



**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

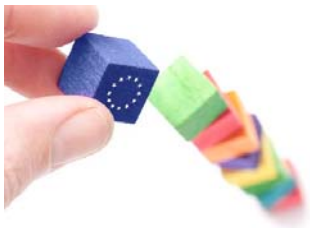
2014

2015-2017

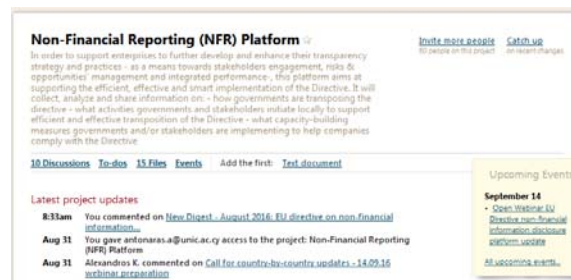
2017

2018 →

**Preparation &
Consultations**



**Transposition follow up
by CSR Europe-GRI
platform**



**Implementation,
application, review**



Non-financial reporting platform



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

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: [Text document](#)

Latest project updates

- 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
- Aug 31** Alexandros K. commented on [Call for country-by-country updates - 14.09.16 webinar preparation](#)

Invite more people
60 people on this project

Catch up
on recent changes

Upcoming Events

September 14

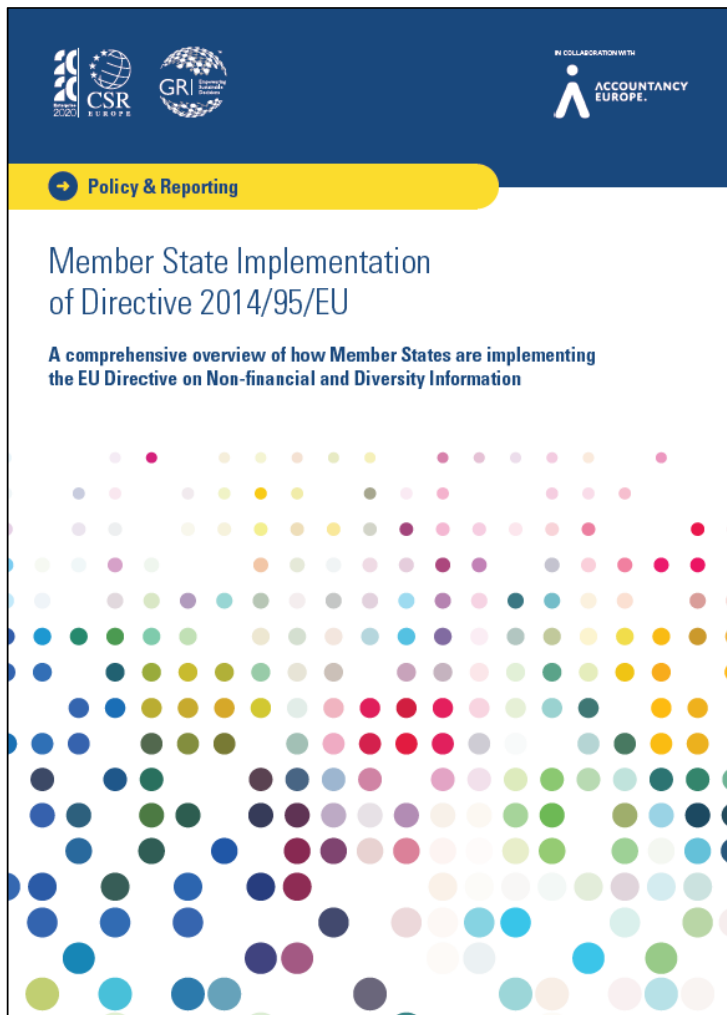
- [Open Webinar EU Directive non-financial information disclosure platform update](#)

[All upcoming events](#)

- 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



→ Table of Contents

GRI and CSR Europe forewords	4
Introduction	5
Corporate reporting: An opportunity for businesses and other stakeholders	6
Designing Directive 2014/95/EU	7
State-specific requirements in the Directive 2014/95/EU	7
State-specific requirements: Company scope	7
Non-financial reporting requirements	8
Diversity reporting requirements	9
Transposition summary table	10
Status of EU policy on non-financial reporting: What is next?	11
EU agenda on the SDGs	11
EU activities encouraging corporate transparency and CSR disclosures	12
Directive 2014/95/EU – An agent of change	13
Transposition gateway	15
Country-by-country briefings	16
Resources and tools	32
End notes	33
Acknowledgments on data collection	34
Copyright & acknowledgment project partners	35

