

Transparency to be 'the norm' for large businesses

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News

Following a vote in the Strasbourg plenary, all large companies and groups will now have to disclose non-financial and diversity information to ensure that they operate in a more transparent manner.



As a result, information on environmental matters, social and employee issues, human rights, anti-corruption issues and board diversity will have to be provided by companies and groups with more than 500 employees.

Speaking after the vote, internal market and services commissioner Michel Barnier said, "I am pleased that the European parliament has adopted this directive modernising the disclosure of relevant and useful non-financial information by large companies and groups.

"Companies, investors and society at large will benefit from this increased transparency. Companies that already publish information on their financial and non-financial performances take a longer term perspective in their decision-making. They often have lower financing costs, attract and retain talented employees, and ultimately are more successful.

"This is important for Europe's competitiveness and the creation of more jobs. Best practices should become the norm" - Michel Barnier

"This is important for Europe's competitiveness and the creation of more jobs," he said, adding, "Best practices should become the norm."

S&D deputy Richard Howitt, also welcomed the outcome, saying, "All the evidence suggests that transparency is the best way to change business behaviour. This European law will prevent corporate scandals and make a leap in the transition towards a sustainable, low-carbon economy for the future.

"By requiring the information to be included in the management statement and enabling international frameworks to be used to satisfy the law, Europe is sending a strong signal to the rest of the world advancing the global move towards integrated reporting.

"By exempting small business but requiring the report to apply to the company's supply chain, the new law has the best chance of being genuinely implemented to prevent corporate abuse of workers' rights at home and abroad.

"All the evidence suggests that transparency is the best way to change business behaviour" - Richard Howitt

Referring to last years' Rana Plaza factory collapse in Bangladesh, in which over 1000 garment workers died, he said, "I genuinely believe this new law will help prevent such tragedies from happening again."

Elsewhere, Jerome Chaplier from the European coalition for corporate justice said that the updated agreement is "an important step forward".

"The reform recognises that the environmental and human rights impacts of companies are of key concern for society as a whole. It will empower people to access information on how they might be affected by business operations, and enable shareholders to hold the management accountable for negative impact"

"However," he continued, "We regret that the original proposal has been weakened so much."

Nicolas Beger, director of Amnesty International's European institutions office, "European business must take appropriate measures when collaborating with suppliers which display such disrespect for human rights. In cases such as the collapsed garment factory Rana Plaza in Bangladesh in April last year, proper reporting of risks could have rung the alarm bell in time."

"European business must take appropriate measures when collaborating with suppliers which display such disrespect for human rights" - Nicolas Berger

While Paul de Clerck from Friends of the Earth Europe, said, "This reform sends a strong signal to the future commission and parliament that tangible changes are needed to ensure better corporate accountability.

"The EU's agenda on business and human rights must be more ambitious," he urged, adding, "The commission and member states must start monitoring companies' reporting, and if they mislead the

public they must be sanctioned."

About the author

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