



EUROPEAN COMMISSION

*Brussels, 18.9.2013
C(2013) 5728 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion concerning the Proposal for a Directive of the European Parliament and the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups {COM(2013) 207 final}.

The Commission takes note that the Bundesrat welcomes enhanced business transparency of non-financial information. Increased transparency will indeed contribute to better management of risks and opportunities and stronger performance on the long-term.

The proposed measure on environmental and social transparency would apply only to certain companies larger than 500 employees. Smaller companies would not be subject to any new legal requirement. This would contribute to minimize undue administrative burden.

Companies would retain significant flexibility to disclose information in the way that they consider most useful. Companies may use international or national guidelines according to their own characteristics or business environment (for instance, the UN Global Compact, ISO 26000, or the German Sustainability Code). Relying on high quality guidelines would lead over time to consistent and comparable reporting practices across sectors and companies. Information that is not necessary for an understanding of the company's development, performance or position would not need to be disclosed.

As regards the transparency of the diversity policy of companies, it would as well only apply to large listed companies. The objective is promoting a more diversified composition of company boards, which contributes to well-managed, inclusive and innovative companies. The proposal only requires companies to disclose which policy they pursue in this respect, and covers aspects such as educational and professional background, age, gender, and geographical diversity of directors. At the same time, companies are, in view of the use of the "comply or explain" approach, able to decide for themselves what could be a useful policy for them, if any.

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The Commission hopes that these clarifications address the concerns raised by the Bundesrat, and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*