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

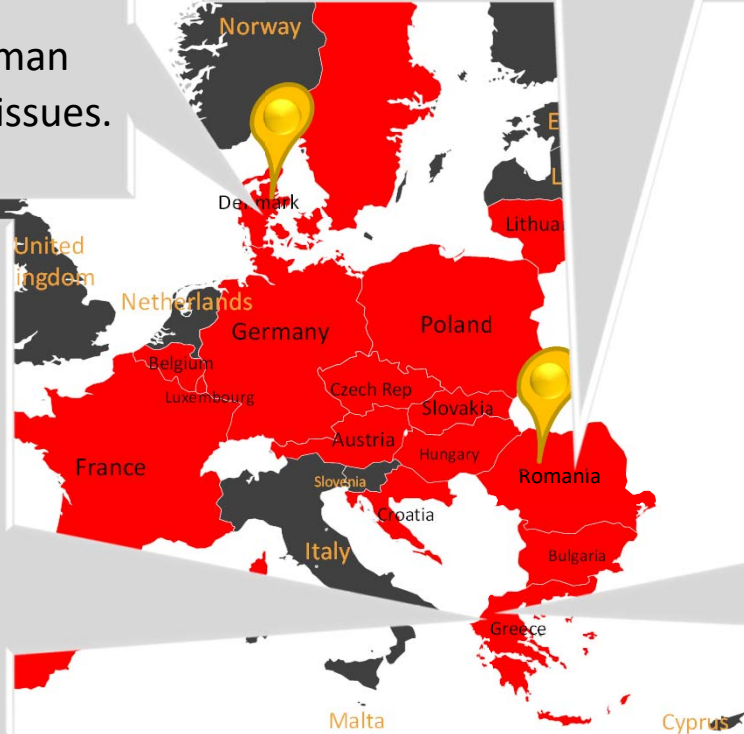
Large PIE's > 500 employees
PIE:

