On 26 February 2014, the Committee of Permanent Representatives (COREPER) endorsed an agreement between the Greek Presidency of the Council and the European Parliament on a draft directive for the disclosure of non-financial and diversity information by certain large companies. This is an important step towards the passage into law of this piece of legislation.

The agreement follows several months of trilogue negotiations, during which numerous concessions were made by the European Parliament (including on country-by-country tax reporting, the so-called “safe harbour clause”, and the location of disclosure of the information) in order to alleviate the concerns of certain Member States – notably Germany and the UK – that the legislation would be too onerous for companies.

The proposal had appeared to be in serious jeopardy over the past week, after the COREPER failed to endorse a version of the compromise text that had been finalised in trilogue negotiations. Apparently, a number of Member States remained opposed. And, alarmingly, France, who had previously been very supportive of the proposal, was becoming disenchanted with how “watered down” the compromise text had become and had indicated it might abstain in the formal Council vote. Late last week, MEP Raffaele Baldassarre, (Rapporteur on this dossier) informed the Greek Presidency that he was cancelling the forthcoming JURI Committee vote on the compromise text and that no further trilogue negotiations would take place.

The final point of contention was scope. The newly agreed version of the legislation will apply to “public interest entities” with over 500 employees. These include listed companies, banks, insurance companies, or other companies that are of significant public relevance because of the nature their business, size or corporate status. It is estimated that about 6,000 companies will fall within the revised scope of the legislation – a far cry from the Commission’s proposal which was intended to cover 18,000 listed and non-listed companies.

The agreement still needs to be formally voted on by the full Council and the European Parliament (in plenary; indicative date is 15 April). Rapporteur Baldassarre has signalled that he cannot guarantee the passage of the revised compromise text.
(due to its limited scope) in Parliament. As such, Eurosif is hopeful — but not 100% certain — that the draft directive will become law.

Eurosif will provide a full update on the status of this proposal, as well as our reaction to key aspects of it, during our next Policy Update Call at the end of March (invitation to follow soon).

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1 The Committee of Permanent Representatives (COREPER) of the governments of the 28 EU Member States is responsible for preparing the work of the Council of the European Union.