**Email Draft**

**Dear Ms. Kamali Mouli,**

Directive 2014/95/EU of the European Parliament and of the Council on disclosure of non-financial and diversity information by certain large undertakings and groups (‘the Directive’) entered into force on 6 December 2014. This Directive amends Directive 2013/34/EU on the annual financial statements, consolidated statements, and related reports of certain types of undertakings. Companies concerned will start applying the Directive as of 2018, on information relating to the 2017 financial year.

In its communication entitled ‘Single Market Act — Twelve levers to boost growth and strengthen confidence — “Working together to create new growth”’, adopted on 13 April 2011, the Commission identified the need to raise to a similarly high level across all Member States the transparency of the social and environmental information provided by undertakings in all sectors. This is fully consistent with the possibility for Member States to require, as appropriate, further improvements to the transparency of undertakings' non-financial information, which is by its nature a continuous endeavor.

The Commission shall prepare non-binding guidelines on methodology for reporting non-financial information, including non-financial key performance indicators, general and sectoral, to facilitate relevant, useful, and comparable disclosure of non-financial information by undertakings. In doing so, the Commission shall consult relevant stakeholders.

**Examples:**

* A company may consider that impacts through its upstream supply chain are relevant and material issues and report on them accordingly. Impacts may be direct or indirect. For example, a company producing mineral water may consider specific measures taken to protect the hydric resources it relies upon.
* A company having impacts on land use and ecosystem change (for example deforestation), directly or through its supply chain, may consider appropriate disclosures on the due diligence applied.
* A company that is involved in the supply chains of minerals from conflict-affected and high-risk areas may consider appropriate disclosures on the due diligence applied to ensure that it respects human rights and does not contribute to conflict.
* A company disclosing certain KPIs may increase transparency by providing information on purpose and link to the company strategy; definitions and methodology; sources of information, assumptions and limitations; scope of the activities concerned; benchmarks; targets; trends; changes in methodologies (if any); and qualitative explanations of past and expected performance.
* A company may summarise information, focus on material information, remove generic information, limit details, avoid elements that are no longer relevant, use cross-reference and signposting, etc.

**Thanks and Regards,**

**Mouli S**