- 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

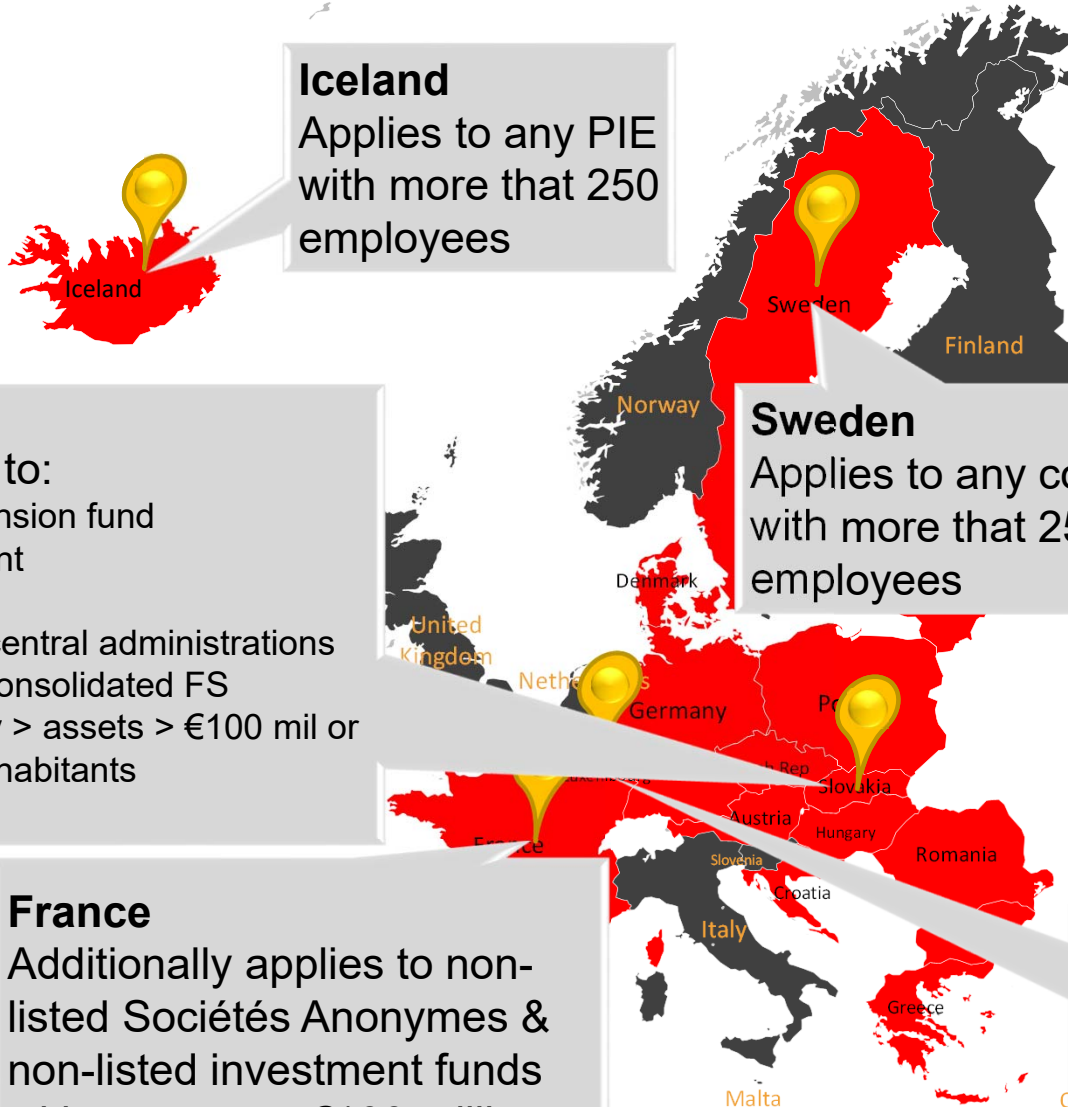
- Enhanced PIE definition

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

Sweden

Applies to any company 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

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

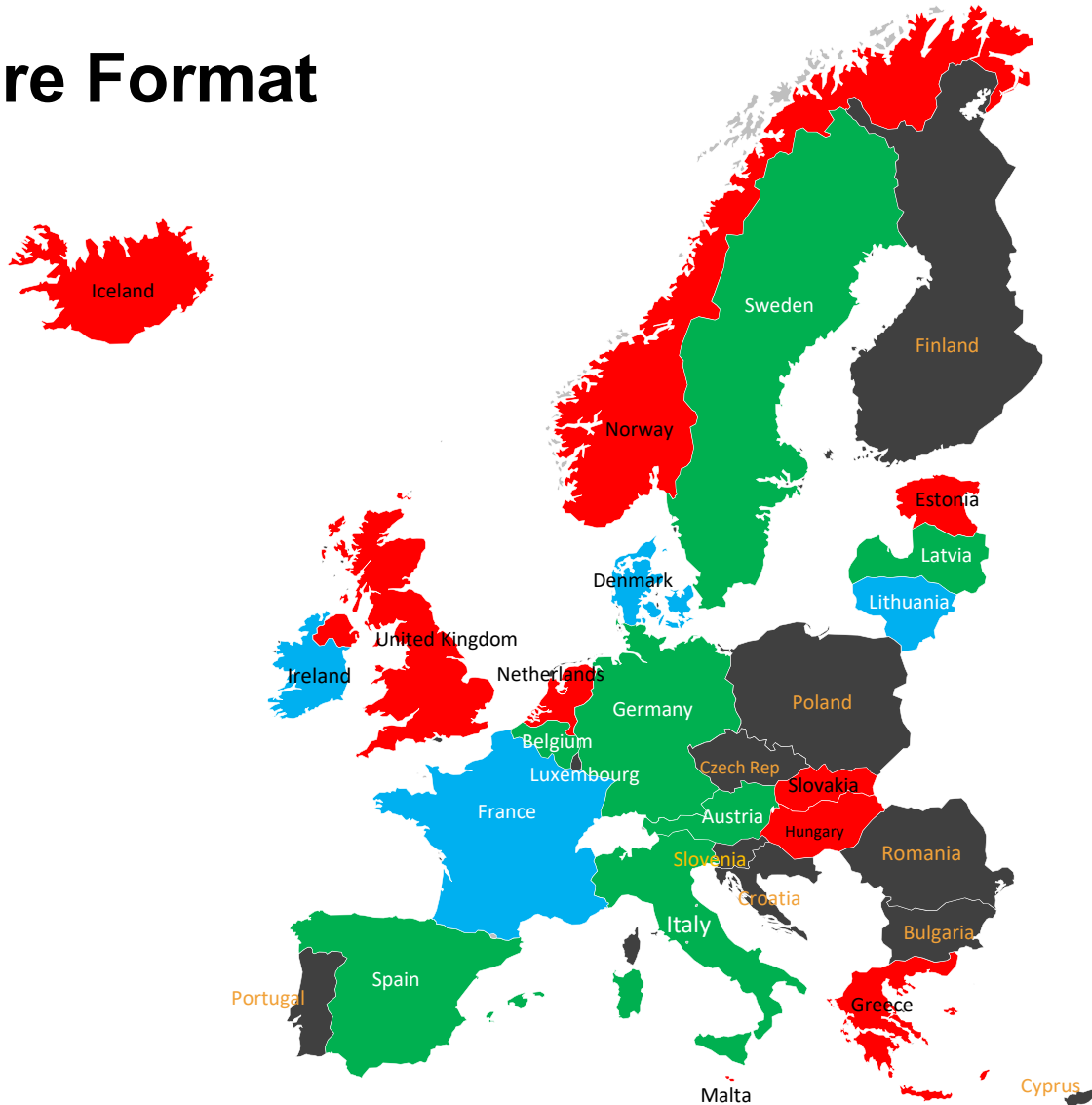
19

