foods operates with 40 production facilities investing in efficiency and eco-production. Sales per factory have increased by 25% since 2010 while costs avoided through eco-production have exceeded 12 million EUR since 2010. In 2015, the total non-hazardous waste sent to landfill was 14 600 tonnes, which is 50% of the 2010 baseline of 29 000 tonnes.

Our move towards fresh processed food products has led to some new logistical challenges as time to market is now a critical issue. Where possible, we use rail services and our intention is to convert 60% of our vehicle fleet to cleaner sources of fuel by 2020, concentrating on those used to deliver into cities as a priority. We have been successful in reducing the number of vehicle deliveries by 10% since 2012 using our Lean Green logistics software, despite the quantity of goods delivered having increased by 22% in the same period.

Vehicle deliveries  
10% ↓



22% ↑  
Goods quantity

**NFI Directive says**

“The NFI Directive requires that an undertaking should provide adequate information in relation to matters that stand out as being most likely to bring about the materialisation of principal risks of severe impacts, along with those that have already materialised. The severity of such impacts should be judged by their scale and gravity”.

**Important**

Setting materiality for NFI is not just having a nice matrix – it involves implementing a robust set of processes within the business. Materiality for NFI is more complex than for financial information as it is often very difficult to use quantitative criteria. NFI materiality is typically based on qualitative criteria, which are more difficult to identify and measure. Setting materiality for ESG matters is, in addition, a two stage process as the impact of a particular matter on the undertaking and the undertaking’s impact on the wider world must both be considered.

**Act now!**

Begin stakeholders consultations to address the key issues that your external stakeholders perceive as being important in respect of your business - that is particularly important for determining the impact that the business has on the wider world.

**Hints, tips and recommendations**

- The materiality determination process considers the following parameters:
- Establish clear boundaries for the process through which the organisation determines and evaluates the material disclosures.
  - Establish any financial threshold for such disclosures.
  - Filter matters by identifying their relevance, evaluating their importance and prioritising them based on their relative importance.
  - Set the report’s users or audience.
  - Set the reporting boundary.
  - Set the report’s scope.
  - Determine the disclosure.

**Hints, tips and recommendations**

The purpose and primary audience of the management report differ from that of an ESG report or CSR report, so the assessment of materiality also differs. The management report should focus on the matters that are critical to an understanding of the business – effectively the top right-hand corner of the materiality matrix.

## 02. Materiality\*

A business cannot survive in a vacuum. A business of Jolie Vallée Farm Foods’ size and nature impacts on many different stakeholders, who may have very specific and differing interests. It would not be meaningful to give every matter the same prominence, so we have a formal procedure for identifying the most material matters.

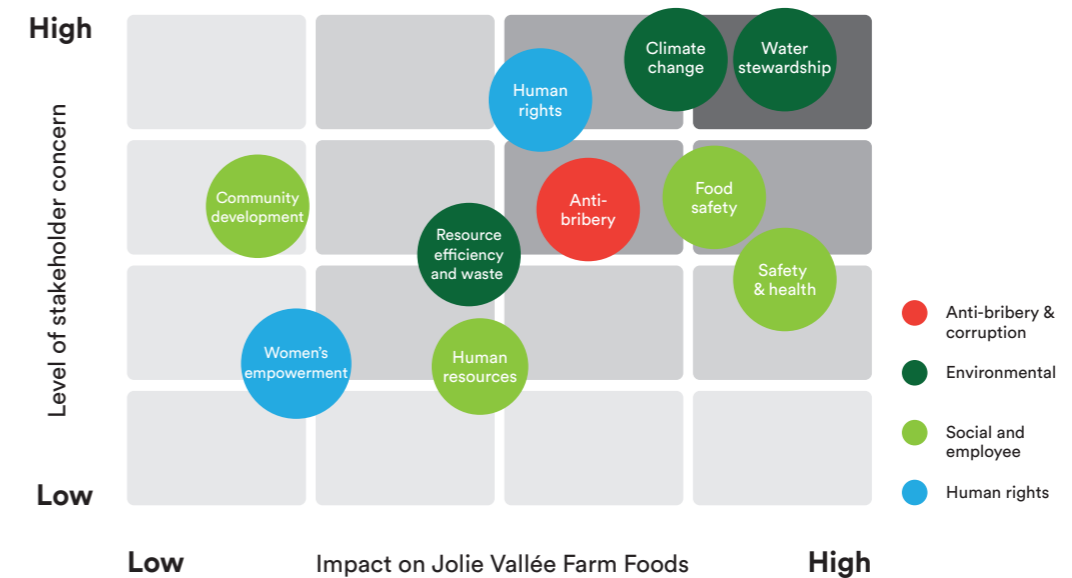
### The procedure

The investor relations team, supported by business division management and the head of sustainability, conduct an internal risk assessment and consult with external stakeholders in all of our key locations to identify the issues that matter most to our business. They report the results to the board for validation and to decide on the definitive set of issues to manage and disclose.

