



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:

CDP Worldwide (Europe) gGmbH / CDSB Climate Disclosure Standards Board

Contact email address:

The information you provide here is for administrative purposes only and will not be published

mirjam.wolfrum@cdp.net

* 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:

050269010212-72; 922386710536-51

* Type of organisation:

- Academic institution
- Consultancy, law firm
- Industry association
- Non-governmental organisation
-
- Company, SME, micro-enterprise, sole trader
- Consumer organisation
- Media
- Think tank
-

Trade union

Other

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

Germany

* 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Comparability	<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"/>
* Avoiding undue administrative burden	<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"/>
* Comprehensiveness	<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"/>
* Fairness and balance	<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"/>
* Understandability	<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"/>
* Reliability	<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"/>
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

The Directive specifies explicitly investors and consumers as target audiences of non-financial information. Although all named stakeholder groups should be enabled to use the reported information, the investor community needs to be addressed in particular in order to channel investment into companies that behave in a sustainable way and have climate-resilient strategies in place.

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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>
*Relevant for stakeholders in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Necessary to understand the impacts of the company's activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Necessary to understand how the company manages non-financial risks	<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"/>

* 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

In order to create useful non-financial information for the investment community the reported information needs to be material, including long-term (science-based when climate-related) targets and companies' climate-related mitigation and adaptation strategies; it needs to be comparable on an EU or even global level and follows an integrated reporting approach, making it accessible for investors.

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>*</p> <p>Please, indicate on a scale from 1 to 5</p> <p>(1 geared towards general principles, 5 high level of detail/prescription)</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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

This needs to be balanced in order to ensure a strong framework of reporting principles as well as reporting requirements that are agreed on European level, ensuring consistent, understandable and comparable disclosures. A standard such as the CDSB Framework for reporting of environmental information is crucial for efficient financial assessment.

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

Board-level responsibility for environmental issues; Incentives for the management of environmental issues and attainment of targets; Provision of non-financial information with the annual statement or management report as non-financial information is as strategically important as financial

information. Communication on how non-financial matters are integrated into company's business activities.

b. Policies:

400 character(s) maximum

Should define how companies behave related to certain matters, for example: Alignment with science, as well as EU/national targets, in particular on emissions; Attitude to water stewardship and its use and/or sourcing of deforestation drivers; internal price on carbon; energy procurement from renewable sources; responsible corporate engagement on climate policy; developing low-carbon technologies.

c. Due diligence process:

400 character(s) maximum

Due diligence processes should ensure the accuracy and reliability of the reported information. E.g. regarding forest-risk commodities a system of due diligence helps to ascertain that these commodities were harvested/produced legally. Disclosure according to suitable criteria and content makes information capable of being verified by an external party. External verification should be promoted.

d. Business relationships:

400 character(s) maximum

The non-financial information reported by companies should include material information about their business environment, specifically their supply chain to disclose impacts and risks that are outside its legal boundary of the company. This should include scope 3 emissions as well as any activities related to forest-risk commodities and water consumption/management.

e. Key performance indicators –KPIs:

400 character(s) maximum

The KPIs should reflect the level of integration of environmental issues in the business strategy, including science-based targets according to EU and national objectives, management of risks and opportunities, progress against forward looking targets, detailed indication of emission reduction, forest risk and water management measures, and should be principle-driven to ensure flexibility.

f. Outcome of policies:

400 character(s) maximum

Clear monitoring and measurement of compliance with the company's policies and possibility to hold company accountable for any breach of its policies. The outcome/fulfilment of policies should be linked to KPIs and enable the company and stakeholders to measure the companies' level of commitment, quality of management and performance against own policies and measurable actions.

g. Principal risks:

400 character(s) maximum

Companies should be requested to identify risks and opportunities, driven by changes in regulation, in physical parameters or by changes in other developments. This should also include the potential impact, timeframe, if direct or indirect, likelihood, magnitude of impact, estimated financial implications, as well as how the risk/opportunity will be managed, costs associated with these methods.

h. Impact of the activity:

400 character(s) maximum

The impact on environment and society should be measured for direct and indirect implications that will occur in present and future and is related to the companies' business activities. Impact should be revealed not only on local level but also on aggregate level. All corporate impacts should be disclosed, not only those in the country where reporting is required. Where relevant, link to the SDGs.

i. Adverse impacts:

400 character(s) maximum

Adverse impacts on environment and society need to be identified and addressed by clear targets in order to reduce the impact in the short-term and avoid it in the mid-term.

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

400 character(s) maximum

If a "safe harbour" clause is kept, the company should be requested to state the reason for omitting information. This should enable investors and other stakeholders to judge whether this is reasonable or not.

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 checked="" type="radio"/>	<input type="radio"/>
The GUIDELINES should make reference to KPIs proposed by other frameworks where addressing concrete matters or issues	<input type="radio"/>	<input checked="" 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 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

The Guidelines should be a first source of information on how to prepare information in a way that will be of use to the audience of the report, as well as guide readers to relevant reporting frameworks that may help them in achieving this. The Guidelines should reflect best reporting practice in order to reduce reporting burden for companies.

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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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

Should include guidance on disclosure around companies' supply chains in order to provide a complete picture of corporate activity and impacts, as well as the full extent of the company's management of these. E.g. supply chain emissions are often greater than scope 1 and 2 emissions combined. Other significant issues are also related to supply chains, e.g. purchase of forest risk commodities.

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>				
*The GUIDELINES should get general inspiration from other frameworks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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:

Complementary to referencing national and international frameworks such as CDSB, the Guidelines should reference existing reporting standards such as

CDP. Both are best-practice for reporting environmental and natural capital information.

- * 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

Existing best-practice reporting frameworks and standards should be deployed to reduce the reporting burden on companies and to use information that is already gathered and reported by companies. Climate-related information needs to be addressed more in-depth as there is a stronger need for action and as one main target group defined in the Directive - investors - request for specific information.

- * 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

The principles of the Directive and the Guidelines should work for all companies. The content of the guidelines should be the same for at least all large companies in order to better engage the private sector, ensuring consistency and comparability. The disclosure requirements need to ensure that the private sectors' impact can be monitored and measured against national and EU targets on EU level.

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

No position.

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”.

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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.pdf)

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