- 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^{rds} 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

17

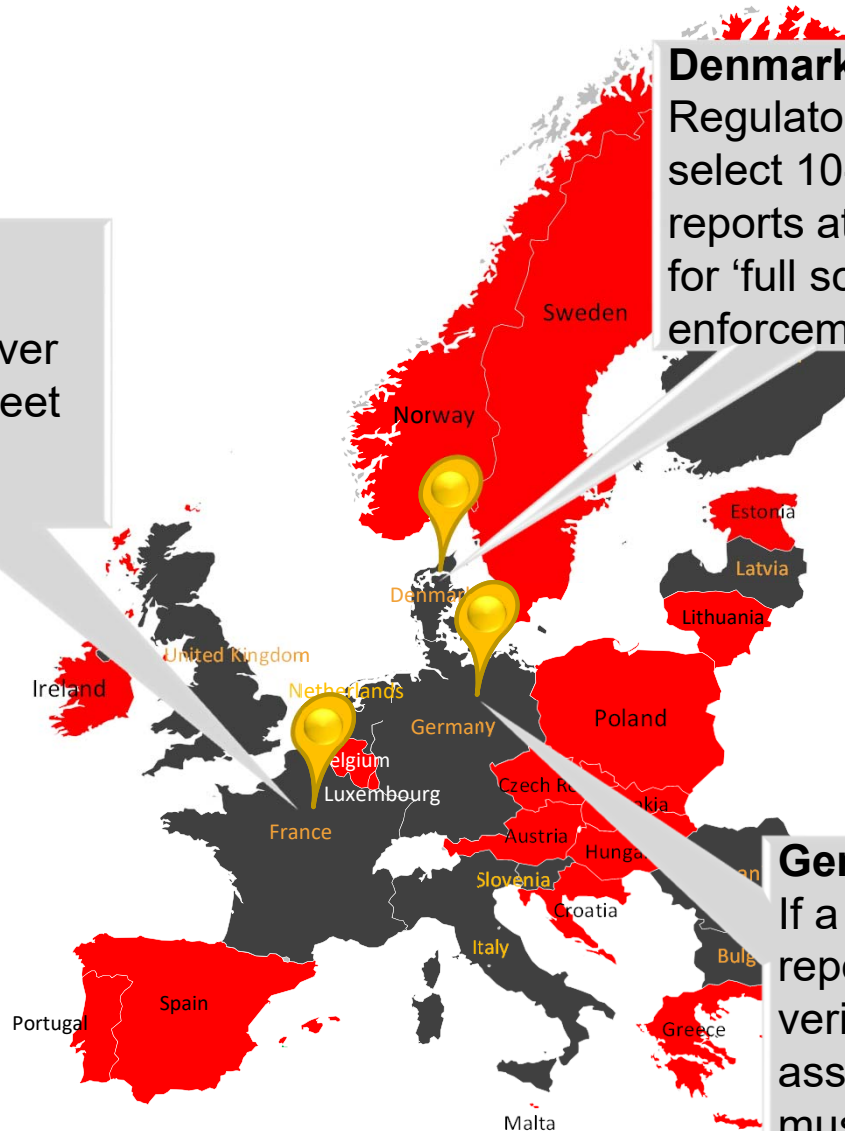
- Existence check only

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 1/3rd of the board is a different gender to the remaining 2/3^{rds}
 - 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



- 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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