

## Regulatory News Alert

### Disclosure of non-financial and diversity information - Law published on Memorial A

**8 August 2016**

The Law of 23 July 2016 on disclosure of non-financial and diversity information applicable to some large companies and some groups has been published on Memorial A. This Law implements in Luxembourg the Directive 2014/95 and amends the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings as amended, the Law of 10 August 1915 on commercial companies, as amended, and the law of 8 December 1994 on insurance annual accounts and consolidated accounts, as amended. The disclosure of this information is key for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection. In this context, disclosure of non-financial and diversity information helps the measuring, monitoring and managing of undertakings performance and their impact on society.

#### **Companies impacted by the new requirements**

The disclosure will only concern large Public interest entities (PIEs) as defined by the Accounting Directive 2013/34/EU. Public interest entities are entities whose transferable securities are admitted to trading on a regulated market in the EU, EU Credit institutions and EU insurance and reinsurance undertakings.

The Law applies to companies that fulfils the following conditions:

- Be organised under the form of a public limited company, European company, a partnership limited by shares or a private limited company
- Be a PIE
- Exceed two of these three conditions on the balance sheet date, for two consecutive years:
  - Total balance sheet: EUR 20 million
  - Net turnover: EUR 40 million
  - Average number of employees during the financial year: 250
- Exceed, on the balance sheet date, the criteria of the average number of 500 employees during the financial year

## Publication of non-financial information

Companies in the scope of the Law have to disclose information regarding non-financial and diversity information (i.e. environmental issues, social issues related to employees, respect of human rights, anti-corruption, diversity of the board members...).

### Content of the publication

- Brief description of the group's business model
- Description of the policies pursued by the group in relation to those matters, including due diligence processes implemented
- Outcome of those policies
- Principal risks related to those matters linked to the group'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 group manages those risks
- Non-financial key performance indicators relevant to the particular business

### Scope of matters to be covered

<b>Environmental matters</b>	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.
<b>Social and employee-related matters</b>	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.
<b>Human rights, anti-corruption and bribery</b>	Information on the prevention of human rights abuses and/or on instruments in place to fight corruption and bribery.

## **Format of the non-financial information**

The publication of this information can be integrated either in the management report or in a separate document using national, Union-based or international framework. The company shall specify which frameworks they have relied upon. When separated, the report should be published together with the management report or made publicly available within a reasonable period of time, not exceeding six months after the balance sheet date, on the company website, and is referred to in the management report. In both cases, auditor will only have to verify whether the non-financial statement has been provided.

## **Guidance on reporting**

Non-binding guidelines on methodology for reporting non-financial information will be made available by the European Commission.

## **Disclosure at group level**

Subsidiaries are exempted to comply with the reporting if they are included in the consolidated management report.

## **New disclosure in the corporate governance statement**

With regards to the diversity information, the new law implies that the corporate governance statement<sup>1</sup> shall include a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to age, gender, or educational and professional backgrounds, the objectives 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.

## **Date of application**

Impacted companies must start the non-financial and diversity information reporting for accounting years starting as of 1 January 2017.

<sup>1</sup> Article 68ter of law of 19th December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings



## **How Deloitte can help?**

Deloitte can assist your organization throughout the different stages of sustainability reporting initiative namely from the strategic analysis to the reporting and validation of the information presented to the various stakeholders of your organisation.

We can help you to build a step-by-step approach towards sustainability reporting using the different levels of details and sophistication of reports provided by international bodies such as the "Global Reporting Initiative (GRI)".

We can also assess the quality of information and the approach adopted to establish your sustainability report. For doing that Deloitte can provide you with an external assurance on a selection of key performance indicators or on your overall compliance to a reporting framework.

# Your contacts

## **Thierry Flamand**

Partner - Insurance Leader

Tel/Direct: +352 45145 4920

[tflamand@deloitte.lu](mailto:tflamand@deloitte.lu)

## **Martin Flaunet**

Partner - Banking Leader

Tel/Direct: +352 45145 2334

[mflaunet@deloitte.lu](mailto:mflaunet@deloitte.lu)

## **Nicolas Hennebert**

Partner - Audit

Tel/Direct: +352 45145 4911

[nhennebert@deloitte.lu](mailto:nhennebert@deloitte.lu)

## **Nilgün Okur**

Partner - Sustainability Services

Tel/Direct: +352 45145 2685

[nokur@deloitte.lu](mailto:nokur@deloitte.lu)

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

[www.deloitte.lu](http://www.deloitte.lu)

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

### **About Deloitte Touche Tohmatsu Limited:**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/lu/about](http://www.deloitte.com/lu/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

© 2016 Deloitte General Services

Designed and produced by MarCom at Deloitte Luxembourg