All environmental, social and governance issues of concern are recorded and weighted. The findings are used to determine associated risks and opportunities for our reputation, operations and finances. The results are shown on the materiality matrix below – balancing stakeholder concerns and potential business impacts.

We have continued to collect feedback and input. We have not identified any significant changes in material issues faced by the business in the last two years. In the future we will update the materiality results every two years unless there are significant changes in our operations.

**Jolie Vallée Farm Foods materiality matrix**



[ A materiality matrix would normally also include economic/financial matters. For the purpose of this publication, we only focus on the non-financial matters! ]

### Reporting boundaries

Jolie Vallée Farm Foods discloses ESG matters on the basis of financial consolidation rules. In addition, joint ventures where we have operational management responsibility are included. Entities with less than 1% contribution to our environmental and social indicators have been excluded.

\*The main frameworks detail the process of how to determine the materiality of NFI – for example, the GRI Implementation Manual and the paper jointly issued by the International Integrated Reporting Council and the International Federation of Accountants Materiality in <IR>.



**NFI Directive says**

“Disclosures could cover such matters as 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”.



**Hints, tips and recommendations**

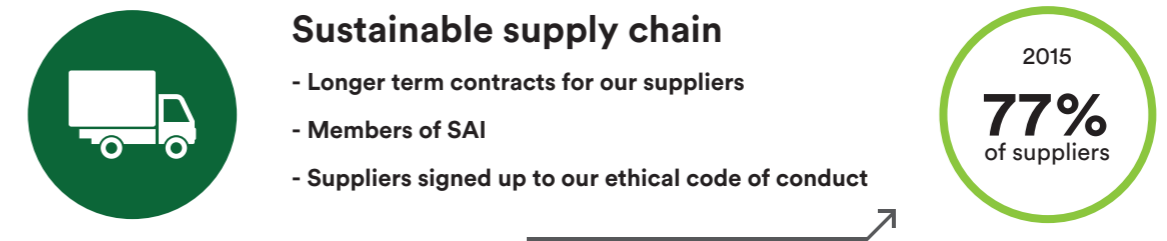
Disclose policies that are consistent with the values and code of ethics of the company and disclose Key Performance Indicators (KPIs) related to such policies, such as the number of infringements of the policies.

### 03. Environmental matters

Jolie Vallée Farm Foods is acutely aware that there is an unbreakable link between the environment and the company’s continued prosperity and that we can damage the very resources on which we depend. Consequently, in 2010 we embarked on a fundamental review of the impact of all our activities on the environment with a view to becoming the market leader in sustainable food sourcing and production. This began with a thorough risk assessment to establish the key areas where environmental issues could impact directly our business activities, and vice versa. Those matters deemed of the highest risk are discussed below.

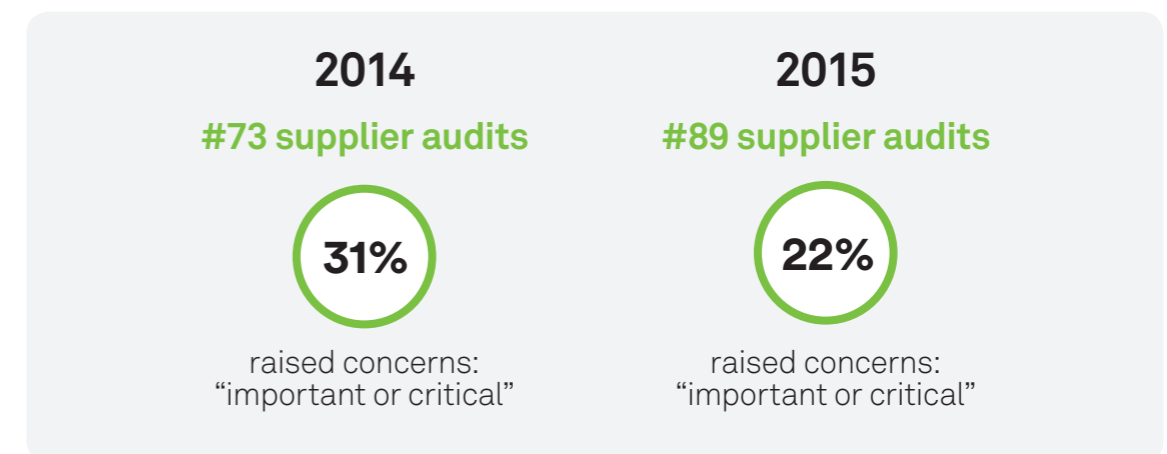
Our strategy is not to just react to regulations as they are introduced but to engage positively with local stakeholders to anticipate areas of potential environmental impact and to minimise the potential harmful impact. Where there is an adverse environmental impact, we have a policy of complete transparency with local regulators and are working with them to find both short-term and long-term solutions to the issue.

Sustainable and responsible sourcing is important to meet the nutritional demands of a growing population. Supply disruption and reputational damage could affect the production and profitability of the company. We are therefore striving for a fair and sustainable supply chain.



