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EU endorses non-financial reporting for large companies

by Richard Crump

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LARGE COMPANIES within the EU must disclose a host of non-financial information in their annual reports under accounting rules agreed between the European Parliament and Council.

Under the rules, certain public interest organisations will include a statement in their annual accounts about environmental, social and employee-related matters in addition to human rights, anti-corruption and bribery issues, and boardroom diversity.

The agreement, endorsed by the EU council of permanent representatives (COREPER), applies to large public-interest entities

(mainly listed companies and financial institutions) with more than 500 employees, affecting around 6,000 companies.

"Europe needs modern and useful rules on transparency of non-financial information by certain large companies. I am glad to see that the European Parliament and the council agree and support the commission as regards the objective of this proposal", said Michel Barnier, commissioner for the internal market and services.

The draft directive represents a first step towards the implementation of the European Council conclusions of 22 May 2013 on the need for further transparency on tax matters and for ensuring country-by-country reporting by large companies and groups.

"While I am happy that the commission has to report back on country-by-country reporting on tax matters by 2018, I am sorry that the spirit of the European Council conclusions will not be taken forward as quickly as I had hoped," Barnier said.

The commission supports this objective and will endeavour to deliver effectively on the review clause included in this legislation.

In order to become law, the commission's proposal needs to be adopted jointly by the European Parliament and by the EU member states in the council (which votes by qualified majority). It is expected that the European Parliament will vote this legislation in plenary in April, while the council will formally adopt it subsequently.

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