Improving Corporate Governance:

Europe’s largest companies will have to be more transparent about how they operate

The European Commission welcomes today’s adoption by the European Parliament of the Directive on disclosure of non-financial and diversity information by large companies and groups. Companies concerned will need to disclose information on policies, risks and results as regards environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on boards of directors.

The new rules will only apply to large companies with more than 500 employees, as the costs for requiring small and medium-sized enterprises (SMEs) to apply them could outweigh the benefits. In particular, large public-interest entities with more than 500 employees will be required to disclose certain non-financial information in their management reports. The scope includes approx. 6 000 large companies and groups across the EU.

The Directive provides for further work by the Commission to develop guidelines in order to facilitate the disclosure of non-financial information by companies, taking into account current best practice, international developments and related EU initiatives.

As regards diversity on company boards, large listed companies will be required to provide information on their diversity policy, such as, for instance: age, gender, educational and professional background. Disclosures will set out the objectives of the policy, how it has been implemented, and the results. Companies which do not have a diversity policy will have to explain why not. This approach is in line with the general EU corporate governance framework.

This Directive also 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. The Commission supports this objective and will endeavor to deliver effectively on the review clause included in this legislation.

You can reach the more information about non-financial and diversity legislation details here.