For example, we are offering longer-term contracts that lead to planning reliability for our suppliers and encourages them to invest. We are a member of the Sustainable Agriculture Initiative (SAI), a food industry body that aims to support the development of sustainable agriculture worldwide. We are working with all of our supply partners to help them meet our demanding targets to reduce the impact of our business on the environment. Furthermore, we are trying to have all of our suppliers signed up to our ethical code of conduct by 2020 – at 2015 77% of suppliers had signed the code and passed the initial audit.

**Audits conducted**





**Act now!**

Identify environmental policies that are material to the business and that relate to the company's overall strategy and vision, have impact (positive or negative) on the company and the environment the company operates in.

**Remember**

Remember to consider key policies, outcomes and risks when disclosing information on a specific matter.



**Hints, tips and recommendations**

The NFI Directive only requires reporting the outcomes of the policies and makes no specific reference to forward looking information. The Federation believes that the usefulness of the information is greatly enhanced by providing details of future plans and targets insofar as they relate to material matters.

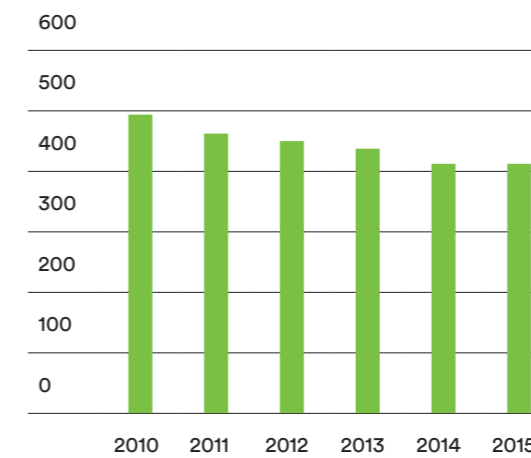
 **Water stewardship**

Water use and accessibility are a key concern for our company. Some of our food processing activities are very water intensive and agriculture uses an estimated 70% of blue water withdrawals worldwide – making it an issue for our supply chain as well. Water scarcity could lead to operational disruption in the food sector. So far, our company has not been impacted by water scarcity. We have implemented water into our risk management and will closely follow further developments. Risks may occur either through further water scarcity in Southern Europe and the Middle East as well as through ever stricter regulation. We are prepared to meet growing stakeholder expectations in managing water scarcity.



Jolie Vallée Farm Foods is aware of the impact that our water demands can have on the local population. We therefore have a policy of siting our production facilities only in areas of abundant water supply. We are also seeking to reduce water consumption and wastewater outflow in all of our production plants. Our overall target for our 25 largest production facilities is to reduce our water use by 50% between 2010 and 2020.

**Our progress to date:  
Average water use (million liters per year)**



We have achieved a 36.5% reduction in water use and we are on course to exceed our 2020 targets.

Our production processes run a relatively low risk of polluting the water supply but we have assessed as medium risk the possibility of polluting the water table in some areas due to the excessive use of fertiliser and pesticide. With our suppliers, we are examining the use of such chemicals with a view to reducing their use of pesticides by 25% by 2020 and fertilisers by 10%.





**Hints, tips and recommendations**

- The business should develop KPIs wherever possible for the key risk areas to help monitor performance against targets and to help stakeholders evaluate the progress that the business has made.
- Displaying information graphically wherever possible facilitates understanding.



**Act now!**

Identify the key environmental impact of the company's supply chain. It is important to consider the supply chain as critical environmental issues may occur upstream in the company's value chain.

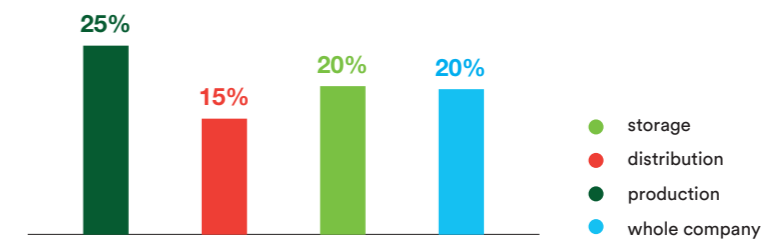
**Climate change**

Our risk assessment has identified the potential for climate change to threaten the long-term supply of safe, high-quality ingredients, with the potential for falling yields and the need to move production. That is why we are committed to playing our part in reducing greenhouse gases (GHGs).

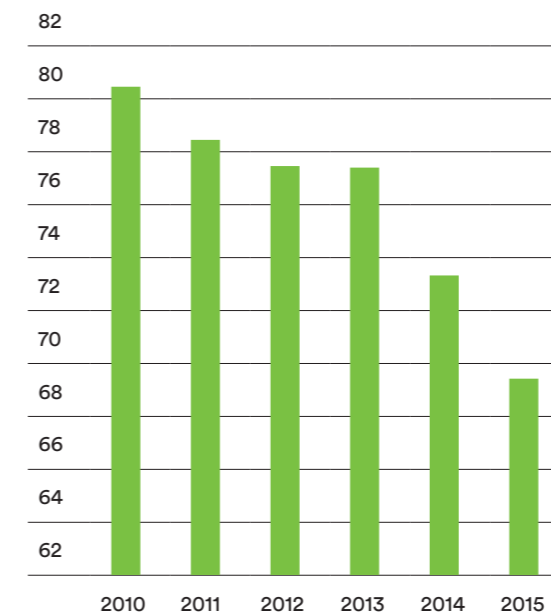
We have identified our production and distribution activities as the main sources of GHG emissions. In broad terms, we are aiming to improve the energy efficiency of our production plants, warehousing and vehicles by investing in new technology. We are also phasing out the use of hydrofluorocarbons (HFCs) in our refrigeration units in favour of natural refrigerants in all of our plants and vehicles.

**2020 Objectives**

Our detailed 2020 objectives are to reduce GHG scope 1 and 2 emissions (per tonne of products), compared to the 2010 baseline.



**Our progress to date:  
GHG emissions (kg of CO2 per tonne of product)**



We have achieved a 14% reduction by 2015 compared with our 2010 base and we anticipate exceeding the target to reduce by 20% the company-wide GHG emissions by 2020.

**Palm oil**

Palm oil is a controversial topic right now, both for customers and for regulators. Palm oil has never been an important ingredient in our products. We are in the process of further lowering our demand for palm oil and are committed to purchase only 100% certified and traceable palm oil across our entire operation by 2020 to prevent deforestation.

**NFI Directive says**

“... disclosures could cover such matters as the actions taken to ensure gender equality, the implementation of fundamental conventions of the International Labour Organization, 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”.

**Remember**

Consider policies, outcomes and risks when disclosing information on a specific matter.

**Note**

Where reference is made to policies, processes and codes of conduct etc., we have not prepared these but refer to them in the same manner that one would expect to see in a management report. These policies etc. are the first step in the reporting process.

## 04. Social and employee matters



We believe that respecting and developing our human capital is critical to our business success. Not only does this relate to our own employees but our suppliers are equally important. It is our policy to abide by the International Labour Organization’s Convention in addition to our Code of Conduct.

We believe that respecting the societies in which we operate is also critical to our ongoing success. From contributing to the healthy diet of consumers to ensuring that our fresh produce is not sourced from farms where “land grabbing” has occurred, our strategy is to play a positive role and to ensure that our suppliers do the same.

We have identified issues arising from food safety as the main source of reputational risk facing our business. These may also potentially lead to product recalls and fines, which could have a material impact on our business. We have implemented a strict quality control code to mitigate food safety risks. We also have a rolling programme of food hygiene training and audits to ensure that our strict quality standards are met, both inside the group and in our supply chain.

In many markets food safety is often closely linked to the nutritional value of our products and, in particular on their effects on obesity, especially for children. In the future, we will put an even stronger focus on health and wellness food. Demand for unhealthy food declines as a consequence of a shift in consumer preference towards healthier eating. Government actions, such as a tax on foods with a particularly high sugar content, can be a revenue risk. We are in the process of reviewing our entire product line with a target of reducing both the sugar and fat content (particularly trans-fats) of our products - especially those where the primary consumers are children. We continue with our policy of not using Genetically Modified (GM) crops or nanotechnology in any of our food products until more scientific research has been undertaken on the long-term impact on health and the environment of these technologies.

**Food safety and public health**

We regard food safety and the general public health to be inextricably linked, so both are addressed in our Quality Policy, which is supported by our Quality Assurance Process. Our Quality Policy demonstrates our commitment to:

- The health of our consumers by offering products that meet their expectations whilst being produced in the healthiest way possible.
- Having internal standards on food safety, quality and nutritional value that exceed regulatory standards.



**Act now!**

Identify such social and employee-related policies that are material to the business and that relate to the company's overall strategy and vision, have impact (positive or negative) on the company and the environment the company operates in.



**Important**

Identify the categories of workers that are more prone to violation of human rights or similar (i.e. workers in certain countries where the rule of law is weaker). Provide information on the conventions or other international standards that are implemented by the company.



**Act now!**

Identify the impact of the company's supply chain on social and employee-related matters. It is important to consider the supply chain as critical environmental issues may occur upstream in the company's value chain.

Our Quality Assurance Process starts with our raw produce supplies and goes right through our production process to the eventual distribution of the finished products. Each key area of the process has formalised requirements to comply with, which are then supported by a random audit process. For example, our production processes are governed by the internationally recognised Hazard Analysis and Critical Control Point system to ensure food safety and this system is verified by external certification bodies to ensure compliance against the relevant standards issued by the International Organisation for Standardisation.

**Quality products**

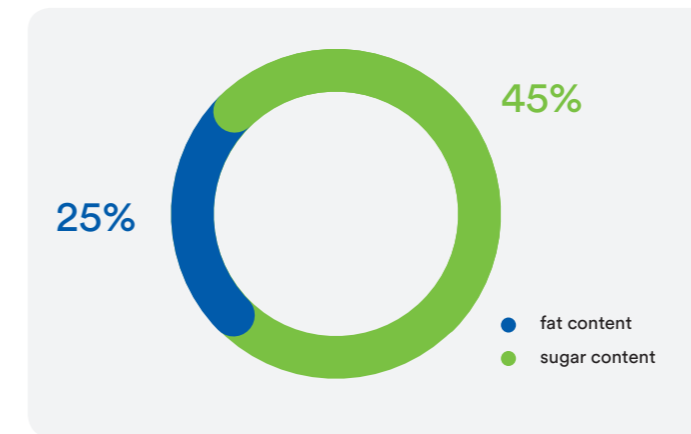
**High food safety standards**

**Healthy consumer**



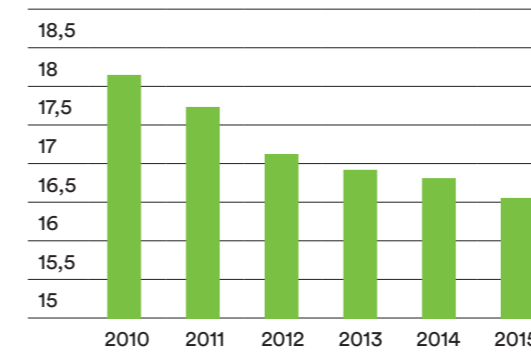
In respect of public health, our key targets are to reduce between 2010 and 2020 the fat and sugar content of our entire product range as follows:

**2020 Reduction**

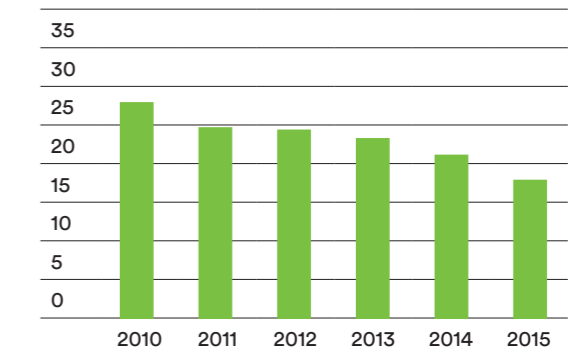


Jolie Vallée Farm Foods is ahead of target for reducing sugar content, largely due to the success with consumers of products made with our revolutionary sweetener "Sweet'n Good"™. We are behind target in respect of reducing the fat content of our product range but anticipate that some new product formulations that are currently undergoing final consumer testing and our new range of healthy products, "Waist Not Want Not"™, will ensure that we meet our 2020 objectives.

**Our progress to date:  
Average fat content (%)**



**Average sugar content (%)**





**Hints, tips and recommendations**

Disclose policies that are consistent with the values and code of ethics of the company and disclose KPIs related to such policies, such as the number of infringements of the policies.



**Note**

Where reference is made to policies, processes and codes of conduct etc. we have not prepared these but refer to them in the same manner that one would expect to see in a management report. These policies etc. are the first step in the reporting process.



**Hints, tips and recommendations**

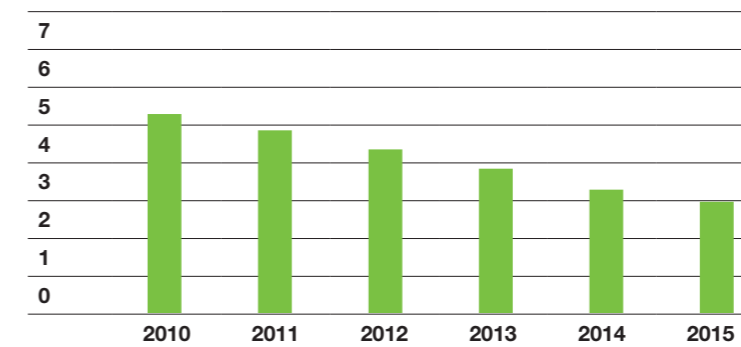
The company should provide information on the human capital employed in the supply chain, not only in terms of respect of the human rights but also in terms of training of the workforce.

**Employee matters**

From a strategic perspective, we would face reputational as well as supply risks if we would not take care of our own and our suppliers' workforce appropriately. This regards specifically working conditions and health and safety. It is our ambition to continuously reduce the number of complaints about working conditions and to improve our health and safety performance to the top quartile of our industry. As part of this process, we work in collaboration with trade unions and other worker organisations to identify issues and how best to solve them.

We measure and monitor our health & safety performance on a quarterly basis through the Lost Time Injury Rate (LTIR). Whereas we are satisfied with our progress in 2015, we have to continue our efforts to make our working environment safer in order to achieve our 2020 target of an LTIR of 2.0 per million hours worked.

**Our progress to date:  
LTIR (per million hours worked)**



Our current performance is well ahead of the industry average of around 4.5. We are already ahead of target and are confident of meeting our targets by 2020.

**Number of compliants**

**2015 #200**

**2014 #325**

**High sensitivity area  
South America**

We received a considerably lower number of complaints about working conditions through our hotline compared to 2014. Last year a relatively high number of complaints was filed by our South-American workers, whereas the total number was reduced to 200 for the group (2014: 325).

We conduct supplier audits to assess working conditions with our suppliers. As applicable, we implement measures to improve these conditions in close co-operation with our suppliers. In 2013 we rolled-out an awareness program amongst our suppliers about common issues we have detected during supplier audits. We already see the first positive results from this. It is our objective to reduce the number of working-conditions related issues per supplier to 3 actions for improvement by 2020 compared to our 2015 level of 12.



**NFI Directive says**

“... disclosures could include information on the prevention of human rights abuses”.



**Hints, tips and recommendations**

Topics covered could include forced or child labour, restriction of the freedom of association (right to participate in collective bargaining), right to non-discrimination (equal pay), right to life (a safe work environment and a living wage) and a right to family life (a right to rest and leisure).



**Hints, tips and recommendations**

The NFI Directive, while allowing for flexibility when selecting frameworks to follow, does specifically refer to the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework. These were further developed into the 2015 UN Guiding Principles Reporting Framework - providing specific guidance on effecting reporting on respect for human rights.

**Remember**

Consider policies, outcomes and risks when disclosing information on a specific matter.

## 05. Respect for Human Rights

We make sure that we do business with the utmost respect for human rights and are committed to upholding international standards of the **UN Guiding Principles on Business and Human Rights** and the ILO Declaration on Fundamental Principles and Rights at Work. Operationally, our codes of conduct and our policies establish the standards by which our business, employees and suppliers work together to deliver on our commitments for respecting human rights. This is the overall responsibility of the Chief Executive and the Executive Board.

Respect for human rights must be embedded throughout our business as human rights are the fundamental societal building blocks upon which we rely and have a responsibility to uphold and strengthen. It is also the foundational commitment that we make as a business to our customers who buy our products. Across our value chain, with suppliers and operations around the world, there are a number of areas of risk where failure to respect human rights will negatively impact our business. For example, if a supplier is found to be in breach of our human rights standards it could not only have a negative impact on our reputation but also impact on our day-to-day production capabilities when we stop using the supplier.

Since 2013 we have worked to systematically identify our human rights risks and manage and evaluate our strategic approach to them on an on-going basis using a set of indicators. As we rely on a variety of different crops and processing stages in the production of our food products from suppliers around the world, risks relating to working conditions and land use are particularly important to us. In order to effectively monitor these human rights issues we undertake on-going independent audits of our operations and suppliers to check whether they comply with our standards. We also work with suppliers to improve their ability to manage human rights risks and have plans in place to help them should violations of our standards occur.

This year we aligned our existing approach to the UN Guiding Principles Reporting Framework. Using this new framework, we are able to upgrade our approach and make sure that we have identified the salient risks with the most severe impact; that we are managing these risks and that we are continually improving respect for human rights across our operations.





**Act now!**

First, identify such human rights policies that are material to the business and that relate to the company's overall strategy and vision, have impact (positive or negative) on the company and the environment the company operates in.



**Hints, tips and recommendations**

- As human rights abuses are likely to be discovered, the company should establish remediation plans and build them into supplier contracts.
- Display information graphically wherever possible to facilitate understanding.



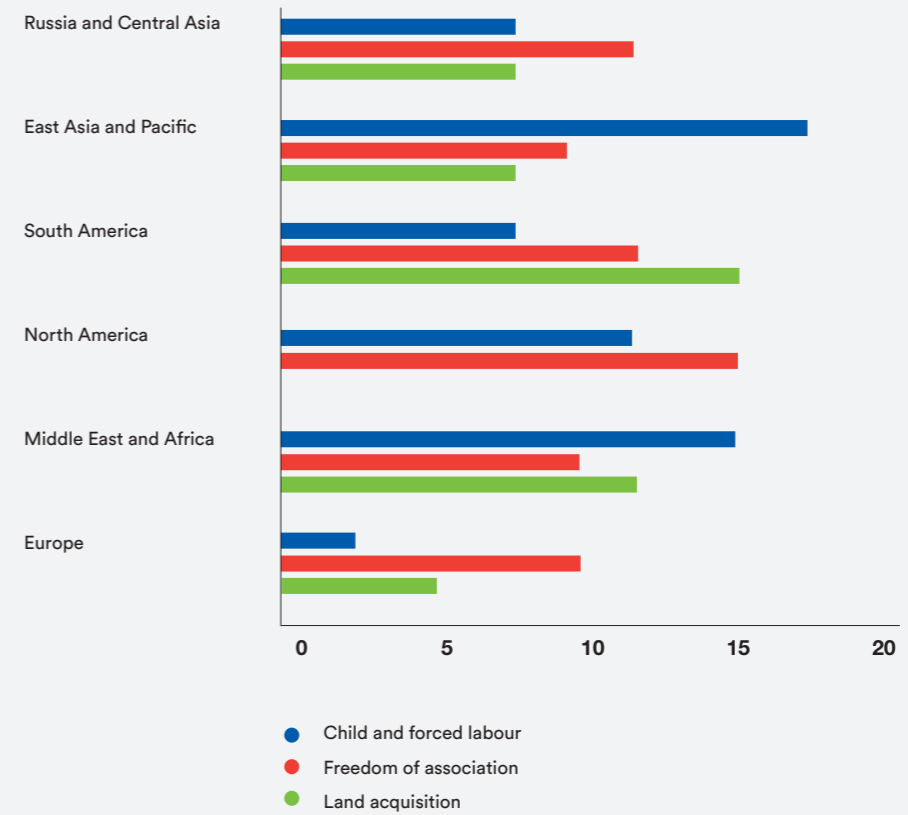
**Act now!**

Analyse the main risk areas of human rights' abuse in all of your main countries of operation and develop strategies to identify and remediate abuses within the supply chain.

**Country by country incidence report 2015**

Whilst our eventual aim is to have zero human rights infractions within the group and our supply chain, we have no annual targets for reducing the number of incidents reported as this could be counterproductive to the process of managing the risks. Rather, we monitor the categories of infractions in each country and region in order to better allocate resources to deal with the issues. A summary of the infractions recorded in 2015, by region, for our key risk areas is shown below. A more comprehensive report showing all human rights risk areas by individual company is contained in our main ESG report.

**Human rights country by country incidence report 2015**





**NFI Directive says**

“... disclosures could cover such matters as instruments in place to fight corruption and bribery. These should be taken into account when developing the content on anti-corruption and bribery-related matters.”



**Act now!**

First, consider all business relationships in identifying key corruption and bribery-related matters. Critical issues may occur both up-stream and down-stream.

**Remember**

Consider policies, outcomes and risks when disclosing information on a specific matter.



**Act now!**

Identify such anti-corruption and bribery matters policies that are material to the business and that relate to the company's overall strategy and vision, have impact (positive or negative) on the company and the environment the company operates in.



**Hints, tips and recommendations**

Disclose policies that are consistent with the values and code of ethics of the company and if applicable any code of conducts towards business partners. Disclose KPIs related to such policies, such as the number of infringements of the policies, or training of the workforce.



**Hints, tips and recommendations**

The company should identify the categories of workers, suppliers, agents and other business partners that are more prone to violation of corruption and bribery (i.e. know your customer/client concept). It should then provide information on the conventions or other international standards that are implemented by the firm.

## 06. Anti-corruption and bribery matters

- Member-State Anti-Bribery Act
- Supplier Code of Conduct
- Awareness program
- Anti-Corruption educational program Knowledge



We are committed to do business in accordance with the highest ethical standards. Our policy for corruption and bribery is set out in our Code of Conduct as well as in our Anti-Corruption policy. Our policies seek to ensure compliance with the principles in the Member State Anti-Bribery Act.

It is very important to us to build our relationships with employees, suppliers, business partners and customers based on trust and integrity. We therefore, expect our suppliers to be in line with our policy towards corruption and bribery. Our Supplier Code of Conduct sets out the minimum standards and requirements that our suppliers are expected to comply with.

We have identified issues arising from corruption and bribery as an important source of reputational risk facing our business. There is also the risk that should a breach of our bribery policy occur in certain countries, the breach could have a significant negative impact on our ability to continue operations in those countries.

In 2012 we rolled-out an awareness program amongst our suppliers about common issues we have detected during supplier audits. Corruption and bribery has not been considered a common issue in our audits, however it is still included in the awareness programme since counteracting corruption and bribery is so important to us.

**39.689**  
Jolie Vallée  
Employees

of wich  
**32.783**  
Total staff  
trained

of wich  
**9.425**  
Management

At the end of 2010 we implemented our Anti-Corruption educational programme for our employees and over the past years we implemented procedures for risk assessment, due diligence, monitoring and review. Since then, we continued to develop this in order to raise awareness and knowledge of anti-corruption internally, and to date 32, 783 of our employees, of whom 9, 425 (28,75%) occupy management positions, have participated in this training. We expect all of our employees to complete this educational programme by 2016.

On a yearly basis, each operation identifies and assesses risks related to corruption and bribery. To the best of our knowledge, in 2015 no corruption allegations were made against our company.

### NFI Directive says

There is an obligation to disclose “a description of the diversity policy applied in relation to the undertaking’s administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender or educational and professional backgrounds, the objective of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case”.



### Act now!

Start defining the functions (management, supervisory etc.) as required in the EU Directive and collect data on the current status of diversity based on those definitions. The company should explain how it has defined these bodies.



### Important

The statutory requirements for the internal organisation of management functions differ across the European Union – particularly in respect of whether a single or double tier Board structure is required – therefore, check the exact requirements as transposed into national law as the first stage in this reporting process.



### Important

The requirements are an amendment to the corporate governance provisions set out in the 2013 Accounting Directive, meaning:

- The disclosures would not necessarily be found in the same section as the four matters detailed above, but rather with other corporate governance disclosures.
- Significance or materiality is not a consideration - all PIEs must include some commentary on this matter topic in their corporate governance statement.
- This amendment applies to all PIEs – not just to those with an average of more than 500 employees.



### Hints, tips and recommendations

- The diversity related information should address the policy, its implementation and the results.
- Also consider disclosing the ultimate driver and objective(s) for the diversity policy as well as the underlying arguments for these.
- The disclosure on diversity should include specific targets to demonstrate the company's commitment and direction.

## 07. Diversity policy

At the end of this year the Board consisted of 6 men and 4 women, with two female Directors being appointed during the year. We always recruit the Board on the basis of matching the best skills to the position, but our goal is to have parity of representation of men and women across all of our different levels of staffing whenever practicable to do so.

### Board composition



We believe in retaining skilled members of staff whilst offering younger members of staff every prospect to progress – as demonstrated by our mentoring programme. We have recently increased the maximum age to which employees can work (subject to local laws) to 70 years of age. However, we decided in 2015 to reduce the mandatory retirement age of the Board to 60 years of age after an independent assessment indicated that this would improve the ability of the group to adjust its strategy quickly in response to new developments.

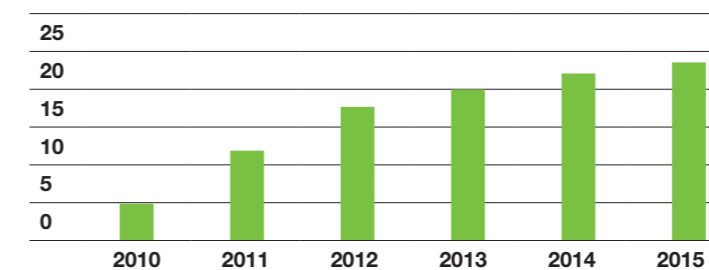
Our Board is selected on the basis of a range of different skills and education, and whenever possible, we will appoint people with the appropriate technical skills and qualifications. For example, it is our policy that our Chief Financial Officer should be a qualified professional accountant and that the Chief Operations Officer should have the relevant engineering qualification.

Due to our presence in 25 countries, and our commitment to deliver local market specific taste solutions, we believe in having regional representation on the Board and as at the end of this year we have appointed Hifumi Takamoto (Japan) to represent our East Asia and Pacific region and Maria-José O’Reilly (Argentina) to represent our South America operations.

**Note: Repeat the disclosures as necessary for each level of the administrative, management and supervisory bodies operated by the undertaking.**

### Our progress to date:

#### Women paid at highest admin grade (%)



Our company is undertaking a policy oriented to cover the gender gap in the administration and management bodies. In 2010, the percentage of women at the high level administrative pay grade was 5% and the target for 2020 is 35%.

We are ahead of our targets as of 2015 and are particularly pleased that the majority of promotions have been internal and largely as a result of a mentoring programme initiated in 2007. This programme will be rolled out to the entire group by the end of 2017 and will be instrumental in reaching our 2020 targets.



 **NFI Directive says**

Member States must permit undertakings to “rely on national, Union-based or international frameworks, and if they do so, undertakings shall specify which frameworks they have relied upon”.


**Hints, tips and recommendations**

- Briefly disclose the use of recognised frameworks and the reasons for choosing them.
- Disclose definitions applied for any indicator included in the report.

 **NFI Directive says**

“...where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so”.

 **Important**

EU Member States may exempt undertakings from the requirement to disclose the non-financial statement in the management report where a separate report is made public – check your national legislation to see if this option is available.


**Note**

The Directive doesn't propose that “explain” is an alternative to having policies – rather it is an additional obligation to explain why the business does not have policies on a particular matter. It does not provide a means to avoid disclosure of key matters and does not remove the obligation to report the business model or KPIs, for example.

## 08. Disclosure of use of a framework(s)

In our full ESG report we use the GRI G4 Sustainability Reporting Guidelines – primarily because the wide adoption of the Guidelines makes benchmarking more meaningful; it is also well established and includes many of the specific KPI's relevant to our business. However, we are currently looking at the possibility preparing an Integrated Report and, as a first step, our business model disclosures will increasingly be based around the International <IR> Framework. The same frameworks are used in the management report in the disclosure of the issues identified as most important to the Group.

## 09. Disclosure where no policy exists

### No Policy

Jolie Vallée Farm Foods does not currently report or actively pursue policies in respect of the disposal of non-hazardous waste. From the company's formation we have operated with an ethos of minimising waste, both for environmental and cost reasons. We are cognisant that waste disposal is an issue for many stakeholders and intend to develop policies (and implement the appropriate due-diligence and reporting systems) in the future once we have thoroughly addressed those issues recognised as higher risk both to our business and our stakeholders.

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